PREM 19/1042

The Ka[illegible]r Programme.

Promotion of Efficiency and Waste.

The 1982/83 Scrutiny Programmes

PART 13

GOVERNMENT MACHINERY

Part 1: May 1979

Part 13: November 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~8.11.82~~							
~~10.11.82~~							
~~18.11.82~~							
~~22.11.82~~							
~~25.11.82~~							
~~20.12.82~~							
~~23.12.82~~							
~~29.12.82~~							
~~11.1.83~~							
~~17.1.83~~							
~~24.1.83~~							
~~26.1.83~~							
~~4.2.83~~							
25.2.83							
28.2.83							
[illegible]							
— PART 13 ends —							
[illegible]							
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PREM 19/1042

PART 13 ends:-

Scottish Office to TF 28/3

PART 14 begins:-

TF to Scottish Office 1/3

cc BA 1

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Timothy Flesher Esq
10 Downing Street
LONDON

28 February 1983

Prime Minister:

This is much better. Agree to the Written Answer

TF 28/2

Dear Tim,

SCRUTINY OF HM INSPECTORATE OF SCHOOLS IN SCOTLAND

Thank you for your letter of 22 February.

The Secretary of State is happy to adopt the Prime Minister's suggestion that the main points should be incorporated in a shorter Written Answer, a draft of which is enclosed. He feels that it is important to retain in full the material in the draft statement attached to his minute of 8 February and proposes to place a copy of this (and of the scrutiny report) in the Library. I should be grateful if you could let me know whether the Prime Minister has any comments on the enclosed draft.

I am sending copies of this letter and its enclosure to those who received yours.

Yours sincerely

John Wilson

JOHN S WILSON
Private Secretary

ANNEX A

CONFIDENTIAL

Question: To ask the Secretary of State for Scotland if he has considered the future role of Her Majesty's Inspectorate of Schools in Scotland; and if he will make a statement.

Answer: I am today publishing a policy statement on the role and future operation of the Inspectorate. This follows the completion of a scrutiny of the Inspectorate within the programme co-ordinated by Lord Rayner. Copies of the statement and the scrutiny report are available in the library.

It is important that the country gets value for the massive resources which are invested in education and the Inspectorate has a key role to play in this. It will provide an audit of the system by assessing and reporting on the quality of education being provided. It will identify cost-effective ways of meeting educational needs and indicate desirable and attainable norms of quality. It is already nearing completion of a study of the management of secondary schools and further work of this kind will be undertaken.

The education system has to adapt to meet changing needs and has to find ways of improving the quality of education. The Inspectorate plays a crucial part in the system and the value of its work has been widely recognised; it has to give a lead in bringing about change as in the implementation of the Government's action plan for 16 to 18 year olds.

Its findings must be made more readily available to the customers of the education system - pupils, students, parents and employers. One way in which this will be achieved is by publishing promptly reports of general inspections of schools and colleges. Not only will this influence the institutions inspected but other schools and colleges will examine their own standards in the light of the reports, and parents and employers will be better informed about what they should require of the education service. This will lead to greater accountability to the general public.

To carry out the enhanced role of the Inspectorate there will have to be careful matching of staffing resources to the tasks being undertaken. It is important that staffing should be flexible and that it should be possible to bring in teachers and others who are leaders in their field to work on particular projects.

Copies of the policy statement are being sent to each education authority and to a wide range of other bodies concerned with education.

Gov Machinery: Rayner

pt 13

File
Gov Mach
BP

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister discussed with you yesterday the question of the copying in Departments of papers sent from No. 10 to Ministers' Offices. This arose in the context of enquiries about the leak of my recent correspondence with Mr. Cassidy in Mr. John MacGregor's Office (Department of Industry). Apart from the security dimension, the Prime Minister was concerned about the inefficiency of excessive copying, and she showed interest in the idea that there might be a Rayner Scrutiny of the issue.

The Prime Minister has since asked if you would make proposals to her for taking this matter forward.

Would you let her have a note?

B/F

M. C. SCHOLAR

25 February 1983

file

D89

10 DOWNING STREET

From the Private Secretary

22 February 1983

Dear Muir,

SCRUTINY OF HM INSPECTORATE OF SCHOOLS IN SCOTLAND

The Prime Minister was grateful for your Secretary of State's minute of 8 February covering a draft statement on the Rayner Scrutiny of HM Inspectorate of Schools in Scotland which it is proposed to issue in the form of a Written Answer.

You will now have seen my letter to Imogen Wilde of 14 February conveying the Prime Minister's observations on similar drafts for the Scrutiny of HM Inspectorate of Schools in England and Wales. The Prime Minister's response to the draft statement for Scotland is similar to that for England and Wales.

In sum, while Mrs. Thatcher is grateful for the thought and attention which have clearly gone into the draft, and is pleased with the direction in which it points, she thinks that it is far too long for a Written Answer and for that purpose should be shortened very considerably. It could then concentrate on the prime need of parents, their children and other students for an assurance that the quality of education delivered is sound, and on the selection of priority targets for inspectorial work and action.

The Prime Minister thinks that, in line with her observations on the text for England and Wales, the drafts should highlight such references as those to value for money (paragraph 1.4); the audit function (2.2 ii, 2.2 v, 3.1 i, and 3.3), including the prompt publication of reports and effective follow-up to them; and the management of institutions (3.1 ii and 3.3). Mrs. Thatcher does not think it necessary to include in the Written Answer references to the organisation of the inspectorate, other than the flexibility of staffing (paragraph 4.2). The Prime Minister would be glad to see the Written Answer again before it is finalised. If your Secretary of State wishes to retain the material in the draft statement attached to his minute, he might like to consider adopting a similar procedure to that for England and Wales with a short Written Answer and a longer policy statement.

I am sending copies of this letter to Imogen Wilde (Department of Education and Science), Adam Peat (Welsh Office) and Christopher Joubert (Rayner Unit).

Yours ever

Tim Flesher

Timothy Flesher

Muir Russell, Esq.,
Scottish Office.

BTC

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983:
THE SCRUTINY PROGRAMME

In his letter of 26 January, Robin Butler asked all departmental Ministers to send you their proposals for the 1983 Scrutiny Programme.

2. For Customs and Excise, I am proposing scrutiny of the VAT Central Unit at Southend. I believe that a scrutiny should lead to a more effective use of staff and computer resources, speedier handling of cases and an improved level of service to the VAT registered trading community.

3. In the Department of National Savings, I am proposing a scrutiny of the current withdrawal arrangements for National Savings Certificates. Here we hope to discover whether we can devise a better procedure for both customers and the department itself which will facilitate reinvestment.

4. Finally, in the Inland Revenue I am proposing a joint scrutiny with DHSS to look at governmental control and supervision of Occupational Pension Schemes. The Secretary of State for Social Services has already described our ideas on this in his own minute.

/5. More details

5. More details on each of these proposals is attached.

6. You will see that I am not proposing a separate departmental scrutiny for the domestic Treasury this year. Most areas of the department's work have been reviewed over the last four years and this year the role of the CCTA will be formally reviewed by its new director. That review will begin in the Spring.

7. I do, however, see a role for the Treasury in the proposed multi-departmental scrutinies. The procurement part of CCTA will be involved in the scrutiny of procurement. In addition, I should welcome the opportunity for the Treasury to take part in the proposed scrutiny of management audit sytems: this would be a useful adjunct to the work underway on financial management. The Treasury may be a small department in this context but it does have difficult problems as a result of its preponderance of small policy divisions. Nevertheless, we share some features with other departments and may have some useful lessons to learn from them.

8. I am copying this minute to the Secretary of State for Social Services, the Lord Privy Seal, Sir Robert Armstrong and Mr Cassels.

G.H.
18 February 1983

1. SUBJECT : THE VAT CENTRAL UNIT

Background

The control and collection of VAT is based on a central computer system at Southend-on-Sea which services the VAT Central Unit (VCU). About 6 million blank VAT returns per year are issued automatically via the computer to registered traders; reminders are issued to traders who fail to render their returns on time.

Traders send the completed returns and payments of tax where due back to the VCU where details of the returns are recorded on the accounting file held on the computer; payments are banked via the Bank of England and any due repayments of tax made. If traders fail to respond to reminders, tax is assessed and payment is enforced by the network of local VAT offices. These also carry out routine control visits to registered traders, and carry out any other work (normally requiring the visiting of traders) that is better done locally.

At the VCU, fairly straightforward procedures exist to handle those returns which are correct and timely and are accompanied by the correct payments. But where there are errors in returns or queries, and cases cannot be dealt with on the computer, procedures are staff-intensive and can lead to backlogs and delays resulting in unsatisfactory levels of service.

1982 Scrutiny Programme

When the 1982 scrutiny programme was under consideration, it was agreed that the VAT Central Unit at Southend should be the subject of a scrutiny. But, in view of a major staff inspection then imminent in the VCU, and other work there, it was agreed that the scrutiny should start at the beginning of 1983.

2. COST

The prompt and accurate processing of VAT returns and payments and the making of repayments have a bearing in one way or another on the work of close on 5,000 operational staff outside the VCU, both at the centre and in local offices. Within the VCU, at least 150 staff are engaged full time in the area to be reviewed, at an annual cost of about £1,500,000 (including accommodation and common services).

3. REASONS FOR SELECTING THE SUBJECT

It is estimated that about 10% of VAT returns received contain errors. Because of the need for manual intervention in an otherwise automated system, they can disrupt the time-critical flow of work within the Central Unit and occupy a disproportionate amount of the total VCU staff resources. The consequences of any delays and inefficiency in this area are serious for the registered VAT traders concerned and for the proper administration of VAT by local staff. The benefits sought from the scrutiny would therefore be a more effective use of staff and computer resources, speedier handling of cases to reduce delays and backlogs and an improved level of service to the VAT registered trading community.

4. TERMS OF REFERENCE

"To review the reasons for VAT returns being found to require manual intervention following computer processing, and to examine the methods used;

To review the ways in which adjustments are made to the accounting main file;

And, with a view to increasing efficiency and in particular in speeding the handling of cases to reduce delays, backlogs and complaints from traders, to make recommendations."

5. PROPOSED STARTING AND FINISHING DATES

Start: Early March 1983
Finish: Early August 1983

6. NAME OF EXAMINING OFFICER AND MINISTERIAL REPORTING ARRANGEMENTS

The scrutiny will be led by Mr B R Smith, a Senior Principal in Management Services Division, Customs and Excise, who will report to the Economic Secretary to the Treasury.

NATIONAL SAVINGS CERTIFICATES: WITHDRAWAL/REPAYMENT

1. SUBJECT

The question whether any improvement can be made in the current withdrawal arrangements for National Savings Certificates so as to make it easier for people taking money out of one issue to re-invest it in another.

2. COST AND REASONS

Few staff are employed on this at present because the usual procedure requires investors to go through the withdrawal procedure to the point where they receive a warrant, and then requires them to use the warrant at a Post Office or bank to buy the new certificates. But where an issue is taken off sale, particularly when this is done with no notice, some reinvestment cases will be caught in the post and other applications will still be at the Certificate Office. In such cases the current practice is to offer a special reinvestment facility from the DNS office at Durham. The staff effort required to do this is considered disproportionate, and the aim of the proposal is to ascertain whether a better arrangement, both for Durham and for customers, could be worked out. If so, it could have a life of about 2-3 years, until the current computerisation of National Savings Certificate sales is completed. A genuine reinvestment facility without a visit to the Post Office or bank will then be practicable.

3. TERMS OF REFERENCE

To investigate whether any improvement can be made in the current withdrawal arrangements for National Savings Certificates so as to facilitate reinvestment.

4. PROPOSED STARTING AND FINISHING DATES

Start 28 March Finish 31 July

5. (i) Name of examining officer. To be selected.

(ii) Ministerial reporting arrangements. To the Economic Secretary.

OCCUPATIONAL PENSIONS BOARD/SUPERANNUATION FUNDS OFFICE

SUBJECT

A joint scrutiny, with Inland Revenue, of the work of DHSS' Occupational Pensions Board and Inland Revenue's Superannuation Funds Office.

COST AND STAFF

£6 million; 100 staff in DHSS and 300 in Inland Revenue.

REASONS

There has been criticism from pension funds interests that the systems of control exercised over occupational pension schemes under social security and tax legislation, and the manner of their operation by the OPB and the SFO, have not been properly co-ordinated and impose unduly onerous requirements on the pensions industry. The scrutiny will examine the relevant rules and administration in the light of these criticisms.

TERMS OF REFERENCE

1. To review all forms of Government control and supervision of occupational pension schemes and of their management which are within the responsibilities of DHSS and Inland Revenue, whether by statutory provisions or administrative requirements.

2. To consider the extent to which the various controls and requirements are in the public interest, and whether the way in which they are administered is efficient and effective bearing in mind the costs and manpower implications for Government, schemes and employers.

3. To make recommendations on the above to the DHSS and the Board of Inland Revenue.

TIMING

Probably February to June 1983.

EXAMINING OFFICER

The DHSS scrutineer is to be Miss M Grainger, just retired as Assistant Secretary who was previously Secretary to the Occupational Pensions Board. The Inland Revenue scrutineer will be Mr A Cummins, Senior Inspector.

MINISTERIAL REPORTING ARRANGEMENTS

This scrutiny will be supervised by the Joint Parliamentary Under Secretary of State, Lord Trefgarne and the Financial Secretary to the Treasury the Rt Honourable Nicholas Ridley.

MANAGEMENT - IN CONFIDENCE

Tim Flesher O/R

Mr FLESHER

SCRUTINY OF HM INSPECTORATE OF SCHOOLS IN SCOTLAND

1. I attach:

(1) a draft letter to Mr Russell as a basis for a reply to Mr George Younger's minute of 8 February; and

TPM

(2) a note on certain aspects of the text supplied by Mr Younger, which you may find helpful.

2. The draft reply is self-explanatory. It can be used in part as the basis for a phone call to Mr Russell, along with the note at (2) above, should you speak to him as you spoke to Mrs Wilde.

3. The only other point I need bring to notice is the fact that the "central institutions and colleges of education" will now be inspected (para. 3.1 i of the text). This is an interesting development; these bodies are, I understand, managed by independent governing bodies, representative of the local authorities and other interests, but they are funded directly by the Scottish Education Department; they include the agricultural colleges and the Royal Scottish Academy of Music and Drama.

CP

C PRIESTLEY
17 February 1983

Encs: Draft letter
Note

DRAFT OF 17 FEBRUARY 1983

Muir Russell Esq
Scottish Office

SCRUTINY OF HM INSPECTORATE OF SCHOOLS IN SCOTLAND

The Prime Minister was grateful for your Secretary of State's minute of 8 February, covering a draft statement to be issued in the form of a Written Answer.

2. You will now have seen my letter to Imogen Wilde of 14 February, conveying to the Secretaries of State for Education and Science and for Wales Mrs Thatcher's observations on the drafts accompanying Sir Keith Joseph's minute. The Prime Minister has asked me to let you know that, mutatis mutandis, her response to the draft statement for Scotland is similar to that for England and Wales.

3. In sum, while Mrs Thatcher is grateful for the thought and attention which have gone into the draft, and is pleased with the direction in which it points, she thinks that it is very long for a Written Answer and that it could be shortened with advantage. It would then concentrate on the prime need of parents, their children and other students for an assurance that the quality of education delivered is sound (an item which should be included in the list in para. 1.1) and on the selection of priority targets for inspectorial work and action.

4. The Prime Minister thinks that, in line with her observations on the text for England and Wales, the drafts should highlight such references as those to value for money (para. 1.4); the audit function (2.2 ii, 2.2 v, 3.1 i and 3.3), including the prompt publication of reports and effective follow-up to them; and the management of institutions (3.1 ii and 3.3.). Mrs Thatcher does not think it necessary to include in the Written Answer references to the organisation of the inspectorate, other than the flexibility of staffing (para. 4.2). The Prime Minister would be glad to see the Written Answer again before it is finalised.

5. I am copying this to Imogen Wilde (Education and Science), Adrian Peat (Welsh Office) and Christopher Joubert (Rayner Unit).

T J Flesher

COMMENTS ON DRAFT STATEMENT

INTRODUCTION

The list in para. 1.1 should include as a prime item, "the present and prospective needs of children and other students and the general public interest in value for money and education".

ROLE OF THE INSPECTORATE

2. The reference to "independence" in para. 2.1 could be cut back to the first two and the last sentences.

3. The reference to "audit" in para. 2.2 ii is an amazing piece of strangled prose. Why not, "to audit the quality of education and training provided on behalf of the Secretary of State and to provide him and others with direct responsibility for institutions with the advice and assistance needed to put things right"?

IMPLEMENTATION OF ROLE

4. The second sentence in para. 3.1 is extraordinary: the Secretary of State should feel very grateful!

5. The reference to publication of reports in para. 3.1 i (second sentence) should read "published soon after the inspection".

6. The material in para. 3.4 and 3.5 on structure is not needed in the Answer.

SIZE AND COMPOSITION OF HM INSPECTORATE

7. Paragraph 4.1 is unnecessary for the Answer.

8. The formula on "flexible" staffing in para. 4.2 is more guarded than that in para. 20 of the draft policy statement for England and Wales, which refers to short-term attachments. The Scottish Statement might conform.

JO

Caxton House Tothill Street London SW1H 9NA F
Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

F E R Butler Esq
10 Downing Street
LONDON
SW1

16 February 1983

Dear Robin

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 - THE SCRUTINY PROGRAMME

Your letter of 26 January invited proposals for a scrutiny programme.

My Secretary of State has in mind to put forward a proposal for a scrutiny of the efficiency of the field activities of the Inspectorates and Medical Services of the Health and Safety Executive. Details as requested in your letter are set out in the attached note. The proposal has the support of the Chairman of the Health and Safety Commission but has not yet received the formal blessing of the Commission, which will have this put before it at its next meeting on 1 March; but there is no reason to believe that this will not be forthcoming at that meeting.

We are keeping under review the question whether there are any other suitable subjects for scrutiny and it is possible that my Secretary of State might later wish to put forward an additional subject or subjects, but at this stage the HSE proposal is the only one he wishes to put forward.

Yours sincerely

Bernard Shaw

J B SHAW
Principal Private Secretary

HSE SCRUTINY PROJECT 1983

1. Subject : The efficiency of the field activities of the Inspectorates and Medical Services of the Health and Safety Executive.

2. Cost of the activity : Over 2,000 staff are engaged directly or indirectly in these activities at a cost exceeding £50 million.

3. Reasons for selection : The field activities of HSE represent the major part of its work. In consequence a series of projects concerned with ways of measuring and improving both the effectiveness and efficiency of these activities are under way. The proposed project fills an important gap in this work.

4. Terms of Reference : (i) To analyse the main activities carried out by the HSE field organisation

(ii) To investigate and examine critically the methods by which management assesses the efficiency with which these activities are carried out and to identify new or improved methods.

(iii) To make recommendations for performance indicators which can be used by middle and senior management for the regular assessment of the field activities.

(iv) To check the validity of the recommendatio by pilot studies in particular areas of HSE work.

5. Period of study : The study will begin immediately on approval of the project and will be completed by the end of July.

6. Officers and reporting arrangements: The officer in charge of the "Scrutiny" will be Miss N Collins, a Deputy Superintending Inspector of Factories. Other staff will be allocated to assist her as necessary. The report will be made to the Health and Safety Commission and the Secretary of State for Employment.

LW

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: K/PSO/10515/83
Your ref:

15 February 1983

Dear Robin,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

Thank you for your letter of 26 January inviting Ministers to send their proposals for the 1983 scrutiny programme to the Prime Minister by 11 February.

Our intention is to put forward one proposal for an individual scrutiny this year, and we will shortly be putting a detailed proposal to our Ministers. I am afraid, however, that we still have a number of points to sort out, and we are unable to meet your deadline. I will write to you again as soon as possible.

I understand that you are not seeking at this stage the details or our contribution to the multi-departmental review, but you will wish to know that DOE(C) and PSA together are contributing three studies to that part of the programme, and that arrangements for finalising what these will be are well in hand.

I am copying this letter to Mary Brown and to John Cassels.

Yours sincerely,

Helen Ghosh

HELEN GHOSH
Private Secretary

Robin Butler Esq

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

15 February 1983

Dear Robin,

CENTRALLY COORDINATED EFFICIENCY EXERCISES 1983:
SCRUTINY PROGRAMME

In reply to your letter of 26 January, I am writing to say that my Secretary of State proposes a scrutiny of the procedures for paying grant to voluntary and direct grant colleges of higher education and of the colleges' treatment of their receipts and expenditure.

Although the number of DES staff directly involved is small, substantial sums of money are involved (£95 million in 1982/83 paid in grant by the Department) and there have been difficulties in controlling grant payments satisfactorily and in securing consistent accounting standards in the colleges. The PAC have taken a close interest in the matter and the Permanent Secretary appeared before the Committee yesterday to reply to questions about it. The lessons learnt from the scrutiny should be useful in relation to the other areas where the Department makes payments to voluntary and other non-maintained bodies.

I attach a pro forma setting out the details of the proposal. I am copying this letter to Sir Robert Armstrong, Sir Douglas Wass, John Sparrow and John Cassels.

Yours sincerely,

Imogen Wilde

MRS I WILDE
Private Secretary

F E R Butler Esq
Private Secretary to the Prime Minister
Prime Minister's Office
10 Downing Street
London
SW1

B0215PR1501

Subject

Control procedures for the payment of grant to voluntary and direct grant colleges of higher education and the colleges' treatment of their receipts and expenditure.

Cost

About £95m is paid in grant to 38 colleges, of which 26 are voluntary bodies. Eight DES staff, headed by a Principal, are involved full-time in work on the colleges, of which assessment and payment of grant is a central part; more senior staff have supervisory responsibilities.

Reasons for selecting subject

Grant is allocated for the financial year and is paid monthly against need; any grant not drawn at the end of the year is forfeited. Monthly and year end controls are therefore very important. The Department has revised its arrangements for financial control during the past year but is not confident that the new arrangements effectively marry the accounting practices of the colleges and the requirements of Government Accounting. A completely fresh examination is required by a team which will need to include professional management accountants. Another requirement is to review the colleges' handling of non-grant income the size of which affects the level of grant paid.

Terms of reference

To devise and secure the adoption of common accounting and control procedures which colleges can readily understand and will willingly apply, and which are capable of being checked by junior Civil Service staff.

Proposed starting and finishing dates

April - July 1983

Examining officers and Ministerial reporting arrangements

The Department will need to assign a team member to take part in the scrutiny, supply information about current practices and liaise with the responsible Branch and with the colleges. He will work with one or more management accountants appointed from outside. The Secretary of State will be the Minister responsible.

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

Your private secretary has asked for Ministerial proposals for the scrutiny programme.

My Department carried out two scrutinies last year and is still heavily involved in their implementation. I believe that in management terms the best course would be for them to complete existing tasks before starting new ones. It has always been recognised that a requirement to participate each year might be difficult for departments with less than 1,000 staff. This Department, with 1105 staff, is now not very far from that level.

Looking ahead there are areas where I shall want further reviews to be considered: for instance, the scope for extending computerisation in the Department. But I would not wish to commit myself to a scrutiny at this stage. The use of outside consultants might be more appropriate.

I am sending copies of this minute to Janet Young and John Cassels.

pp SECRETARY OF STATE FOR ENERGY

(Approved by the Secretary of State
and signed in his absence)

15th February 1983

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

Robin Butler Esq
Prime Minister's Office
10 Downing Street
London SW1

14 February 1983

Dear Robin

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

Due to an error in the typing, I regret that a phrase was omitted from the minute which my Minister sent to the Prime Minister on Friday 11 February. Would you kindly amend line 8 of the second paragraph as follows:

> "central laboratories: there have been earlier studies of the fisheries laboratories and of the Central Veterinary Laboratory."

I apologise for this inconvenience.

I am copying this letter to the private secretaries to the Lord Privy Seal, Sir Robert Armstrong and Mr John Cassels.

Yours ever

David Dawson

Assistant
Private Secretary

Tim
I have amended accordingly

Duty Clerk
14/2

Foreign and Commonwealth Office

London SW1A 2AH

14 February, 1983

Dear Robin,

The Scrutiny Programme

Your letter of 26 January asked Ministers to submit proposals for the 1983 programme of scrutinies.

Mr Pym would like to propose two scrutinies, one in the Diplomatic Wing and one in the ODA. Both deal with aspects of procurement policy and practice and should therefore fit well with the programme which has been proposed by the Lord Privy Seal and which includes procurement as one of the themes for central review.

Details of the two proposals are attached. In brief, the ODA study would review our arrangements for the procurement of goods and services financed under the British bilateral aid programme including the Aid/Trade Provision while the scrutiny in the Diplomatic Wing would review all aspects of procurement and related technical support services in the Communications Division.

In both cases current procedures have remained unchanged for some considerable time and we see scope for increasing effectiveness and getting better value for money. On the ODA side the annual expenditures involved runs to approximately five hundred million pounds; in the Diplomatic Wing while the expenditure is much smaller it does represent almost 50% of all expenditure on capital items.

I am copying this letter to the Lord Privy Seal's Office and to John Cassels.

Yours ever,

Brian

R Butler Esq
Principal Private Secretary
10 Downing Street

(B J P Fall)
Private Secretary

PROJECT FOR SCRUTINY IN THE DIPLOMATIC WING OF THE FCO

Subject

1. A review of all aspects of procurement and related technical support services in the Communications Division of the FCO. The Division is responsible for the development and operation of communications and technical security services for FCO and other Government departments. It is also responsible for the engineering and operation of broadcast transmitting stations for the BBC's external service. The procurement and storage of technical and wireless supplies and services, including financial monitoring, is the responsibility of the administration department, although all orders over £75,000 have to be placed through MOD (PE) and, for computers, over £25,000 through the CCTA. Specifications and technical liaison with contractors are provided by the engineering, operations and technical security departments. The review would follow the procurement process from the first proposal for technical expenditure through to delivery and payment for the product.

Costs

2. The total estimated expenditure, excluding staff costs, for 1983/84 is between £13 million and 14 million (over £6 million on technical and wireless supplies and services with about £7 million on broadcasting), which is close to 50% of FCO total expenditure (excluding accommodation) on capital items. There are 1100 staff in the Division of whom 62 are exclusively involved in procurement and stores, with significant additional manpower involved in defining and drawing up specifications and providing technical and financial monitoring.

/Reasons ..

Reasons for selecting the subject

3. Scrutinies of procurement in other departments have found that procedures are not always as flexible, cheap and effective as they should be. But fast, reliable and secure communications provide the underpinning for FCO activities world wide and it is important that the system for assessing and meeting technical requirements should be as efficient and cost effective as possible.

4. This may not be the case. This is a relatively small procurement and stores operation but one which is highly labour intensive with work procedures which can be traced back in some respects to ones introduced shortly after World War II. There is scope for taking a fresh look at the way in which requirements are determined, competing demands for resources evaluated, specifications drawn up, goods ordered and technical and financial monitoring carried out. In particular the possibilities for introducing new technology into the stores area and the basis for the current division of responsibility for procurement between FCO, MOD (PE) and the CCTA should be examined.

Proposed Terms of Reference

5. The terms of reference should cover the same ground as those of the multi-departmental review of procurement and contract procedures. But given the relatively small scale of this procurement operation, the scrutiny should also consider how and why decisions on technical expenditure are reached and the basis for assessing alternative options. The following terms of reference are therefore proposed:

To examine

(a) the current procedures for financing, developing and evaluating proposals for expenditure on technical equipment and supplies;

/(b)

(b) the arrangements for procurement from the drawing up of specifications through to the acceptance and final payment on the delivered product, including the letting of the contract and technical and financial monitoring; and

(c) the storage of goods, including the level of stocks and methods of stock control;

To consider whether these procedures and arrangements are economical and effective and provide value for money compared with the best practice in the private sector;

To consider in particular the scope for the introduction of new technology in stores procedures and to determine whether the present division of responsibility for procurement between FCO, MOD (PE) and CCTA is the most cost effective arrangement.

Proposed Start and Finish Dates

6. The scrutiny would begin around the beginning of June and should be completed by the beginning of September.

Examining Officer and Responsible Minister

7. An examining officer has not yet been nominated. The intention is that it should be a DS Counsellor who would be supported by an officer with professional experience of procurement procedures. The responsible Minister would be Mr Hurd.

PROJECT FOR SCRUTINY IN THE ODA

Subject

1. A review of our arrangements for the procurement of goods and services financed under British bilateral aid programmes including the aid/trade provision (ATP).

Costs and Staffing

2. The total expenditure involved in 1982/83 is estimated to be just under £500 million. Although the number of ODA staff directly involved in procurement is small, a substantial proportion are involved in the overall delivery of bilateral aid.

Reasons for Selecting the Subject

3. Under the bilateral aid programmes the ODA procures many hundreds of millions of pounds worth of goods and services each year and it is clearly central to the efficient management of the aid programme that our arrangements for this procurement should be the best possible. Our current procedures have remained essentially unchanged for a considerable time and it is desirable to consider whether their effectiveness and value for money could be improved and whether UK firms could be given better access to the export opportunities arising from the aid programme.

Proposed Terms of Reference

4. To review the present arrangements for procurement of goods and services financed under the British bilateral country aid programmes including the ATP.

/The review

PROJECT FOR SCRUTINY IN THE ODA (Cont.)

The review will consider the system laid down by ODA in Office Procedure and in formal agreement with recipient countries and examine and describe actual practices by the various procurement agents used.

The aim of the scrutiny will be to recommend any changes which should be considered in order to safe-guard or improve:

(a) value for money in the expenditure of aid funds;

(b) the access of a wide range of UK firms, small as well as large, to export opportunities arising from the use of aid funds;

(c) the proper and timely use of aid funds for the purpose agreed by HMG.

Proposed Start and Finish Dates

5. The scrutiny will be complex and will take all of three months. We intend to start it in April.

Examining Officer and Responsible Minister

6. We have provisionally identified Mrs J White, one of our economic advisers, as the examining officer. The responsible Minister would be Mr Raison.

hue

RW

10 DOWNING STREET

From the Private Secretary

14 February, 1983

The Prime Minister has now seen your Secretary of State's minute of 8 February together with the accompanying drafts of a Written Answer, a Policy Statement and a booklet. Mrs. Thatcher thinks that these papers take the matter a good way towards completion and is grateful for the work which has clearly been put into them.

The Prime Minister wholly agrees with your Secretary of State that the Government needs "to give the public a clarion call" but in a realistic way. She also recalls her desire (see Willie Rickett's letter to you of 14 June, 1982) that the national inspectorates should be seen to be working on behalf of families and that, because their work must be selective, considerable efforts should be put into such problems as the inspection of particular institutions and the standard of provision of particular local authorities; prompt publication of the full reports of such institutions (which the Prime Minister is very glad are in train); the education of the children of immigrants; the management of large institutions; and the follow-up to national reports.

Against that background the Prime Minister thinks that the Written Answer is broadly on the right lines although she believes that it should be considerably shortened. I have passed on to you the Prime Minister's reservations about a number of phrases in the Written Answer; other references with which she is not entirely happy are to "those essential values for which the Inspectorate must stand" (paragraph 5) the meaning of which is not immediately apparent or to the inspectorates as one of a "multitude of change agents" (paragraph 2).

Mrs. Thatcher considers also that the message of the explanatory booklet for the public and also the policy statement could be put more clearly in fewer words and, for example, that the booklet should be about "Standards in Schools" rather than "HMI-Today" which will mean little or nothing to most parents. As they stand,

/these

these drafts do not give a sharp enough image of how the work of the inspectors helps to improve what actually happens in schools and elsewhere.

The Prime Minister would be grateful if these points could be considered in finalising the texts of the Written Answer, Policy State and the booklet. She would be grateful to see the text of the Written Answer again in draft but she is content not to see again the Policy Statement and booklet until they are published.

I am sending a copy of this letter to Muir Russell (Scottish Office), Adam Peat (Welsh Office) and Christopher Joubert (Rayner Unit).

Yours ever,

Tim Flesher.

(Timothy Flesher)

Mrs. Imogen Wilde,
Department of Education and Science

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Prime Minister

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

I refer to your Private Secretary's letter of 26 January seeking proposals for the 1983 scrutiny programme.

As my officials have discussed with Mr Cassels, I propose this year to undertake a scrutiny of the Driving Test Organisation. This is a major activity, involving on the 'L-Test' side 1,300 examiners undertaking up to two million tests a year. In addition, a further 100 examiners conduct 35,000 HGV and 10,000 PSV tests a year. Test bookings are handled by about 260 executives and clerical staff in the Traffic Area Offices, which are separately organised. This network is, of course, spread across the whole country in units of varying sizes, and its responsiveness to demand as measured by waiting times is a matter of considerable public interest. It provokes a good deal of correspondence from MPs when there are long delays in securing tests. I am confident that this is a worthwhile area for scrutiny and would welcome any improvements in efficiency which can be identified, provided of course that they are consistent with the maintenance of our high test standards and of a satisfactory service to the public.

I attach a more detailed note setting out the information requested.

In addition, my Department will be taking part in the multi-departmental review of procurement and contract procedures by reviewing those procedures relating to road construction contracts. This should be carried out during the summer, and as soon as the central terms of reference are received for this study detailed proposals will be drawn up and a scrutiny officer identified.

Finally, although my Department is not taking part directly

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in the multi-departmental review of Departments' internal consultancy, inspection and review capabilities, my officials will provide an input by keeping MPO informed of progress on the PRIMUS electronic mail project, which is being undertaken in my Railways Directorate as part of DI's information technology programme; they have already been in touch with Mr Beesley of MPO about this.

I am copying this letter to Janet Young and Mr Cassels.

DH.

DAVID HOWELL

11 February 1983

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DEPARTMENT OF TRANSPORT

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES: SCRUTINY PROPOSAL

Subject

The driving test organisation

Cost of activity

The gross cost of 'L-testing' is some £25m a year, and of HGV testing some £2m, but over time fee income has to cover costs.

Number of staff

1300 'L-test' examiners; 100 HGV examiners; 350 bookings, admin, training and HQ staff: total 1750.

Reasons for selecting subject

A manpower intensive area where management changes linked with new technology and perhaps some rationalisation of locations should provide scope for more efficient use of resources, which would help restrict the cost to industry and the public.

Terms of reference

"To consider the effectiveness of the management and administration of the driving test organisation, and in particular whether changes are required to enable the best use to be made of resources in meeting the demand for tests."

Starting date

Early April

Finishing date

Early-mid June

Examining officer

Dr Michael Harryman, Principal Scientific Officer, age 34, currently working in Operational Research Division, who has recently investigated the scope for computerising driving test booking procedures.

Reporting procedures

Interim report to Mrs Chalker at half-way stage. Discussion with Mrs Chalker if necessary at that stage and also on presentation of full report.

Additional information

A detailed note on the driving test organisation is annexed.

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DRIVER TESTING

INTRODUCTION

1. There are three different categories of driving test in Great Britain: the so-called L tests which must be passed in order to obtain a full ordinary driving licence and the two vocational driving tests required for the additional licences need to drive heavy goods vehicles (HGVs) and (in most circumstances) public service vehicles (PSVs).

2. Since March 1982, the L test for motorcycles has comprised two parts. Candidates for Part II can not apply until they have passed Part I.

ORGANISATION

3. DTT (Driver Testing and Training) Division comprises an HQ Division and a national operational network of driving examiners. It now forms part of the Road and Vehicle Safety Directorate. At HQ under the Senior Principal as head of division there is one administrative branch (DTT1) responsible for driver testing policy and the management of the organisation and an operational branch (DTT2) lead by the Chief Driving Examiner. One of his deputies is responsible for driver testing and below him are five Assistants whose major function is as inspecting officers. This branch also mans the Driving Establishment at Cardington. A third branch (DTT3) is concerned with the Register of Approved Driving Instructors but is outside the purview of this Scrutiny.

4. The testing itself is organised on a traffic area basis and the Clerks to the Traffic Commissioners act as DTT's agents in the administration of driving tests in their areas; in particular they arrange test bookings. For operational testing each traffic area is divided into sectors run by a supervising examiner (= HEO at top of scale) who is responisble for around 30 examiners who work from driving test centres in his sector.

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L TESTS

5. For L testing and driver licensing purposes vehicles are divided into 13 groups. Passing a test on a class of vehicle within a group entitles a person to a full driving licence for any vehicle in that group. A full licence for certain groups provides either a full or provisional entitlement to driver vehicles in other groups. In practice the vast majority of L tests are on motor cars (or vans) or motorcycles. The present fee is £13.00 which is likely to rise by an as yet unannounced 50p in June 1983.

6. In 1982 there were 1.89m applications for L tests. This compares with 1.83m applications in 1981 and a range of 1.42m and 2.04m during the preceding ten years. The level of demand tends to fluctuate and has hitherto proved hard to predict for more than a few months ahead. One clear factor is the number of re-applications which depends on the pass rate. In 1982 this was 48% overall, having increased marginally each year since 1975, when it was 45%.

7. The number of L testing examiners budgeted is 1340 at 1.4.83 and 1250 at 1.4.84. with a contingent call on an extra 30 posts if need be. Currently there are 1362 in post and an expected annual wastage (through retirement etc) of c.100. The budget figures are based on what is needed given an estimated annual demand of 1.85m applications to maintain average waiting periods of 14 weeks in London and 10 weeks outside. The present average wait for an L test is 14½ weeks in London and 6 weeks outside. The examiners work from 318 full time centres from which a further 117 centres are manned occasionally. Except at very small centres, a senior driving examiner (=HEO)is in charge of basic grade examiners (EO level).

8. The L test usually lasts 45 minutes, with some 30-35 minutes on the road. Its content is of long standing and is prescribed in regulations. The test for motorcycles, uniquely, comprises two parts. Part II essentially corresponds to an L test in a car. Part I is an off street machine handling exercise. The Department provides a limited facility for Part I tests at HGV driving test

centres. But the intention is that specially appointed training bodies should conduct the bulk of Part I testing on their own sites within the framework of suitable training courses. The fee for a Departmental Part I test is £12.50 and for a Part II test the L test fee of £13.00 also applies.

HGV TEST

9.There is a separate network of HGV driving test centres. These have a manoeuvring area on site for the test exercises which cannot safely be conducted on the road (and which is also used for Part I of the motorcycle test.) There are 60 permanent manned centres,and staff from these man a further 16 on an occasional basis. 52 of the centres are on joint sites with HGV vehicle testing stations. The latter are due to be privatised in the early summer but the Department will retain driver testing facilities on the joint sites except at four little used locations.

10. Senior driving examiners (= HEO) (SDEs/HGV) conduct the HGV tests. 97 are presently in post. The test appointment lasts 2 hours. Demand for HGV tests has slimped since the onset of the recession. There were 34,032 applications in 1982, marginally more than in 1981 but substantially less than the 54,000 applications during 1979/80. 34,677 tests were conducted in 1982. The size of the examiner force has been reduced in consequence but the low demand was an important factor in the 35% increase of the test fee in September 1982 to £59.50.

PSV tests

11. DTT provide the services of SDEs/HGV to the Traffic Commissioners for the conducting of PSV tests (though Passenger Transport Division not DTT have policy responsibility). Last year HGV/SDEs conducted 9663 tests. Demand has fallen from a recent annual average of 14,000 tests to below 10,000 in 1982.

Delegation

12. Although the Department of Transport itself conducts the bulk of driving tests, the Armed Services, Police and Fire Service conduct L and HGV tests on their own personnel under the driver licensing regulations. Additionally some large concerns, notably the Post

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Office, have delegated authority to conduct L tests on their staff and some 4,000 or so delegated tests are conducted in this way annually.

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PRIME MINISTER

1983 SCRUTINY PROGRAMME

In his letter of 26th January, your Principal Private Secretary asked for contributions to the 1983 Scrutiny Programme.

2. As you know, I am introducing MINIS into the Ministry of Defence to a very urgent and tight timescale. The first, validation, round will take place from March to July and the first of the full annual rounds from August to March 1984. Setting up MINIS in a Department of this size is a major task which at present is tying up the staff who would otherwise direct our scrutiny programme. I should also prefer to look at where individual, more limited, scrutinies can most effectively be carried out when I have the results of the first MINIS round.

3. I therefore propose that the introduction of MINIS should be the centrepiece of my 1983 programme. I should be very happy to explain to you personally how we are tackling it.

4. To complement this, we are, however, also planning some scrutinies for 1983 which can be launched straightaway:

Resource Control Review

Part 2 of the review of RAF support, examining the following in detail: RAF manpower policy; policy on job specifications; training; and contracting-out 1st and 2nd line aircraft servicing.

Multi-departmental Reviews

Inspection and Review - full MOD participation

Procurement and Contract Procedures - we would propose to associate the MPO with the Management Audits we are just about to start on the whole of our Contracts organisation against the background of the Review Board's consideration of current price formulae on Government contracts, and on the REME Contract Repair Branch.

Effectiveness Reviews

We are also already fully participating with the MPO on the review of Stocktaking and will cooperate with that on Productivity Schemes.

Full details of these contributions will be provided to the MPO in the normal way.

5. I am copying this minute to the Lord Privy Seal and to John Cassels.

Ministry of Defence
11th February 1983

HOUSE OF LORDS,
SW1A 0PW

11 February 1983

My dear Margaret:

Centrally Co-Ordinated Efficiency Exercises 1983:
The Scrutiny Programme

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

Investment Activity

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

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

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

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The Right Honourable
The Prime Minister

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

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

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

Legal Aid

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

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

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

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The scrutiny should take about 3 months.

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

yrs:

J. H.

PRIME MINISTER

CENTRALLY COORDINATED EFFICIENCY EXERCISE 1983 : THE SCRUTINY PROGRAMME

Your Private Secretary's letter of 26 January asked for proposals for the 1983 Scrutiny Programme.

I propose one scrutiny unavoidably deferred from the 1982 programme, one new scrutiny in my Department and participation in one other in which the Department of Industry will take the lead.

The 1982 programme included, for the end of the year, a scrutiny of the Department of Trade's supervision of insurance companies. This had to be deferred due to difficulty in releasing from other duties the designated scrutiny officer. The reasons for this scrutiny remain as strong as ever and it will start soon.

I propose in addition to have a scrutiny of the National Weights and Measures Laboratory, which performs important statutory functions and services to industry, to review whether its functions and their methods of performance are appropriate to present day conditions and to review also the basis of its fees, which have been the subejct of persistent representations.

I have agreed with Patrick Jenkin that there should be a review of the accountancy needs of our two Departments which would make recommendations as to the most effective ways in which these needs might be met. This would include examining the extent to which it is desirable and cost effective for private sector firms to contribute to meeting them. Although the needs of both Departments will be reviewed, recommendations are likely to be predominantly in areas which are the responsibility of the Department of Industry.

I have agreed with Patrick Jenkin that our common services Divisons should take part in the centrally coordinated multi-Departmental review late this year of arrangements for internal consultancy, inspection and review. I attach some importance to this. If the Financial Management Initiative is to achieve its full objectives there must be a careful consideration of the new roles of the

Departmental centre and the Whitehall centre.

Finally, my main priority in 1983 must be work in connection with the development and implementation of the Financial Management Initiative. This calls for a heavy programme of work, the speed of which must be influenced by manpower resource constraints.

I attach further details of these scrutinies in the form requested. Copies of this letter go to Patrick Jenkin, Janet Young and John Cassels.

for LORD COCKFIELD

Approved by the Secretary of State
and signed in his absence

DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON
SW1
11 February 1983

PRIME MINISTER

HMI: RAYNER SCRUTINY

I am sorry to burden you with such a collection of papers. Sir Keith Joseph's minute (Flag A) reports on his conclusions following the Rayner Scrutiny of HMI. He proposes that he should issue a long policy statement on HMI accompanied by a shorter and punchier Written Answer. The Written Answer is at Flag B and the policy statement at Flag C. Some time later he proposes to issue a booklet on the work of the Inspectorate as a guide to parents. This is attached at Flag D.

I have sought the advice of the Rayner Unit (Flag E). Broadly, Mr. Priestly urges that we should commend the Written Answer as a considerable improvement on previous drafts. He has considerable reservations, however, about the style of the policy statement and the booklet. I share his reservations about their tone but I do not think that we can do more than indicate one or two ways in which they could be improved. Do you agree, therefore, that I should write to the Department of Education and Science as proposed by Mr. Priestly at Flag F?

The Written Statement is much too long - it is more like a speech than a statement. I suggest it be substantially redrafted

TF

11 February 1983

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PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

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

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

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

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

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

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

PJ

P J

11 February 1983

Department of Industry

ANNEX

SCRUTINY OF ACCOUNTANCY SERVICES

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

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

Reasons for selecting the subject

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

Terms of Reference

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

a. the nature and organisation of the total accountancy services provided in the two Departments including Accountancy Services Division, the Industrial Development Unit and any other Divisions with a significant accountancy involvement;

b. the extent to which the services are best provided centrally or by postings to Divisions, including the organisational and functional relationships in such postings;

c. The extent to which it is desirable and cost effective for private sector firms to contribute to the meeting of the Departments' needs;

d. the Lord Privy Seal's statement to the House of Lords of 25 June 1982 (attached);

e. the accountancy functional specialism;

f. the implications for the professional training programmes within the two Departments;

and to make recommendations.

Proposed starting and finishing dates

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

Examining officer and Ministerial reporting arrangements

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

PRIME MINISTER

THE 1983 SCRUTINY PROGRAMME

This minute concerns the MPO's own contribution to the 1983 scrutiny programme.

The two main executive operations covered by the MPO are central recruitment run by the Civil Service Commission (annual cost £9.8m) and central training provided by the Civil Service College (annual cost £6.4m).

I propose a scrutiny in the Civil Service Commission which will seek ways of further improving cost-effectiveness and better meeting the needs of departments. Brief information is attached.

I am examining the possibility of a second scrutiny to be undertaken in the College. The main purpose of this would be to see to what extent it is practicable and efficient to arrange for some training at present done by the College to be undertaken either by 'outside' institutions or by individual departments for themselves. Any study of this must be linked to the current work on manpower needs to 1988 and I shall want to decide in April the best way of tackling it.

Mary Brown (approved by the Lord Privy Seal and signed in her absence)

BARONESS YOUNG
11 February 1983

MANAGEMENT AND PERSONNEL OFFICE

PROPOSAL FOR SCRUTINY IN 1983

Subject Central recruitment activities provided by the Civil Service Commission (CSC).

Cost The estimated cost of the CSC in 1982-83 (including attributed costs of common service staff) is £9.8m and the number of staff 360 (1 February 1983).

Reason The CSC runs the biggest executive operation in the MPO's field of responsibility and it is desirable to seek ways of further improving cost-effectiveness and better meeting the needs of departments.

Terms of Reference To be decided by end-June. A new First Civil Service Commissioner is due to be appointed and should have time to form a view of the precise scope of the scrutiny. The outcome of the co-ordinated Review of Personnel Work (central report due Easter) will also be very relevant.

Proposed starting and finishing dates July/August 1983 - end 1983.

Examining Officer Not yet known. He will report to the Lord Privy Seal

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

PRIME MINISTER

11 February 1983

CENTRALLY COORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

I attach my proposal for the 1983 Departmental Rayner scrutiny in MAFF, as requested in your Private Secretary's letter of 26 January.

As you observe, the activities to be studied - agricultural science and food science central laboratories - are substantial and significant in terms of the activities of my Department: they involve specialist groups of staff, and are thus the type of specific area identified in your Private Secretary's letter as particularly suitable for scrutiny work this year. This work will complete a cycle of reviews within the Rayner system of all our central laboratories. and of the Central Veterinary Laboratory. Furthermore, I regard it as highly desirable to study functions in these establishments before I reach firm decisions on the capital investments that will certainly be needed in both areas.

I am copying this minute and attachment to the Lord Privy Seal and to Sir Robert Armstrong and Mr John Cassels.

there have been earlier studies of the fisheries laboratories

PETER WALKER

RAYNER SCRUTINY 1983 (MAFF): TERMS OF REFERENCE

a. Subject

MAFF agricultural science and food science central laboratories.

b. Costs of the activity and staff involved

£9 million per year: 500 staff.

c. Reasons for selecting the subject

The Ministry has agricultural science and food science laboratories at a number of locations (Harpenden, Slough, Tolworth, Worplesdon and a number of outstations for agricultural science; Norwich (2 laboratories) and London for food science). These laboratories absorb considerable resources in support of a wide range of the Ministry's functions in relation to the agriculture and food industries and consumer protection. A review of the work of these laboratories would follow on well from the recent Rayner scrutinies of the Central Veterinary Laboratory and the Fisheries Laboratories. It would also assist the consideration of plans which have been put forward for rehousing some of the laboratories in less dispersed accommodation.

d. Terms of Reference

In relation to the Agricultural Science Service laboratories at Harpenden, Slough, Tolworth, Worplesdon and outstations, and the Food Science Division laboratories at Norwich and London

i. to identify the research, service and other functions carried out and to establish the costs of each;

ii. to examine the reasons for performing each of the functions identified under (i) above and to consider the adequacy of the mechanisms for reviewing functions in relation to their costs and benefits;

iii. to examine the organisation and efficiency of each laboratory, including support costs and charging policies;

iv. to consider any other matter relevant to the effectiveness, economy and efficiency of the work of the laboratories;

v. to establish whether any change in existing arrangements would be beneficial, and the extent of the benefits; and in particular to examine the case for partial or complete co-location of the laboratories; and

vi. to make recommendations accordingly.

e. Proposed starting and finishing dates

Dates in 1983 to be determined in the light of the availability of suitable Scrutiny Officers.

f. Scrutiny officers and reporting arrangements

Examining Officers - Two Senior Principal or Principal-level officers, one from the Science Group or other specialised discipline, with appropriate support. These staff have not yet been selected.

Reporting Arrangements - to the Minister of Agriculture, Fisheries and Food, in consultation with the Permanent Secretary MAFF and the Rayner Office.

Ministry of Agriculture, Fisheries & Food

11 February 1983

From: THE PRIVATE SECRETARY

HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

11 February 1983

Dear Robin

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983:
THE SCRUTINY PROGRAMME

Thank you for your letter of 26 January inviting proposals for the scrutiny programme.

The Home Office is participating in two of the three multi-department reviews in the 1983 programme. There is also a considerable amount of work outstanding from earlier reviews - the Forensic Science Service, the Criminal Injuries Compensation Board, the Personnel Review and the Prison Resource Control Review (which is still proceeding). The Home Secretary wishes therefore to propose only one departmental scrutiny this year. It will be an examination of staff training. I understand that Sir Brian Cubbon discussed this proposal last November with Mr Cassels, who indicated his support for it. The topic is certainly substantial and significant in relation to the Department's efficiency and effectiveness.

(1) Subject of the review

We intend that the review should enquire fully into the training provisions made for all staff serving in the Home Office with the exception of those in Prison Department grades.

(2) Cost and number of staff involved

The review will cover the training provision made for more than 10,000 staff. Some 4,000 attended internal training courses in the last twelve month period for which figures are available, and more than 1,000 attended external courses, conferences etc in the same period. Over sixty staff are engaged full time in the provision and administration of training. The full cost of this activity (which excludes job training at the work place) was calculated for the 1981/82 financial year to be of the order of £5m.

(3) Reasons for selecting the subject

A scrutiny of training at this time would complement the personnel management review and the Government's initiatives towards improved managerial effectiveness, all of which point to a need, widely acknowledged by senior officers, to reinforce professionalism in the Department.

F E R Butler, Esq

(4) Terms of reference

A first draft of the terms of reference is enclosed. They direct the examining officer to take a comprehensive look at the determination of training needs and the provision of appropriately structured resources to meet them. We do not envisage only an evaluation of existing training. The draft terms of reference have been sent for comments to the training division of the Management and Personnel Office and to colleagues in this Department. The Department's Trade Union Side is also being consulted.

(5) Date of the review

We expect the review to run from April to October.

(6) Examining Officers

The examining officer will be a Home Office Assistant Secretary shortly to be selected. He will be supported by the Departmental Training Officer (Principal) and two Principals from the Management and Personnel Office. The team will be assisted as necessary by a Home Office O & M assignment officer. It is proposed that the examining officer should report to the Home Secretary.

I am copying this letter and enclosure to Mary Brown (Lord Privy Seal's office) and to Mr Cassels, as you asked.

Yours sincerely

Colin Walters

C J WALTERS

TG/81 72/77/1

HOME OFFICE REVIEW OF TRAINING
TERMS OF REFERENCE

FIRST DRAFT.

In broad terms the task is to review the machinery for deciding upon and operating the training provision made by the Department for its staff (except those in Prison Departmental grades) and to make recommendations for improving that machinery in the interests of improved Departmental efficiency and the development of members of staff. Where appropriate this should include proposals for methods of developing comprehensive plans designed to meet common training needs and those arising from the requirements of particular parts of the Office.

2. Report on current practice

(a) You should enquire fully into the present arrangements for determining and meeting training needs, the manpower resources devoted to training (and how these resources are managed, structured and co-ordinated) and how financial provision is made and administered.

(b) You should include in your examination the use made of, and the administration of, external training and further education facilities (including travelling and other fellowships and exchanges); the roles of the Departmental Training Officer (and, in particular, his residual role in respect of the Prison Department

E.R.

and his relationship with local training units) and of Training Liaison Officers; the terms of reference of all training units; the Departmental Whitley Council training machinery; the machinery for recording and reporting on training including the requirements of the Management and Personnel Office; the provision of the training consultancy service to line management; and the provision of self-instructional and distance learning.

(c) You should highlight any apparent gaps or overlaps in the provision of training, and the machinery for deciding it.

3. Recommendations for improved machinery

Your primary aim should be to make recommendations for improving the machinery for deciding upon local, specialist and general training needs in the Department and ways of meeting and monitoring them.

4. Recommendations for improved practice

(a) Recommendations for better practice in the above areas may include a proposal for a measure of comprehensive planning to meet training needs common to the generality of Home Office staff.

(b) Such a plan should include consideration of:

(i) Needs in relation to level, viz the Open Structure, Assistant Secretary and equivalent, Principal/SEO and equivalent, HEO/EO and equivalent, Clerical and other junior grades.

E.R.

(ii) General needs arising at stages in an officer's career.

(iii) The training requirements of the larger specialisms including finance and establishment work and the management of outstations.

(iv) What training within the plan ought to be mandatory/universal and what voluntary/selective.

(v) Resources demands in terms of manpower, accommodation and money.

5. Method of working and context of the review

(a) You should take account of relevant reports (such as that of the Select Committee on the Treasury and the Civil Service and that of the Review of Personnel Management) and of other central and departmental initiatives that have a bearing (such as the Financial Management Initiative, the Professional Qualification Study and the Annual Performance Review system).

(b) You should undertake field-work to ascertain and assess the validity of the views, perceptions and expectations of a representative sample of staff and of the line management. You may also seek written evidence.

(c) You should consult the Trade Union Side.

(d) You may, and are encouraged to involve in your review persons or bodies (to be approved by the Principal

E.R.

Establishment Officer) from outside the Civil Service with expertise relevant to your task.

4. Timing

You should report in the manner designated for departmental scrutinies by [six months from designated officer taking up the task].

TG/81 72/77/1
Establishment Department

January 1983

MANAGEMENT - IN CONFIDENCE

Mr FLESHER

SCRUTINY OF HM INSPECTORATE OF SCHOOLS

1. The Prime Minister has now had a submission from Sir Keith Joseph covering a draft Written Answer, policy statement and explanatory booklet for the public. It is agreed with the Welsh Secretary. Mrs Thatcher has also had a minute from Mr George Younger, covering just a Written Answer for Scotland.

2. This note offers advice on the submission for England and Wales. I will deal with Scotland (which follows the line south of the border) when I know how the Prime Minister wishes to tackle England and Wales.

3. The background is very briefly that the Prime Minister launched these scrutinies in October 1980; that they reported in June and July 1981; and that it has taken until now to get to a conclusion, although the Prime Minister agreed last November to action in all three territories to publish inspectors' reports on institutions. Throughout she has taken a keen interest in the rights of parents and children, in which she has been strongly supported by Lord Rayner. What follows is fully consistent with earlier advice from Lord Rayner.

4. The drafts are better than we might have hoped for some months ago. Although the Answers and Statement are not written in heroic or even memorable prose, they do begin to restore what has been lost for several generations, the emphasis by central government on the interest of parents/pupils in standards and of the taxpayer in, additionally, value for money. Whether they do so convincingly is another matter. Given the importance of the issues, the Prime Minister may wish to seek another opinion, particularly on the explanatory booklet, whether from her own Press Office or elsewhere.

5. I have already supplied you with independent comments by two people here, Messrs Calder and Stubbs, which they wrote

in their capacity as parents. I commend these to the Prime Minister's attention. (flag B).

6. A draft reply to Mrs Wilde is attached. It is self-explanatory. The Prime Minister may think (as I do) that the drafts are not the "clarion call" the Secretary of State speaks of in his minute, but she may also think that - beyond the sort of points may in the draft letter - she does not wish to pursue the DES/WO any further. If she did press again, there would undoubtedly be further delay.

7. Equally, the Prime Minister may decide that the draft booklet and policy statement just will not do. These are essentially documents written by officials for officials, even the explanatory booklet. They are the product of an officer whom the Prime Minister will recall, Miss Sheila Browne, the present Senior Chief Inspector. Miss Browne has enormous analytical and other gifts, but she has taken an unfailingly donnish view of her own and the inspectorate's function. A former academic, she has never taught in a school and leaves the Service to become Principal of Newnham shortly. She is a stalwart defender of the "separateness" of the inspectorate, which I regard as largely irrelevant to the needs of families; moreover, the theory of "separateness" neglects the fact that inspectors are civil servants, paid for by the taxpayer. The emphasis which appears in the policy statement on appointment by The Queen disguises the fact that inspectors are actually appointed by inspectors. The public interest is not in an apologia for the inspectorate but in standards, their preservation and enlargement. There would be little point in pressing such an officer, for all her real and acknowledged merits, to rewrite the text. If the Prime Minister wanted substantially different drafts they would have to be written outside DES, either in the secretariat or here.

8. Given her great interest in the matter it would not be unreasonable for the Prime Minister to send Sir Keith Joseph alternative texts of the booklet and the policy statement, but

highly unusual and perhaps deeply wounding to him. If she decided against that, the draft letter should aim to close the matter in a manner which secured better texts; she might wish, for example, to ask that her Press Office was associated with the redrafting.

CP

C PRIESTLEY
10 February 1983

Enc: Draft letter to Mrs Wilde

DRAFT OF 11 FEBRUARY 1983

Mrs Imogen Wilde
Department of Education and Science

SCRUTINY OF HM INSPECTORATE OF SCHOOLS

The Prime Minister was grateful for your Secretary of State's minute of 8 February and for the accompanying drafts of a Written Answer, a policy statement and a booklet for the public. Mrs Thatcher thinks that these papers take the matter a good way towards completion and is grateful for the work that has been put into them.

2. The Prime Minister wholly agrees with Sir Keith Joseph that the Government needs "to give the public a clarion call" which is realistic; to demonstrate its policies for improvement and the job of all in achieving them; and that the explanatory booklet should be shorter. The Prime Minister also recalls her desire (Willie Rickett's letter to you of 14 June 1982) that the national inspectorates should be seen to be working on behalf of families and that, because their work must be selective, considerable effort should be put into such problems as the inspection of particular institutions and the standard of provision of particular local authorities; prompt publication of the full reports of such institutions (which Mrs Thatcher is very glad is now in train); the education of the children of immigrants; the management of large institutions; and follow-up to national reports.

3. Against that background the Prime Minister thinks that the policy statement is broadly on the right lines, although she

believes that it might be shortened somewhat with advantage. She welcomes the emphasis on the nation's aims for pupils and the need of families (paras. 3 and 5); reducing the imbalance between the people's interest and that of the professions (para. 4) although in this text the phrase "bureaucratised professionals" might wound those doing their best in difficult circumstances; the selection of priorities (para. 5), although she thinks that more might be made of the education of immigrants than the rather throw-away reference at the end of para. 5; and value for money (para. 6).

4. Mrs Thatcher is less happy with the references to "those essential values for which the Inspectorate must stand" (para. 5), the meaning of which is not immediately apparent, or to the inspectorates as one of a "multitude of change agents" (para. 2). She thinks that the message here, as elsewhere in the text, should be that the Government employs a cadre of several hundred high-grade people to provide them with particular services and to do particular things in the field, including auditing and stimulating others: if the impression is given that the inspectorate is submerged in the educational system, parents may reasonably ask what value it is adding.

5. The Prime Minister thinks that the message of the explanatory booklet for the public and also the policy statement could be put more clearly in fewer words and that the booklet should be about (for instance) "Standards in Schools" rather than "HMI - Today" which will mean little or nothing to most parents. As they stand, these drafts do not give a sharp enough image of how the work of inspectors helps to improve

what actually happens in schools and elsewhere: the reasoning parent might well ask herself whether a powerless inspectorate is worth having. For example, the booklet says in the last paragraph on page 2 that inspectors "use no blueprints, wave no magic wands", whereas parents will want to know who is responsible for standards in their children's schools and what the Government does to help ensure that they are observed. Similarly, Mrs Thatcher thinks that while the policy statement is right to emphasise the professional independence of inspectors' judgment, it gives the impression that they exist independently of the Education Ministers without giving a corresponding impression of their impact, or of the impact that is now desired they should achieve, on what takes place in schools and colleges.

6. The Prime Minister would be grateful if these points could be considered in finalising the texts [which she is now content not to see again in draft?]. I am copying this to Muir Russell (Scottish Office), Adam Peat (Welsh Office) and Christopher Joubert (Rayner Unit).

T J FLESHER

010

G

Mr FLESHER

HMI SCRUTINY

I shall be sending you advice tomorrow on the minutes from Sir Keith Joseph and Mr George Younger. In the meantime, you may like to see the attached copies of notes I have requested from two of the staff here in their capacity as parents. One of them our chief information officer, Mr Stubbs, also happens to have been a school governor. I thought it might be useful to us both - and I think to the PM - to obtain the views of two people who have not had the association with this scrutiny that you and I have had.

CP

C PRIESTLEY
10 February 1983

Encs: As indicated

10/2

MR PRIESTLEY

Openness, clarity and availability of information is the key to concensus acceptance of any policy.

In many places, this report is either vague or only plays lip service in its direction to those responsible for implementation.

The policy document for example, to the profession should be written 'in the language which it is used to' Why? There are plenty of interested parents who if they knew it existed would be keen to read it as an adjunct to the booklet for parents, the draft of which is turgid. It is also for most people, far too long. Present that draft to a parent who is not particularly concerned with a problem, and it will be consigned to the bookshelf or worse. The drafting I think may be clearer and even shorter but in addition, a much simpler publicity document is needed, bringing out the main education policies of the government, the place of HMI and answer such questions of How, Why, When, What and Where. This should be available for all parents. Size should govern the amount of information and direct the mind to the main points. Two sides of A4 paper with good design should be the guiding light.

I would also be concerned about one apparent omission in the objectives - The management of large schools. Head teachers are increasingly managers of large undertakings using considerable resources. Training for this task and financial management of it is not given any prominence. The Lord Privy Seal raised this in her speech in Hampshire to the Association of Head Teachers. It is I suppose FMI in some form or other.

I feel also that there is a lack of awareness in the need to point the way to openness and availability, for instance,

*How do parents know when an Inspection is to take place?

*Do they know if it is to be a note for the file or a major report?

*Can parents make representation to demand an inspection?

*How easy is it for them to see the note or report?

*Do they indeed know when it is to be published?

*Are their views to be sought by inspectors during the visit?

*What about feed-back on action documents and progress on them?

* How do they obtain the booklet for parents?

Parent governors may help on this, but the lack of training and awareness of their rights could inhibit their ability. PTA meetings could assist but there seems to be little direction or suggestions, and is it possible that lack of this could be interpreted by some LEA's as a negative instruction.

Another possible omission is a point to cover an interchange of good practise. A report on school 'A' may well benefit school 'B' in another part of the country for which no inspection is planned in the immediate future. How do parents and governors know of its existence so that it can be considered.

Another consideration could be the publication of the schedule of visits so that an impending visit can be prepared for. This would make the task harder - perhaps longer, but possibly less 'establishment' orientated and the report must then be very balanced and not need 'careful reading' (page 8, Secretary of State Statement) but would be fairly obvious as to the strengths and shortcomings of a school.

Perhaps an HMI report should follow scrutiny lines and techniques which would also speed up publication (page 5 of S of S Statement).

10/2/83.

Reading this quickly again, it seems very negative as far as the report is concerned, but it is more concerned with the presentational aspects which would enable all those involved in the educational system, including parents, - and pupils - where appropriate -, to appreciate what is going on and being planned.

MR PRIESTLEY

HMI - DRAFT INFORMATION BOOKLET FOR PARENTS

1. As a parent of children going through the state education system I find little in this document to give me confidence that HMI are an effective force in protecting my interests.

2. It is full of bland defensiveness that will only succeed in irritating the critical parent. And only the most critical will have the patience to wade through a document of this length and turgidity. It needs to be shorter, far more direct and to avoid intro_spection.

3. Parental concerns can be expected to include the following points:

a. why does our local school have such a poor reputation and what is being done about it?

b. why are some of our teachers so poor at their job and why do we have to suffer them? (The poor teachers will be well known to parents and headmasters but heaven help your child if he has one in 'O' or 'A' level year.)

c. why is discipline so poor at our local school? (Will my child fall into bad company?)

d. are education standards generally what they were in 'our day'?

e. are modern teaching methods effective?

f. are modern curricula relevant to life after school?

g. do examination standards vary ("AEB 'O' levels are easier than....") etc.

Parents expect HMI to be the audit body watching over these issues.

The booklet should show clearly how HMI is working on the governments and parents behalf to tackle them. (Many of these issues are covered at some point but not at all clearly.)

4. Parents may feel only a bureaucrat would see the issue of a policy statement and the publication of reports as an earnest of the governments stated intents, however dramatic the latter step may appear to be to those concerned.

5. Parents will expect deeds to be a truer test and that government will see that the HMI job is carried out properly. If as the draft implies there are not enough HMIs parents would expect government to carry out its commitment by employing more. But there is no indication that more HMIs are in fact needed. Much better for the booklet to say "There are x HMIs. They work selectively, directing their effort to problem areas. Priorities are determined by ....." That will seem sensible to most people.

6. There are many other points that rankle in the text. A few examples are below:

Page 1

- the opening is obscure to the uninformed. The booklet should start as at x:

> "This booklet sets out ..... 'Responsibility for seeing ..." could come next. (This is on the assumption that the booklet is primarily intended as an explanation to parents of HMI and their works and not as an announcement about the publication of reports.)

- the bits about the government link the booklet to this administration and smack of a party political broadcast. Should the booklet not seek to be valid whatever government is in office

- it is realistic to suggest that parents will ever 'deal on equal terms'? The best that might be hoped for is that they might be 'in a better position to deal with'

Page 2

- parents do not want to know about the support arrangements for HMI.

- parents don't want apologies about 'the total number of HMIs being patently small', they expect the number to be right for what their elected government want HMIs to do.

- parents don't want to know that HMI don't use 'blueprints' or 'magic wands'! Say what they do use.

Page 4

- 'Leaving aside etc' more apologies. Why not say 'The programme of inspection <u>is</u> based on priorities'.

- last paragraph, what computer?

Page 5

- Standards etc 'such standards as exist' makes the heckles rise. Parents are entitled to ask 'Is this good enough'.

Page 7

- 'acknowledging the judgments and demands made by the world outside' and

- 'comparisons between institutions' are both left hanging. What is done and how is it done?

Page 9

- 'There may be matters to put right but there will often be good practice ...' etc gives the impression of the establishment defending itself. Why not say 'There will be matters to put right . There will also often be good practice...' only a small change but it makes a lot of difference to the reader.

- the section on local advisors confuses and raises some questions than it answers. Two sets of inspectors comparing results with each other, what for? It sounds like too much bureaucracy.

Page 10

- I would be puzzled to learn that 'the routes by which reports reach those involved in education' are only 'fairly clear'. If that is known why isn't something being done to make them very clear.

- it doesn't seem too difficult to envisage routes for reaching parents. Can not copies go to PTAs and local libraries. What about each report having a free standing summary of its main findings for release to local press, councillors etc.

7. These are only a few examples of many points that suggest to me that a lot more work needs to be done on this booklet, including testing on parents. I hope this is of some value.

R J CALDER
ME2
10 February 1983

J. Nursaw
LEGAL SECRETARY.

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

10 February 1983

F E R Butler Esq
Principal Private Secretary
10 Downing Street
LONDON S W 1

Dear Robin,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 : THE SCRUTINY PROGRAMME

You sent me a copy of your letter of 26 January to Private Secretaries of Ministers in charge of Departments. I have obtained from Ian Beesley Lord Rayner's note of guidance on the scrutiny programme and I have studied this with care. I have also had discussions with the Treasury Solicitor. I suggest that it would not be appropriate to propose a scrutiny of any aspect of the work of this Department, the Treasury Solicitor's Department or the Director of Public Prosecutions' Department. The work of all three is essentially "demand orientated" and does not look a profitable area for a scrutiny of this kind. The aim is to have a small number of scrutinies and there will be more than enough suitable proposals from the larger Departments.

I am copying this to the Lord Privy Seal's Private Secretary and John Cassels.

Yours sincerely,

Jim Nursaw

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

F E R Butler Esq
Principal Private Secretary
10 Downing Street
LONDON SW1

10 February 1983

Pl. copy to :- Mary Brown - LPS's office
Mr. Cassell - MPO

Dear Robin

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

Thank you for your letter of 26 January.

My Secretary of State has approved a proposal for a scrutiny of an area of work in categories (3) and (4) of your paragraph 4. The details are annexed. The cost of the work is not large reflecting the fact that much of our work tends to be carried out in small units, and larger candidates have already been the subject of recent review of one kind or another. Publicity too is a subject of particular importance for a territorial department such as ours and we are anxious to take the opportunity of an in-depth look at the operation. We have been made aware of a Rayner Report on Information and Publicity Services by Mr P Hills which wholly excluded Scottish Office from its ambit. The necessary groundwork for our scrutiny has, since the Lord Privy Seal's minute of 26 November, already been done and we await your signal to start work. We are anxious to make the earliest start, using as scrutineer Mr J Glendinning, Assistant Secretary, who conducted and recently completed a very comprehensive review of personnel work.

We are also participating in the multi-departmental review of consultancy, inspection and review. Mr G R Wilson, Assistant Secretary in charge of our Manpower and Organisation Division, is proposed as scrutineer when the review begins later in the year.

Yours

Muir

A MUIR RUSSELL
Private Secretary

ANNEX

SCOTTISH INFORMATION OFFICE : PUBLICITY SECTION
SUBJECT

The scrutiny will examine the work of the Publicity Section of the Scottish Information Office (SIO). The Section is responsible for publicity campaigns and overseas publicity ; for publicity for Royal and State visits ; for official visitors to Scotland from overseas; and for a Reference Unit. The Section serves the whole Scottish Office.

COST
The cost of the Section totals roundly £760,000: staff and related costs of £160,000 and publicity and other costs of £600,000. Ten staff are involved.

REASONS
The work of the Section is highly important to the Scottish Office. It involves sprcialist groups (Information Officers) and the provision to the public (selection criteria (3) and (4)). It has not recently been reviewed.

TERMS OF REFERENCE

> "To examine the work of the publicity section, Scottish Information Office (publicity campaigns, Royal and State visits, overseas visitors, overseas publicity and the reference unit); to consider the relationship with other parts of the Scottish Office and with other Government Departments and agencies; to consider the balance between work carried out in-house and contracted out; and to recommend how the most cost-effective service of the appropriate standard can be delivered."

PROPOSED STARTING AND FINISHING DATES
The scrutiny is ready to start as soon as approval is received from No. 10. It will take up to 3 months.

RESPONSIBLE MINISTER AND SCRUTINEER
The Secretary of State for Scotland will be the responsible Minister, because the SIO work covers the responsibilities of all Scottish Office Departments. Mr John Glendinning has been designated as scrutineer. The Central Office of Information are being invited to say whether a member of their staff should be associated with the scrutiny

Sent to Mail : Lagoon Prog
Pt B

TH

Prime Minister

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983:
DHSS SCRUTINY PROGRAMME

In his letter of 26 January your Private Secretary asked Ministers to let you have their Departmental proposals for the 1983 Scrutiny Programme.

I am proposing that our programme will consist of three scrutinies as follows:-

1. Arrangements for the assessment of entitlement to civil legal aid. This to be undertaken jointly with the Lord Chancellor's Department.

2. The work of the Occupational Pensions Board and the Superannuation Funds Office. This to be jointly with Inland Revenue.

3. Our policy for recovering overpayments of social security benefits.

More detailed notes on each of these subjects giving the information requested, in so far as it is at present available, are attached. They are all directed at tasks which are expensive in staff and money: and the second in particular aims to reduce the burden of controls in the private sector.

The Department will also be one of those participating in the major service-wide reviews of Efficiency Units and of Procurement and Contract Procedures. You will also be aware that we are developing a programme of scrutinies within the NHS. This will continue through 1983, and I am glad to say that Lord Rayner has said he will continue to be available to advise us on the affairs of the NHS in this context. In addition we have a range of other management and policy studies in the Department outside these programmes - for example, a review of the system of medical adjudication for social security benefits commissioned by Hugh Rossi.

In my view our 1983 programme should provide significant new contribution to achieving greater efficiency. Since 1979 we have had seven Departmental scrutinies as well as having contributed to three service-wide scrutinies, most notably in the area of forms design. To date the scrutiny programme has, directly or indirectly contributed, to the actual (not potential) saving of some 2,800 posts. Savings of a further 850 posts have been agreed for early implementation. Net savings in the administrative costs of paying social security payments are now building up from some £8 million in 1982/83 to some £35 million a year in 1987/88.

I am copying this minute to the Lord Chancellor, the Chancellor of the Exchequer, the Lord Privy Seal, Sir Robert Armstrong, Sir Douglas Wass, John Sparrow and John Cassels.

N F

LEGAL AID

SUBJECT

The administration of the financial rules for civil legal aid

COST AND STAFF

£6 million; 690 staff

REASONS

DHSS conducts the means-testing of resources for assessment of entitlement to assistance under the legal aid scheme. This is staff intensive work conducted on an agency basis for the LCD, and no detailed study of the area has been undertaken since the schemes were set up. There are thought to be possibilities for useful savings and improvements in efficiency.

TERMS OF REFERENCE

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

TIMING

To start on 7 February; this scrutiny was originally planned as part of the 1982 programme, but was deferred for lack of suitable available personnel.

EXAMINING OFFICER

This scrutiny is being conducted jointly with Lord Chancellor's Department. The DHSS scrutineer is Mr T F Crawley.

MINISTERIAL REPORTING ARRANGEMENTS

The scrutiny will be supervised by the Minister for Social Security (Mr Rossi).

OCCUPATIONAL PENSIONS BOARD/SUPERANNUATION OFFICE

SUBJECT

A joint scrutiny, with Inland Revenue, of the work of DHSS' Occupational Pensions Board and Inland Revenue's Superannuation Funds Office.

COST AND STAFF

£6 million; 100 staff in DHSS and 300 in Inland Revenue.

REASONS

There has been criticism from pension funds interests that the systems of control exercised over occupational pension schemes under social security and tax legislation, and the manner of their operation by the OPB and the SFO, have not been properly co-ordinated and impose unduly onerous requirements on the pensions industry. The scrutiny will examine the relevant rules and administration in the light of these criticisms.

TERMS OF REFERENCE

1. To review all forms of Government control and supervision of occupational pension schemes and of their management which are within the responsibilities of DHSS and Inland Revenue, whether by statutory provisions or administrative requirements.

2. To consider the extent to which the various controls and requirements are in the public interest, and whether the way in which they are administered is efficient and effective bearing in mind the costs and manpower implications for Government, schemes and employers.

3. To make recommendations on the above to the DHSS and the Board of Inland Revenue.

TIMING

Probably February to June 1983.

EXAMINING OFFICER

The DHSS scrutineer is to be Miss M Grainger, just retired as Assistant Secretary who was previously Secretary to the Occupational Pensions Board. The Inland Revenue scrutineer will be Mr A Cummins, Senior Inspector.

MINISTERIAL REPORTING ARRANGEMENTS

This scrutiny will be supervised by the Joint Parliamentary Under Secretary of State, Lord Trefgarne and the Financial Secretary to the Treasury Nicholas Ridley.

VP

RECOVERY OF OVERPAYMENTS OF SOCIAL SECURITY BENEFITS

SUBJECT

The policy for getting back overpayments of benefit, covering both the tests of culpability and/or negligence which should be applied in deciding whether an overpayment should be repayable and the hardship rules which should govern whether repayment is actually enforced.

COST AND STAFF

£14.4 million; 1,200 staff.

REASONS

An Overpayments Study Group considered this area of administration some years ago but their report failed satisfactorily to reconcile the differing rules applying to contributory and to supplementary benefits; and left a number of awkward questions unanswered. The scrutiny will take a fresh look at the issues to see whether simpler, more unversally applicable rules can be devised, in place of the different rules now applied to different benefits.

TERMS OF REFERENCE

These have not yet formally been defined.

TIMING

Probably in the second half of the year.

EXAMINING OFFICER

Not yet chosen.

MINISTERIAL REPORTING ARRANGEMENTS

This scrutiny will be supervised by the Joint Parliamentary Under Secretary of State for Social Security (Mr Newton).

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

10 February 1983

Dear Prime Minister

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 : THE SCRUTINY PROGRAMME

I am responding to your Private Secretary's letter of 26 January inviting proposals for the 1983 scrutiny programme.

We have in hand a very substantial programme of activity on the whole efficiency front in NIO and the Northern Ireland Departments. This includes carrying forward work from past efficiency exercises and ensuring that we take advantage of any "read-across" lessons from studies in Whitehall Departments which we can apply in Northern Ireland. In addition, we are taking important separate measures geared to the particular needs of Northern Ireland and we attach special significance at present to our financial management initiative. We are also engaged in a major review of the application of information technology in the Northern Ireland Civil Service, and in a programme of reviews of the top management structures of the Northern Ireland Departments.

For the 1983 scrutiny programme we have identified a much needed review of the stores provided by the Department of the Environment for Northern Ireland, which have attracted the attention of the Northern Ireland Exchequer and Audit Department and the Public Accounts Committee. DOE(NI) is the Roads and Water Authority for Northern Ireland. It operates 120 stores; some 220 staff are wholly engaged on stores work; the annual cost of labour and overheads in relation to the stores is around £2m; annual expenditure on the purchase of stores is about £8m. The stores are organised separately for each major service. We believe that there is scope for substantial improvements in efficiency which will bring significant manpower and financial savings.

The proposed terms of reference are "to review the management, organisation, procedures, efficiency and cost effectiveness of all the stores in the Department of the Environment (NI)".

/...

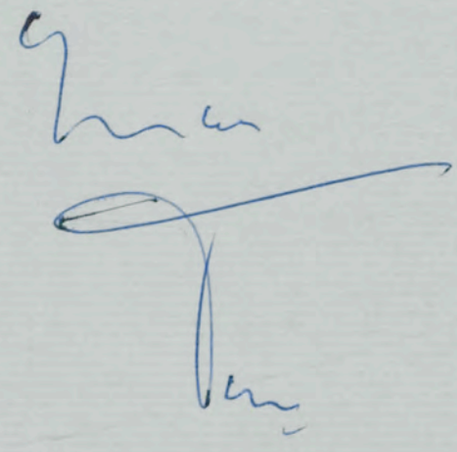
The examining team would be led by Mr G Hannigan, a Principal in the Management Services Division of the Department of Finance and Personnel. The team would include a Senior Auditor on secondment from the Northern Ireland Exchequer and Audit Department and would be able to call on the assistance of an official with stores expertise from MPO. The team would report to Lord Gowrie as the Minister of State with responsibility for efficiency matters in NICS.

It is envisaged that the scrutiny would start on 1 March and be completed within 90 working days from that date.

I hope that you will agree that this exercise can be included in the 1983 scrutiny programme.

I should also say that next month I will be considering the 1983/84 programme of management services and efficiency assignments which are undertaken within the Northern Ireland Departments as part of the ongoing work. It is possible that in that context we will identify one or two policy areas which would be suitable for consideration as scrutiny areas later in 1983 or early in 1984. My officials will keep in touch with the Rayner Unit about this possibility.

I am copying this letter to the Lord Privy Seal and Mr Cassels.



KW

A

PRIME MINISTER

RAYNER SCRUTINY OF HMI IN ENGLAND AND WALES

I am sorry that it has taken me longer than I would have wished to finalise the draft of what I believe we should now say in public as a result of this Scrutiny.

My consultations with Lord Rayner have brought out even more clearly than before that we are concerned here with getting across the right message about an instrument of great importance for our policies on standards in education. In part this is independent of the Scrutiny and it is important not to confuse the limited action following the Scrutiny with a simple statement of our policies for education and HM Inspectorate's part in advancing them.

We must also take account of two audiences - the education system and those who use it. The public, and in particular parents, may think that HMI can do more than the law allows them to do. We must not raise expectations that cannot be fulfilled. But we need to give the public a clarion call. Those in education, on the other hand, and particularly the local education authorities, do know how the Inspectorate's functions relate to their own. Unless our message respects that, we will not make the Inspectorate as effective as we could do. In any case, the most important thing to do is to demonstrate, for all to see, our policies for improvement and the role of all in achieving them.

I have concluded that the right way to follow up the Rayner Scrutiny of HMI is to make first a short statement, in answer to an arranged written PQ, which describes our policies for standards and shows how these are supported by the Inspectorate's work, in clear simple language; and very soon thereafter to issue a longer policy document, addressed mainly to the education system in the language which it is used to and taking as its point of departure the outcome of the Scrutiny. The longer document would also

contain the earlier Parliamentary Answer, so that they were on the record together. The Scrutiny itself would be published subsequently and be available on sale.

To press home our message about the importance of the Inspectorate in relation to standards and to explain how parents can benefit from its work I also intend to publish, and distribute widely, a brief explanatory booklet for the public, particularly parents.

The Secretary of State for Wales is content with this modus operandi and with the attached draft texts for the policy document and Parliamentary Answer. A draft of the booklet for parents is also attached, but we hope that with a little more work it can be shorter. If you are content, I shall publish them all in a few weeks, after showing the policy document to the Trade Union Side here in accordance with the normal Scrutiny drill.

I am copying this minute and the enclosures to the Secretaries of State for Scotland and Wales, and Lord Rayner.

KJ

8 February 1983

EDUCATION: POLICY ON EXPENDITURE: Pt 3

B

APPENDIX A

DRAFT WRITTEN ANSWER TO ACCOMPANY PUBLICATION OF DETAILED POLICY STATEMENT ON HMI

1. My rt hon Friend the Secretary of State for Wales and I are today publishing a policy statement on the functions and future operations of HM Inspectorate. This follows the completion earlier this year of a Scrutiny of the Inspectorate within the programme coordinated by Sir Derek Rayner, the report of which will also be published. Copies of the statement and the Scrutiny report are available in the [library/vote office].

2. The Inspectorate exists to assess by inspection standards throughout almost all the education system - in schools (including the independent sector), in teacher training and in further education in all its forms. On the basis of inspection which takes into account the legitimate expectations of the consumers - pupils, parents and employers - it advises the Secretaries of State on the state of the system nationally and helps all those concerned in or with education to improve its performance. Among the multitude of change agents, the Inspectorate plays an important and effective role which this Government intends to strengthen.

3. The nation's aim in education is that each pupil should receive education appropriate to his or her needs, both as an individual and in relation to the society he or she will live in. This is an ambitious goal. We are all aware that we are a long way from achieving it. In part this is because efforts to achieve it have over the last two decades had to contend with continuous turbulence affecting the education system - dramatic changes in pupil and teacher numbers; rapid expansion and equally rapid contraction of the teacher training system; wholesale changes, some forced, in school organisation; raising of the school leaving age; far reaching revisions of attitudes on how schools and colleges should provide for pupils and students of different ability levels; experiments with fashionable teaching methods;

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the introduction of new examinations in schools and further education; rapid increases in the number of ethnic minority children; the reorganisation of local government; the decay of inner city areas; general increases in crime and violence in society.

4. But much can and is being done to improve the performance of the education system and its ability to achieve the nation's aim. This government has given a vigorous lead. We have sought to redress the balance between the people's interests and those of bureaucratised professionals by increasing parental choice and involvement sharply through the 1980 Education Act and the Assisted Places Scheme, and are looking to see what more we can do. We have made a start on the necessary reshaping of initial teacher training and have encouraged LEAs to take steps to improve the performance of existing teachers and of head teachers. We have asked LEAs to review their policies for the curriculum to make them more relevant to today's needs. We are promoting the development of better ways of teaching key subjects and have launched a programme of development projects to improve secondary education for the 40% for which external examinations are not generally appropriate. We are taking steps to improve the system of examinations, at 16+ and 18+, and are creating new opportunities for pre-vocational education for those over compulsory school age. Most recently we have announced a new initiative in the provision of technical education in which we look to LEAs to play a leading part.

5. The first aim of these policies and initiatives is an education system which fully serves the needs of families. HM Inspectorate makes a crucial contribution by the advice it gives to us and the help it gives to the rest of the education system and those who use it. The effectiveness of that contribution depends on its being based on a sound and up to date knowledge of the education system as a whole and those essential values for which the Inspectorate must stand. But at the same time

effectiveness requires a choice of priority targets to direct inspection not only towards current policy concerns but more particularly to the safeguarding of children's educational opportunities wherever they appear to be most at risk. Thus for example the Inspectorate is at present giving priority to education in Liverpool. More generally, it is involved in the issues arising from the impact of sharply falling rolls and the need for the education service to manage efficiently within its means. It continues to be much occupied in its inspection and short course programmes with the problems of managing large educational institutions. It is engaged in a wide range of activities concerned with improving the effectiveness of the initial training of teachers and their induction into the service. It is involved in the changes needed in non advanced further education courses to meet new demands arising from technological change and youth unemployment. And it is looking into the effective education of ethnic minority pupils and of children with special educational needs.

6. But none of the Inspectorate's activities can have its full effect on the education system without the understanding and action of those who have responsibility for providing education - in government, in LEAs and in individual institutions. To this end the Inspectorate's audit functionwill be more sharply focussed, through the recently introduced programme of whole LEA inspections as well as the inspections of individual institutions; this will give all concerned with the provision of education a clear understanding of the extent to which the system on the ground matches the legitimate aspirations of the community and provides value for money. The production of the Inspectorate's written reports and other publications, which are central to its effectiveness in influencing practices and standards in the education service at large, will be speeded up. Formal inspections will continue at the current rate, which results in the issue of some 260 or more reports each year in England and Wales. And most importantly of all, as we announced in November, from January 1983 the public will have access to these reports and more systematic arrangements for

ensuring that there is effective follow-up action to them will come into operation: the education service will see the lessons of each case and be able to apply them elsewhere.

7. Copies of the policy statement are being sent to each LEA and to a wide range of other bodies concerned with the provision and use of education.

A POLICY STATEMENT BY THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE AND THE SECRETARY OF STATE FOR WALES ON THE WORK OF HM INSPECTORATE IN ENGLAND AND WALES

1. This policy statement follows a scrutiny of the Inspectorate within the programme co-ordinated by Sir Derek Rayner completed in July 1981 and published in 1983. In order that HMI's role, with its strengths and statutory limitations, may be better understood and therefore more effective, it describes in some detail the functions of the Inspectorate. Appendix A gives the text of a written answer made by the Secretary of State on [1983] which illuminates the present context of HMI's work and the way its functions are currently translated into priorities for action. While much of this programme of work is explicitly policy related, the overall thrust of the Inspectorate's work is towards achieving an education system more actively concerned with the standards of its products and more cost conscious. The Scrutiny necessarily reflected developments in progress within the Inspectorate. Other developments were stimulated by the process of scrutiny or followed the report. Yet others have arisen and will arise from the need for the Inspectorate to adapt its work to current needs in education and government. This statement is not concerned with the work undertaken by the Inspectorate in the European Schools, abroad or in the Channel Islands and the Isle of Man, or in establishments or services for which the Home Office, the Ministry of Defence, the Department of Health and Social Security or the Department of Employment are responsible.

THE FUNCTIONS OF THE INSPECTORATE

2. The Inspectorate's work relates to the whole of the education system in England and Wales, and includes the independent as well as the maintained sector, except for

the universities (other than parts of the adult education and teacher training undertaken by them) and independent further education colleges. From its origins in 1839 the function of the Inspectorate has been to inspect and report in order to assist the Government in the exercise of its responsibilities in relation to education, including the financial aspects, and in the process to contribute to the improvement of what lies within the purview of such inspection. The Inspectorate has an unfettered right of access to any institution which it may inspect.

3. The present statutory basis for the Inspectorate's work is section 77 of the Education Act 1944. This requires the Secretary of State to cause inspections to be made of primary, secondary, special and independent schools, establishments of further and higher education and of teacher training and adult education; and provides that the inspections should be carried out by inspectors appointed by HM The Queen for this purpose.

4. Thus the Inspectorate's work derives from the service it gives to the Secretary of State in connection with his statutory responsibilities for the education system. On the basis of inspection throughout the system by Inspectors each working across the whole country the Inspectorate:

a. assesses standards and trends and advises the Secretary of State on the performance of the system nationally;

b. identifies and makes known more widely good practice and promising developments and draws attention to weaknesses requiring attention;

c. provides advice and assistance to those with responsibilities for or in the institutions in the system through its day-to-day contacts, its contributions to training and its publications.

The informed and independent evidence and judgments arising from these activities form a basis for the policies and decisions of the Secretary of State, LEAs, teachers, governors and teacher trainers. The Inspectorate pays special attention to the teacher training system since the Secretary of State has a statutory responsibility for the supply of an adequate teaching force.

5. Less directly, but increasingly, the public availability of HMI reports enables parents and others in society at large to become better informed about the education system and its institutions and provides an independent body of information and judgment upon which they too can draw when faced with the need for action and decision about educational issues, whether these relate to national, local or family questions.

6. The Inspectorate has no executive power. But it exercises a control function, delegated to it by the Secretary of State, in respect of advanced (ie higher education) courses in further education; and advises the Secretary of State in the exercise of his supervisory functions in relation to independent schools. The Scrutiny noted developments in the overall management of public sector higher education and advised reduction in the involvement of the Inspectorate in the detailed administration of course approval. First steps have been taken to this end. Further progress depends on policy decisions and the working of the National Advisory Body for Local Authority Higher Education. But, whatever the changes, as the Scrutiny records, the continuing responsibility of central government needs to be underpinned by the independent professional advice based upon detailed acquaintance with the system which the Inspectorate provides.

7. The Management Review of the Department of Education and Science, published in 1979, noted the importance attached throughout the education system to the independence of the Inspectorate; and the extent to which its effectiveness was bound up with

this. The Scrutiny recommended that the Inspectorate's professional independence of judgement was essential and must be preserved and protected. The Secretaries of State endorse this recommendation and the present arrangements for securing the independence of the Inspectorate. The Senior Chief Inspector and the Chief Inspector for Wales will continue to have the right of direct access to their respective Secretaries of State. While the decision to publish what HM Inspectors write rests with the Secretaries of State, any of their work which the Secretaries of State decide should be published is published as the Inspectorate wrote it.

8. The Secretary of State for Education and Science has reviewed the size of the Inspectorate in England in the light of the Scrutiny. He has concluded that having regard to both the Government's manpower policy and to the effective discharge of the Inspectorate's essential functions the present complement of 430 should be sustained. Numbers in post will be brought up to complement as a matter of urgency. The Secretary of State for Wales is considering the size of the Inspectorate in Wales in the context of reviews of staffing within the Welsh Office.

INSPECTION AND AUDIT

9. Inspection, which takes a variety of forms according to its target and purpose, is the tool by which the Inspectorate audits the system to assess the extent to which nationally, locally or in individual institutions it offers an adequate service and

secures value for money. In particular, inspection seeks to reduce the element of local chance which can put parents and pupils at a disadvantage within the national education service. Inspection is also the means for assessing the capacity of the system at any given time to undertake new tasks which the Secretaries of State may require. By inspection the Inspectorate builds up a national view of what is possible and what is commonly achieved. In its assessments, it takes account of the range of current expectations of the Government, employers, parents, students and the public as to what the system should be achieving, and has regard to the system's professional vitality and commitment.

10. The Inspectorate's remit extends to over 32,000 maintained and independent schools, some 580 establishments of further and higher education, about 5,400 evening institutions and some 14,000 courses run by Responsible Bodies in adult education, and the youth service (as well as the education provision made by the education service in over 100 penal establishments, together with a range of community facilities with an education component). In choosing targets for inspection the Inspectorate has to give priority to those matters which by reason of performance or policy are of most urgent concern, and at the same time achieve a coverage sufficient to keep the Inspectorate informed of the state of all parts of the system and allow prompt advice to be given to the Secretaries of State on any aspect of it. The building up of the Inspectorate's audit function in recent years has led to a scale of inspection visits which, with the present complement, enables one-fifth of primary schools, three-quarters of secondary schools and one-fifth of indpendent schools to be visited in the course of a year; and the great majority of FHE institutions and all initial teacher training establishments to be visited each year. The Scrutiny identified apparent differences between the conduct of inspection visits in schools and those in FHE. In line with its findings, it is now a clear requirement that general inspectors of FHE colleges assemble and act upon the various reports of

specialist inspectors as they affect either the individual institution or its role within the authority. The practice of assessment is common to schools and FHE. After every inspection visit the Inspectorate discusses its assessments of what it has seen with those concerned with the institution and, where appropriate, the LEA or other providing body, and records them for the Inspectorate's file on the institution.

11. A proportion of inspection time leads to reports to the Secretaries of State which are issued to the institutions and LEAs concerned, thus providing a formal record of the Inspectorate's findings and an agenda for action. This formal reporting is necessarily time-consuming and therefore used particularly either where institutions provide an exemplar of type, style or achievement, or where the written record is judged the best means of achieving change of direction or improvement. Some 260 such reports (over 200 on schools) were issued in England and Wales in 1981. This level of productivity is planned to continue and, as the Scrutiny suggested, the time of Inspectors working mainly in further and higher education will be shifted towards this type of formal inspection.

12. Each LEA has a general responsibility for the delivery of educational services to its population. The Inspectorate has recently reported on all aspects of education in two LEAs and on one district of another. The reports were based on recent inspections of all kinds in the LEAs' institutions. Further reports of this kind will be on whole LEAs or some part, as appropriate to the individual case. Full reports on three LEAs will be completed during the academic year 1982-3. As in the case of inspection leading to formal reports on institutions, authorities will be chosen for report on a basis of perceived need or exemplification.

USE OF THE FINDINGS OF INSPECTIONS

13. The value of the Inspectorate's work to the nation depends in large part on the use the Government and the rest of the education system make of its findings, communicated both formally and informally. The Secretaries of State regard the Inspectorate's work as indispensable to the process of making educational policy. The Inspectorate's findings are of immediate interest to those responsible for the work of the institution inspected. They are also relevant to others in the system whose tasks are similar, and are likely to interest many others in education and those who are its clients or interested in its standards.

14. To meet this range of interest a variety of publications based on inspection has, as the Scrutiny recorded, been put on the market. But the potential benefit of issued reports on formal inspections of institutions has been limited by the fact that, for the last 30 years or so, they have normally been made available to the LEA, governors, and head or principal of the institution concerned (and through them to other staff) on an "in confidence" basis. The Secretary of State for Education and Science announced on 16 November 1982 that from 1 January 1983 such reports, written on the same basis as at present, would be publicly available.

15. In the majority of cases action on reports of formal inspections is taken by the institutions and LEAs directly concerned. The Secretaries of State consider that still more effective use could be made of such reports. They announced on 16 November 1982 that from 1 January 1983 the Department would ask LEAs to indicate to him within three months of the issue of reports of formal inspections of maintained schools or further education institutions providing for full-time students aged 16-18 inclusive the action to be taken in the light of the report's findings. This procedure will shortly be extended to reports on other institutions. There may be occasions when the Secretary of State will himself wish to call the attention of LEAs to matters of particular concern or of wider national interest which are revealed through such a report.

16. The Inspectorate will continue to publish consolidated inspection reports on national aspects of the system, to enable those within it to see how their work measures up against what is done elsewhere; to spread good practice; to promote a better understanding of problems and weaknesses; to stimulate the discussion and implementation of remedies; and to encourage fresh thinking and development.

17. The Inspectorate will also continue to play a part in securing an appropriate response from the system to its reports and publications to the extent compatible with the need for further inspections elsewhere. Its programmes reflect the Scrutiny's recommendation that the need in particular is to fuel and prime LEAs and their advisory services and to focus as clearly as possible the Inspectorate's various contributions to in-service training. Going beyond the Scrutiny, the Inspectorate will give particular attention to discussing with institutions providing initial teacher training the relevance to their work of its findings. In all some 10% of inspection visits will continue to be follow-up visits. Time will also be allocated to discussing the implication of reports with the examining and validating bodies and key professional associations.

18. In order to increase the impact of publications by the Inspectorate, more copies will, as the Scrutiny recommended, in future be distributed free in appropriate cases. The Inspectorate will also take suitable opportunities to work alongside local authorities, their advisers, institutions and teachers on selected and pressing development work, as currently for example in respect of the secondary curriculum or the implementation of the 1981 Act.

MANAGEMENT AND USE OF INSPECTORS' TIME

19. The Secretaries of State agree with the Scrutiny on the nature of the problem of managing and using Inspectors' time to the best advantage, and on what the arrangements

to this end should achieve. It is this desired outcome which will determine the further action to be taken and the use made of the detailed suggestions offered by the Scrutiny, all of which have been considered and are being kept under review. The effectiveness of the Inspectorate requires a timely, selective programme of inspection consistent with policy needs and the skills of the Inspectors in post; clear and speedy communication within the Inspectorate, with the education system and with its clients; and efficient relationships with the rest of DES and the Welsh Office, with the LEAs and other providers, with the teacher training system and the many validating and change agencies. All these require time, as does the regular review of the Inspectorate's effectiveness. But inspection will continue to take the largest share of all. In particular the Inspectorate will, as the Scrutiny suggests, keep its committee structure under review to reduce the time spent in meetings, while preserving their role in communication and management within a field force. The size and mode of operation of the recently formed Policy Group for Inspection, criticised for unwieldiness by the Scrutiny, will be kept under review by its chairman and the Policy Steering Group.

20. As education and the demands made on it change, so must inspection targets; and not only the management of time but also the staffing of the Inspectorate must continually adapt without putting at risk the values for which the Insepctorate must stand. The education system requires of Inspectors, whatever their position in the Inspectorate, credibility based on qualification, experience and performance. It follows that Inspectors must have opportunities for specific personal achievement and these will be provided, subject to the needs of the Inspectorate's total programme of work. It is particularly important that the Inspectorate is flexible enough to bring in teachers and others who are leaders in their field, not only as now for half a lifetime's service, but for shorter periods. Within its present complement, the Inspectorate cannot cover all aspects of the education system in equal depth, and uses occasional professional assistance for single inspections or longer periods.

Experience of inspection can be shown to have been of value to those so attached when they return to their jobs. It is proposed, as the Scrutiny suggests, to increase the number of such short-term attachments for specific tasks, particularly in areas of rapid obsolescence like information technology or to match an initial spurt of development or to tackle an acute problem. The aim is to arrange, as a first step, within the next six months for perhaps six such attachments for periods of up to three years. Either secondment of, or exchange of post with, teachers, advisers or educational administrators might be the means used and these will be discussed with the local authority associations.

21. The planning of the necessary programmes of inspection, in-service training of teachers and foreign travel is the collective responsibility of the six Chief Inspectors under the Senior Chief Inspector in England and of the seven Staff Inspectors with the Chief Inspector in Wales. Decisions about each term's programme, the continuation or cessation of existing elements and the introduction of new ones, together with longer-term planning, will continue to reflect:

i. Government policy and the routine needs of DES and the Welsh Office, whether transmitted through existing planning mechanisms or through day-to-day contact with the Secretaries of State and their other advisers.

ii. The Inspectorate's knowledge (from inspection and contact with the LEAs) of performance on the ground which identifies growth points and areas of concern.

The implementation of these decisions falls to Divisional Inspectors, Staff Inspectors and individual HMI, who have both specific assignments and interlocking responsibilities. Individual inspectors are kept informed of priorities within their special assignments. HMI check with administrators, and their other direct clients,

the value to them and to the system of different programmed activities. Various means of making such checks are likely to be appropriate.

22. All inspection informs the providers. As the Scrutiny suggests, the two Inspectors who in each LEA form the link with that Authority have a special importance in creating relationships of confidence and respect which enable inspection to bear fruit. Account will be taken of this in planning future programmes and assignments, due allowance made for each Inspector's limitations of time and expertise and the overall demand for Inspectors' time.

23. As the Scrutiny suggests, one of the six Chief Inspectors has the responsibility of overseeing the central programmes and the load on the Inspectorate and individuals within it. When the outcome of present developments in the education and training of 16-19 year olds is clearer, fresh consideration will be given to the Scrutiny's recommendation that a Chief Inspector should be appointed to co-ordinate inspection in this important area, now shared by the Chief Inspectors for Further Education and Secondary Education, and, where necessary, co-ordinated by the Senior Chief Inspector. As regards the Scrutiny's recommendation about increased cross-border inspection in England and Wales, every attempt will be made to extend present working arrangements to the advantage of both parts of the Inspectorate.

24. Procedures for publishing inspectors' findings and ordering their information in a readily accessible way are, as the Scrutiny suggests, less well advanced, particularly for further and higher education, than those for planning inspection. The Inspectorate's aim will be to issue reports on individual institutions within six months of the inspection and to accelerate procedures for the bringing together of information and for publication. To facilitate this, it will be essential to maintain the present levels of support staff, though no increase can currently be contemplated. Further analysis will be made by HMI and the Department's Establishments

Branch of the benefits of electronic typewriters, distant conference facilities, facsimile transmission and word processors. There is scope for the introduction of modern technology into the work of the Inspectorate and a modest start will shortly be permitted with the computerised register of visits, which was planned at the time of the Scrutiny. With no immediate prospect of increasing either support services or the data support unit, special consideration will be given to the supply of efficient modern equipment for essential tasks such as the standing record of inspectors' qualifications and experience and the construction of the inspection programme. In the light of such developments attention will be given to the Scrutiny's recommendation that the Inspectorate and the Department should jointly consider the division of tasks between Inspectors and support staff with a view to providing more guidance and training for both groups on what is expected of them.

25. Such innovations would enable Inspectors to spend more time on tasks which make best use of their professional skills and build relationships which lead to action on the ground. If the Inspectorate's findings are to have an impact upon policy formation and execution, sufficient time must be given to good liaison with the Secretaries of States' other advisers. The Inspectorate's impact on the rest of the system similarly requires sufficient time. There is no set formula for the effective use of time for either purpose. As regards the former, the Inspectorate will continue to participate in both the permanent and the ad hoc machinery set up within the DES and Welsh Office for the consideration and formulation of policy advice to the Secretaries of State; and its members, like their generalist and specialist colleagues in the DES and Welsh Office, will continue to foster the good informal working relationships which are the Inspectors' most effective tool in this context. As regards relations with those outside the DES and Welsh Office and the LEAs, the Inspectorate must, within the limits of available time, maintain links with a wide range of validating and advisory bodies, educational agencies and representative

groups with great collective power to shape education. Priority will be given to those organisations, like the National Advisory Body for Local Authority Higher Education and the Manpower Services Commission and the validating and examining bodies, who are most actively involved in the development and implementation of the Government's current policies.

LEA ADVISERS AND INSPECTORS

26. The agency best placed to influence the institutions maintained by a LEA is the local advisory service which it appoints. All LEAs appoint a number of advisers, mainly in relation to schools, who in some cases act also as inspectors. The functions of local advisers or inspectors vary widely, as do the scale and scope of their work; they may include administrative tasks concerned with such matters as the employment, redeployment and promotion of teachers. A local advisory service which inspects helps its LEA to be well informed about the institutions it maintains and to devise sound policies for assisting it in the discharge of its responsibilities; it also helps those who work in the institutions to improve their professional performance. This locally based work is complemented by that of HM Inspectorate in its national role. Whatever their locally assigned duties, a strong cadre of advisers and inspectors greatly enhances the contribution which the work of the Inspectorate makes in any local authority. The Secretaries of State intend shortly to explore with the local authority associations whether there is a need for them to offer guidance on the role of local advisory services and the most effective co-operation between them and the Inspectorate. The recommendations of the Scrutiny will form part of the agenda.

CONCLUSION

27. The policy set out in this statement preserves the essential attributes of the

Inspectorate which have stood the test of time but strengthens and sharpens its capacity to serve the cause of quality in the education system. It is the continuing duty of those with responsibility for the education system - Government, LEAs, individual institutions and those who work in them - to assess the adequacy of the educational standards achieved and the effectiveness and efficiency with which resources are being used. The new policy of wider publication of HMI's evidence will make the education system and its clients better informed and enable both to play their proper part in achieving effectiveness.

D

DRAFT INFORMATION BOOKLET FOR PARENTS

HMI - TODAY

From January 1983 the Secretaries of State for Education and Science and for Wales have made the formal reports by HM Inspectors (HMI) publicly available. They have also published a policy statement on the work of HM Inspectorate following a scrutiny in Lord Rayner's programme of studies into Civil Service management. Those actions illustrate the Government's continuing intention to strengthen the Inspectorate.

The Government set store by the family, its responsibilities and the exercise of its influence: they seek to offer parents good standards of education, and need their help in achieving them. If parents are to deal on equal terms with local education authorities, heads and teachers, in seeking to influence the education of their children, they need to be well informed about the education service and the parts played by the many people involved including HM Inspectors.

The policy statement on the work of HMI is freely available but is addressed mainly to those directly involved in and knowledgeable about education. This booklet sets out to tell the ordinary reader, and particularly parents, something about HM Inspectors, their reports and the main features of their current work.

Responsibility for seeing that education is available in England and Wales rests mainly with the local authorities. Teachers, governors and the various examining and professional bodies all have great influence upon what is learnt. But everyone concerned with education works within a national framework of law and policies aimed at offering all pupils and students broadly the same opportunities to reach their full potential. Among the different groups of people working on behalf of education, HM Inspectors have particular importance in this national context. They work nationally and report to the Secretaries of State, whose responsibilities extend over the whole of England and Wales.

There are 480 HM Inspectors for England and Wales. They have a small clerical support staff who, using modern technology where possible, ensure that information gathered by inspectors is well handled. The Inspectorate's total size is patently small compared with the whole education service. But the nature of its work gives it a view of education that is available to few, if any, other groups of people, and its working relationships enable it to put this knowledge at the disposal of all concerned with education, to use when they need to make a decision on national, local, family or personal matters. The Inspectorate's messages to families have in the past been largely indirect. The public availability of reports and this booklet seek to make them more directly accessible.

What do HMI do?

HMI have to tell the Government about the health of education. On the basis of systematic and wideranging inspection, they give the Government much of the information needed to take stock and to shape new policies. For example, the recently announced initiatives, for improving the education of the 40 per cent of pupils for whom examinations at 16 plus are not designed, and for developments in the learning of science in primary and secondary schools, are in part responses to the perceptions of HMI.

HMI also tell teachers and others directly responsible for providing education, how they judge what they have seen of their work, its good points and how it might be different or better. They do this in a number of ways: through discussions with heads and teachers during inspections, at their regular meetings with chief education officers and their advisers, and through formal inspection reports which the Secretary of State has always made available to the institution, governors and education authorities involved. It is these inspection reports that are now published for all to see.

In their reports and advice HMI use no blueprints, wave no magic wands. They offer the best professional judgements they can about what they see when, singly or in groups, they visit education institutions, administrative offices or professional bodies and associations. They have no powers. They have to earn attention by what they are and what they do. Their effectiveness depends on relationships which have to be worked at. Perhaps their most significant characteristics are their professional independence from Government, local authorities and teachers and their obligation to report as they find without fear or favour.

Who are they?

The men and women who become HMI are recruited in their 30s and 40s on the basis of successful experience as teachers or lecturers. Some have been advisers with local education authorities and many, particularly those involved in inspections of post-school education, have worked in industry or commerce. All of them are specialists. There are inspectors whose knowledge and experience is of primary, secondary or further education. There are teacher training specialists, and others whose particular knowledge is of the teaching of specific subjects in schools or further education. There are also HMI whose experience and knowledge is of teaching children with physical, mental or emotional disabilities, or of working with particular groups of children or young people such as the most or least able, those living in inner urban or in rural areas, or the very young. Most HMI combine two of these specialisms in their work, which always requires them also to look at education in the round.

What can be inspected at any given time is limited by the number of HMI available with the specialisms required. Since the Inspectorate cannot contain a limitless range of skills, from time to time it calls upon people from outside the Inspectorate who can offer the special knowledge and experience required for particular tasks. The recent policy statement advocates an increase in the number of such attachments so that, where necessary, educational leaders of the day may take part in HM Inspectorate's work without being committed to a complete change of career.

What do HMI inspect?

HMI have a right in law to inspect almost all education, public and private. They do not inspect further education provided outside the state sector, most university education, and religious education in some denominational schools. HMI do inspect all schools, independent as well as maintained, special education for children with disabilities, maintained further education in all its forms, the youth service, adult education and the initial and inservice training of teachers HMI also have duties in relation to a

surprisingly large number of other bodies. They inspect and report on education provided, for instance, in the European Schools, in hospitals, in prisons and Borstals, for children whose parents are in the armed services, and for children in care.

Leaving aside these other commitments, there are over 32,000 schools and more than 5,000 further education establishments in England and Wales, not to mention youth groups and adult education classes. With a maximum of 480 HMI, the Inspectorate cannot hope to carry out regular inspections of each institution and of the various services which support schools and colleges. The programme of inspection must therefore be based on priorities. But, at the same time it must not lose sight of the ordinary run of education in all its variety or fail to support the day to day casework of the Department of Education and Science and the Welsh Office.

In any year the overall programme of inspectors' visits is likely to involve almost all secondary schools and FE colleges and nearly 5,000 of the 23,000 primary schools. Slightly more than half of these visits are devoted to keeping an up-to-date view of what is being done in schools and colleges. There must therefore be a reasonable distribution of visits to various types of institution so that the provision they make across all aspects of education and for pupils and students of all ages and abilities can be constantly reviewed. About a tenth of all the visits arise from previous ones which have shown either valuable new developments it is important to follow up or performance needing to be improved.

The rest of the inspectors' time is given formally to priority work. Priorities for inspection are basically of two kinds: those which reflect the Government's policies; and those which stem from the need for change or improvement, in an institution or part of it, or more broadly. The two overlap but not entirely.

Each year perhaps 20 institutions, mainly schools, have a formal inspection because the Secretary of State or HMI or the local education authority believe this sort of help is necessary. The other 250 or so institutions formally inspected each year are either chosen to illustrate particular aspects of education or ways of doing things or are suggested by the computer as part of a sample. In each year the overall provision of 2 or 3 local educational authorities (LEAs) is considered as the subject for a report. Again the choice of an LEA may be made for some reason connected with education or financial performance, but is more likely to be related to the usefulness to the Government and the local education authority of understanding better its educational performance.

This priority work is not separate. The same priority issues remain in inspectors' minds as they go about their other visits. So, for example, the proper matching of teacher training to the needs of schools is part of the current priority programme of inspection in institutions of higher education, but it is also a constant concern as inspectors visit schools of all kinds. Improvement of educational performance is always in their minds, not least when they inspect the best practice which, well described, may serve as an encouragement and model for others.

How do they inspect?

Forms of Inspection

Inspection looks at the work done where it is done: in schools, colleges, youth groups and other places. It varies in form according to the job to be done and so does any report that follows. Many visits are made by individual inspectors or by small teams. Some of these visits are to single institutions, some to several in the same area, and some to institutions in several areas. Most such visits are informal and lead to a record in the Inspectorate's working file kept on each school and college rather than a formal report to the Secretary of State.

Inspections leading to a report to the Secretary of State tend to be larger and longer. They include inspections of single institutions where a team of inspectors spends a week or so in the school or college; surveys by a team of inspectors of particular subjects, sections or aspects of education across a number of institutions or education authorities; inspection of the range of education within one LEA or of education across the country in particular types of schools, further education or teacher training institutions. These larger inspections involve considerable numbers of HMI for some part of their time over periods of time varying from a few months to two or three years.

Standards in Institutions

HMI's main concern is with standards of learning. In judging these, along with the evidence of their own eyes about the work done and in progress, they make use of such measures as exist, including levels of attainment in literacy and numeracy and the proportion of pupils or students entering for, and successful in, public examinations. HMI have to judge whether or not what is taught is what pupils and students need to know; how well it increases their grasp of a subject; if it equips them for jobs and future careers; and whether it contributes to a better understanding of themselves and the world in which they live.

Inspection is not confined to class and lecture rooms. For example, inspection of the training of teachers includes their practical training in schools, and Pupils' involvement in community service and work experience may be looked at as part of the inspection of secondary schools. In schools and colleges and in these other places of learning, inspectors try to keep in mind the requirements, academic and other, of the workplace. In recent years they have also increased their contacts with the world of employment in order to improve such judgements.

HMI do not report on individual teachers, but they do assess the quality of teaching because of its direct influence upon standards of learning. In coming to their judgement, HMI comment on the match between the qualifications and experience of teachers and the teaching they are given to do. They judge whether or not teaching methods are appropriate to the age, aptitudes and abilities of the pupils or students. But more than that, they look at how well the teaching stimulates interest, curiosity and enthusiasm, helps with the mastery of the subject matter, and fosters pupils' ability to organise their own studies or follow-up their own ideas. They consider whether teachers' expectations of pupils seem right; that is, neither unrealistically demanding nor pitched too low, and if there is a recognisable progression in the work.

Standards of work are also influenced by the state and suitability of the accommodation, the availability and quality of equipment and materials and, to a varying degree, the amount of money provided for education. HMI give their judgement about these in their reports and where there are shortcomings they indicate how they think these could be overcome and at what cost.

The extent to which pupils, students and teachers feel themselves to be valued in an institution bears closely on standards of work and behaviour. HMI therefore attempt to examine and comment upon the relationships between teachers and taught, the quality of the academic and personal record keeping, the levels of responsibility encouraged among pupils, behaviour and discipline, attendance, the number and range of clubs and societies, the willingness of pupils to stay on at school or in college, and the quality and nature of links between teachers and parents.

These concerns about standards of work and behaviour are not the exclusive domain of teachers and others in education. They are of direct interest to parents, employers and society. Teachers in their work and HMI in their inspections have to acknowledge the judgements and demands made by the world outside.

Comparisons between Institutions

Although some aspects of general education are absolutely basic and common to all, there is not one way of doing things, nor a generally agreed order of priorities for many of the things schools and colleges seek, or are expected to do. Differences between schools or colleges also arise because of their history, location, the staff and other resources available and the communities they serve.

But if young people and their parents are to get good standards of education wherever they happen to live, the variations from institution to institution or from one part of the country to the next must not be too great. Consequently inspections must compare what is being done in any school or college with what is known to be achieved elsewhere. An institution may be performing well, given its particular circumstances, yet be found wanting in some respects by comparison with others elsewhere. For example, a small, rural primary school with some particular strengths and no serious problems may be found to have limitations in, for example, science or physical education when compared with other similar, but larger, primary schools. Similarly an inner-city secondary school that is well ordered and generally effective, may be providing a good education for its pupils but have lower overall levels of academic attainments than schools in more favoured areas.

Since schools and colleges can never do everything they might wish for all their pupils, they have continually to balance gains and losses as they decide what to do and for whom. Almost inevitably majority needs and aspirations tend to displace those of minorities. Decisions to concentrate on certain developments mean that others have to be postponed or reduced in scope. In some schools and colleges the quality of work for the most able may be good while that for the less academically able is not go good, or vice-versa. Within the whole range of subjects in a school, some such as science or mathematics may be strong and well provided for whereas modern languages may be weak in provision and standards achieved. Inspection reports attempt to give this balanced picture. Careful reading will reveal not only strengths and shortcomings but also the reasons why things are as they are and the implications for the whole of changes in any one part, or the cost of evening up.

Who receives HMI reports?

HMI report to the Secretaries of State but first they will have reported informally to those inspected. The reports they write on schools and colleges are now published for all to read, but are specifically sent to the institutions and LEAs concerned. There is therefore no secret reporting and all who need to take action are promptly informed.

The Inspectorate also acts as a catalyst. To increase its impact, HMI produce each year a range of publications about education. The majority of these are published by Her Majesty' Stationery Office and are available through bookshops. These publications are based on inspection and tend to be about large parts of education such as "Aspects of Secondary Education" based on a survey of the final two years of compulsory schooling in some 10 per cent of English secondary schools; about particular subjects such as "Technology in Schools"; about teachers and teaching as in "The New Teacher in School"; on matters of general concern like "Truancy and Behaviour in Some Urban Secondary Schools" or on examples of good practice such as that reported in "Ten Good Schools".

What follows a formal report?

From the beginning of this year when an inspection report on a maintained school or college is published it is accompanied by a letter from the Department of Education and Science or the Welsh Office. This letter asks the LEA to indicate,

within three months, what action it proposes to take in response to the report's findings. There may be matters to be put right, but often there will be good practice that requires support and encouragement if it is to spread to other institutions.

Local education authorities, institutions and their teachers are free to challenge the findings of inspection reports or to say what help or support they would require, if they are to respond to the findings.

HMI also have their part to play in the action following a formal inspection report. During and after inspection they put their findings to those responsible, such as the heads and teachers, and shortly after that, and before publication, they offer to meet the governors of the institution. HMI also discuss their findings with LEA officers and local advisers, who have a key role to play in the improvement of education. A strong team of local advisers is often the agency best placed to influence the institutions maintained by an LEA, to foster good ideas, to see the early signs of things going wrong and to give the help needed to put things right.

All LEAs appoint a number of advisers, mainly related to schools. In some authorities these advisers make their own inspections. But the functions of local advisers vary widely. Much of their time may be taken up by administrative work related to the employment, redeployment and promotion of teachers. There is also great variation in the size of local advisory teams and in the range of specialisms they contain. Where there are suitably qualified and experienced local advisers who make inspections their judgements and findings can be related to, and compared with, the nationally based judgements and findings of HMI: the national and local findings complement each other. In the policy statement the Secretaries of State indicated their intention to explore with the local authority associations whether there is a need for guidance about the role of local advisory services and the most effective relationships between them and HMI.

Where HMI are able to raise issues arising from their inspections with all the people who need to know, teachers, governors, local education officers and advisers, action is often taken to put right shortcomings and to support and extend good practice well in advance of the publication of the inspection report. In many cases these close links between HMI, teachers

and local authorities lead to the Inspectorate's helping to plan and take part in courses for local teachers that are intended to make inspection findings more widely known and to help teachers to work out how to bring change or improvement. HMI also provide a programme of about 100 national, short courses for teachers each year. Most of these are influenced by the findings of inspection and therefore relevant to many teachers. Copies of the programme are circulated annually to all schools and colleges.

The procedures following inspection reports on independent schools are similar. The Department of Education and Science or the Welsh Office writes to the proprietors of the school highlighting the main conclusions and recommendations of the published report and asking to be told what action they have taken in response. Independent schools do not have the support of a local education authority and its advisory service but HM Inspectors, in their informal discussions with headteachers and proprietors following inspections and in subsequent visits, are pleased to advise on how improvements might be effected. Teachers from independent schools are welcome to attend the short courses run by HMI.

How are parents involved?

The routes by which inspection reports reach those directly involved in education are fairly clear, though the process of making sure that all teachers and lecturers see the report on their institution could be improved.
The routes to parents, the wider community and local councillors are less developed. Local councillors are becoming more involved particularly through the annual HMI report on the effects of local authority expenditure policies and the increasing number of inspections of education within one local authority, such as those in the Inner London Education Authority, Dudley and the Toxteth area of Liverpool.

It is more difficult to envisage direct routes of communication between HMI and parents. At any one time relatively few parents will be able to read a recent published report about their own children's school or college. But many more parents will be able to read inspection reports on institutions similar to those attended by their children, whether those are in the area in which they live or elsewhere.

Parents who wish to contact HMI may do so at the Inspectorate offices listed at the end of this booklet. They may also, as previously, write to the Senior Chief Inspector at the Department of Education and Science. Normally, however, where parents wish to discuss aspects of their children's education, their first move should be to talk to the head and teachers of the school. After that, if need be, the next step is to speak to the LEA (or proprietors, in the case of an independent school). If they wish, parents can raise matters with their local councillors or Members of Parliament or make a formal complaint to the Secretaries of State. The public availability of HMI inspection reports does not change this pattern, but it may help parents to be better informed than at present about education generally and the particular bit of it with which they are concerned.

Parents can obtain copies of published inspection reports on request from the appropriate local education authority, the independent school reported on, or from the Department of Education and Science at the Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA1 1AZ and the Welsh Office Education Department, Cathays Park, Cardiff. Other HMI publications are also available from those addresses if free, or from Her Majesty's Stationery Office and bookshops if priced. Some recent general publications are listed at the end of this booklet.

As a further aid to all who have an interest in HMI's reports, the Inspectorate plans to publish reviews of the inspection reports published during the previous six months indicating the overall trends and the most important issues that arise from them. These reviews will be obtainable from the Department of Education and Science and the Welsh Office at the addresses given above.

What is HMI doing in 1983?

To know the special targets of HM Inspectorate's work at any time, one looks to the Government's policies and initiatives. So at present inspectors are deeply involved in work to make the curriculum more relevant to today's needs and better able to enlist the interest and develop the full potential of all pupils, both boys and girls and including those with special needs. In this connection, they are looking particularly at the relationship between the education offered and different sizes of schools and different structures, like first, middle and upper schools. They are also considering the way in which money is spent in institutions or local education authorities to illuminate what policies cost and which patterns of expenditure give best value.

Inspectors are concerned in the work designed to improve examinations and other forms of assessment so that all pupils receive a more accurate passport from schools to working life. Much time is being devoted to the development of new opportunities for pre-vocational, vocational and technical education, both before and during working life. The re-shaping of teacher training is a particular concern, as is the rationalisation of higher education in the maintained and voluntary sectors.

All this work is developmental across a broad front and taps the best work and thinking of those in education and, in many cases, outside. Inspectors are also engaged with more specialised concerns such as the education of ethnic minorities, including mother-tongue teaching, provision for the gifted, the education of travellers' children, the possible solutions to truancy, and the daunting problems of education in inner-city areas.

New needs arise constantly and the Inspectorate's work is kept under review to ensure that time is spent on those cases where the availability of information about existing good practice and informed intervention are most likely to herald improvement.

Prime Minister.

A suggested response (from the Rayner Unit) is attached. The draft Written Answer is very long + Mr Pretty suggests it should be shortened.

Agree that I should respond on your behalf as proposed by the Rayner Unit.

TP 2/2

SECRETARY OF STATE FOR SCOTLAND

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

PRIME MINISTER 8 February 1983

Yes - this isn't an answer - it's a lecture! It ought to be summarised.

SCRUTINY OF HM INSPECTORATE OF SCHOOLS IN SCOTLAND

You have already seen and commented on Derek Rayner's report on the scrutinies of the Inspectorates in England and Wales and in Scotland. I now attach a draft statement on the Scottish scrutiny which takes full account of your comments as well as those made by Derek Rayner and the Trade Unions who have been consulted.

Subject to your agreement I propose to issue this statement - in the form of a Written Answer - at the same time as Keith Joseph makes his statement on England and Wales. At the same time I intend to publish the scrutiny report, although some of its recommendations have not been accepted. I believe that the statement will be generally well received in the Scottish education service, by parents and by our own supporters.

I am sending copies of this minute and its enclosure to Keith Joseph, Nick Edwards and Derek Rayner.

G.Y.

G.Y.

IN CONFIDENCE

SCRUTINY OF HM INSPECTORATE OF SCHOOLS IN SCOTLAND

DRAFT POLICY STATEMENT BY THE SECRETARY OF STATE FOR SCOTLAND

1. INTRODUCTION

1.1 I have completed a study of Her Majesty's Inspectorate of Schools in Scotland in consultation with ~~Sir Derek~~ Lord Rayner. We were greatly assisted by Mr P C Rendle, a retired Under Secretary in the Scottish Office, who reported to me on the role, organisation, staffing and effectiveness of Her Majesty's Inspectorate of Schools in the Scottish Education Department, including the main priorities of work to be undertaken, and arrangements for collaboration between the Inspectorate and the rest of the Scottish Office, taking account in particular of the following:

1. The responsibilities and policies of the Secretary of State;

2. The present and prospective needs of all components of the education service;

3. The role of education authorities and their staffs and of other educational agencies;

4. Government statements of policy relating to the quality of education and to the Inspectorate; and

5. The Government's plans to reduce public expenditure and civil service manpower.

1.2 The Inspectorate plays a crucial part in the Scottish educational system, and the value of its work has been widely recognised. I believe that the Inspectorate should continue to play an important role in helping the system to adapt and develop to meet changing needs, and that there are several respects in which its work should be strengthened.

1.3 One of the Government's main objectives is to achieve a system of education which enables children and adults to realise their full potential. Its extensive knowledge of the system makes the Inspectorate particularly well qualified to assess the quality of the process and to advise on any aspects which call for improvement. Reports by the Inspectorate are thus of great value not only to me, to education authorities and other agencies providing education but also to our "customers" - pupils, students, parents and employers

1.4 To facilitate a successful and cost-effective implementation of the Government's policy for education, I consider it essential that my principal professional advisers are able to ensure that the resources being made available for education are being used as effectively as possible. To this end the Inspectorate must be able to initiate and stimulate desirable developments in Scottish education within the resources available. It is important that there be a clearer perception, not only in the education service but in the public at large, of the role of the Inspectorate.

1.5 An effective education system in Scotland requires that central and local government act in partnership. The existing arrangements have been shown to work effectively and the changes which are being made in the role of the Inspectorate should serve to enhance the present relationship between the Secretary of State and the local authorities.

2. ROLE OF THE INSPECTORATE

2.1 The regard in which the Inspectorate is held throughout the education system in Scotland and its effectiveness within the system are to some extent due to the independence of the Inspectorate. I consider that it is essential to preserve the Inspectorate's independence of professional judgement. The Inspectorate is organised as an entity under the Senior Chief Inspector. It is within the Scottish Education Department but has substantial freedom to manage its own resources. The Senior Chief Inspector has the right to direct access the Secretary of State. The decision to publish reports of the Inspectorate rests with the Secretary of State, but any report which he decides to publish is published as written by the Inspectorate.

2.2 HM Inspectors of Schools have a responsibility to report frankly on the state of education as they find it. I have had regard to this and to the need to make the most effective use of the Inspectorate in setting out their role as follows:

i. to provide information, assessment and advice to Ministers, the Scottish Education Department, other Government Departments and agencies and the other central bodies involved in education;

ii. to provide an audit by assessing and reporting on the quality of education and training provided to make available to those responsible for taking action the advice and assistance considered necessary to effect an improvement;

iii. to identify and make known the educational needs of the nation having taken account of the perceived needs and wishes of parents and pupils

iv. to identify cost-effective ways of meeting these needs and to influence the responsible bodies and agencies to meet them;

v. to indicate desirable and attainable norms of quality and to advise on the actions required to achieve these;

vi. to give a lead in developmental work in the various sectors of education, formal and informal, and to work with directors of education. heads of schools and colleges, advisory and executive bodies and others through appropriate forms of liaison to bring above necessary changes in the system.

2.3 The above is a clarification of the overall role to be played by the Inspectorate. It takes account of changes in the activities and methods of working of HM Inspectors as they have adapted to changing circumstances over the past few years. It is important that the Inspectorate should keep its activities and methods under review and adapt them in the light of future changes and emerging educational needs.

3. IMPLEMENTATION OF ROLE

3.1 HM Inspectors will carry out their role by undertaking certain inter-related duties. In formulating the programme of work account will be taken of policies of the Secretary of State and the needs of the education service. It is my intention that, in this way, the development of the Inspectorate as a task-orientated force will be continued and that the programme of work compiled annually will reflect this policy. The most significant tasks will be:

i. firstly, a programme of general inspections of a sample of schools and other educational institutions. Reports of general inspections which have hitherto been made available only to heads of schools and colleges and to Directors of Education, will in future be published as soon as possible after the inspection. The general inspections will be supplemented by a programme of inspections and visits which inter alia will provide the basis for reports on aspects of education which require special attention. A programme of inspections and visits, in depth and in reasonable numbers, is essential in my view if the Inspectorate is to carry out its functions of assessing and reporting on the quality of education and training available and of being able to provide, with confidence, the information, assessment and advice which Ministers and SED require. The publication of reports will ensure that parents, students and others concerned are better informed about the quality of education being provided. In selecting institutions to be inspected care will be taken to include some which are examples of what can be achieved in providing high quality of education experience as well as some which give cause for concern. It is my intention to include central institutions and colleges of education in programmes of inspection. Arrangements will also be made for appropriate follow-up to these inspections with local authorities, heads of schools and colleges, school and college councils governing bodies and other interested parties.

ii. the second group of activities will be a programme of tasks resulting in reports on aspects of education of national importance, reports to Ministers and SED, discussion papers etc. I consider that the Inspectorate should continue in its role of keeping the system under review to assess progress and of preparing national reports for

publication on aspects of education. This practice has been widely recognised as effective in defining needs, pointing to remedies and setting standards, as has been seen recently with the reports on The Education of Pupils with Learning Difficulties, Learning and Teaching in Primary 4 and Primary 7. Such reports indicated what might be expected of educational institutions and agencies, suggest how value for money can best be obtained and make proposals for action. These reports normally incorporate procedures for follow-up and for feedback into the system, and this will continue. Aspects of education now being examined with a view to reports being produced include management in secondary schools, schools and their communities, and educational opportunities for young people in urban areas. I consider that this method of reporting, combined with the complementary activity of inspection of individual schools and colleges, provides a particularly effective way of bringing about change. Local authorities, their officers, headteachers and teachers are stimulated to examine their activities and to consider how they can be made more effective. I think it is important that the Inspectorate should in this way act as a catalyst for change throughout the system.

iii. the third group of activities will involve participation in a national development programme which comprises a series of longer-term objectives derived from the policies of the Secretary of State, from advice to him by such bodies as the Consultative Committee on the Curriculum, and from those tasks which arise from the continuous assessment by HM Inspectors of the education system. This work will be along the lines of their present engagement in developing courses of the kind recommended in the Munn and Dunning reports for the third and fourth years of secondary schools, in the national development of the use of micro-computers in many areas of education and in the development of courses for the 16-18 age group. At the same time I intend to accord as much responsibility as possible to the appropriate bodies working in the field of educational development; the professional experience and expertise of HM Inspectors will continue to be available to these bodies.

3.2 The committees and panels of the Inspectorate will be re-organised to bring them into line with the re-defined role. The links of the Inspectorate with external bodies will be kept under review. I regard it as essential, if the effects and achievements of education are to be clearly discernible to HM Inspectorate, that individual members should continue to maintain liaison

with a wide range of those who are concerned both with the educational process and with the products of the education system. They must reach out beyond the education system and be aware of and influence the views of industry, commerce and the public at large.

3.3 HM Inspectors will continue to work closely with Directors of Education and members of their staffs. For example they are at present undertaking a survey of the management of secondary schools which will provide a focus for further discussion with education authorities on how the most effective use may be made of manpower resources. The Inspectorate will maintain close contact with head teachers and other managers of educational institutions in order to emphasise the fact that heads are responsible for the quality of education and training the schools and other institutions provide. This will strengthen and extend the audit function of the Inspectorate.

3.4 An appropriate structure will be required for the Inspectorate if it is to carry out effectively and efficiently its re-defined role. Such a structure, which will facilitate the concept of central planning and co-ordination of its work, will be sufficiently flexible to enable it to respond to changing needs and will enable each member to see clearly how his contribution fits into the overall programme. In the new structure, which has been put into operation on a provisional basis as from August, 1982, the allocation of responsibilities between the two HM Deputy Senior Chief Inspectors is on a different basis and there has been a re-allocation of duties at HM Chief Inspector level (the re-allocation is shown in the Annex). Measures are also being taken to secure a closer integration of the staff from the school education and post-school education sectors of the Inspectorate.

3.5 Those responsible for the management of the Inspectorate will review its structure on a regular basis in terms of the allocation of responsibilities at all levels of post. In this way the adequacy of the structure should be assured as the needs of the education system change and a different response is called for. Close links will be maintained between the Inspectorate and administrative staff in the Scottish Office in relation to policies, priorities and programmes.

4. SIZE AND COMPOSITION OF HM INSPECTORATE

4.1 The size of the Inspectorate must be related to the tasks which I have indicated it will be required to perform. The extension of inspection to colleges of education and central institutions, the preparation of reports of inspections for publication and the commitment which I have given to the inspection of religious education represent additional tasks for which staff time will have to be found. Offsetting savings, however, will be made through the review of the infrastructure and by reducing the number of specialists in community education. I consider that little change is required in the present strength providing that a selective approach to tasks is adopted and there is careful matching of current tasks to staffing resources. The overall complement of the Inspectorate is 118, but there are at present 8 vacancies; I consider that a complement of 112 will be sufficient to carry out effectively the necessary tasks. The reduction of 6 posts will bring savings of £170,000 per annum.

4.2 It is important that the staffing of the Inspectorate should be flexible and should continue to bring in teachers and others who are leaders in their field. Use is already made of other staff, on a full-time and part-time basis, such as research officers and curriculum development officers for particular projects. Research work is contracted out by the Department to appropriate outside bodies. Where necessary, contributions to the formulation of policy are sought from the professional staff working with other Department of the Scottish Office. In addition, HM Inspectors have increasingly sought to involve teachers and other professional workers in education, who have a unique contribution to make to particular aspects of their work. In the process the system has benefitted and HM Inspectors have enriched their own professional experience. This principle will continue to be applied to meet future needs.

5. ACTION

5.1 I have given instructions that the changes required in the functions, structure and organisation of the Inspectorate to implement the policy set out in this paper should be made with the minimum of delay.

REALLOCATION OF RESPONSIBILITIES AT HMCI LEVEL

1. The duties of each territorial HMCI will be extended to take account of the extent to which it proves possible to integrate the FHE and IFE staff into Division work.

2. The duties of the present posts of HMCI (Primary Education), HMCI (Secondary Education), HMCI (Special Services) and HMCI (Further Education) will be reallocated as follows:

(a) HMCI (Basic Education and Special Education)

to be responsible for pre-school education (including nursery education), for primary education to the age of 10 and for special education.

(b) HMCI (10-16)

to be responsible for the provision for pupils within this age range in primary and secondary schools.

(c) HMCI (16-19)

to be responsible for the provision for young people within this age range and who are following courses in secondary schools or in colleges of further education or who are taking part in any of the programmes initiated by the MSC.

(d) HMCI (Further Education)

to be responsible for provision in formal further education, continuing education and informal further education, including community education and adult education, but excluding provision for those following courses of higher education.

3. The duties of HMCI (Higher Education), HMCI (Research and Intelligence) and HMCI (Teacher Education and Supply) will continue as at present.

Education: Policy on Expenditure, pt 3

10 DOWNING STREET

Robin

Tim you handle, thank you.

Do you want to continue seeing these or shall I handle? We should be getting a firm very soon since the closing date is 11/2.

TERS

Cl to note

NBPM at present

GOV MACH

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983:
THE SCRUTINY PROGRAMME

1. Mr Butler's letter of 26 January invited proposals for the scrutiny programme.

2. The Privy Council Office has of course contributed to the annual reviews of running costs, but I understand that my predecessors have taken the view that because of the special nature of its functions, the Office does not offer any scope for inclusion in a scrutiny programme. I share this view and have accordingly no proposals to submit for the 1983 scrutiny.

3. I am copying this minute to the Lord Privy Seal and to Mr Cassels.

WJB

JB

4 February 1983

Sort Marker : Rayner HB

Gov Machinery

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster
and
Paymaster General

4 February 1983

Pl. copy to:-
Mary Brown - Lord Privy Seal's office
Mr. Cassell - MPO.

Dear Robin,

PERB
7.2.

1983 SCRUTINY PROGRAMME

Thank you for your letter of 26 January.

Mr Pym, the then Paymaster General, wrote to the Prime Minister in January 1981 about the problems facing small departments if they were required to participate in the scrutiny programmes annually. In a letter dated 27 March 1981 Clive Priestly said that the Prime Minister understood the difficulties, and that she would be grateful if departments with less than 1,000 staff undertook a scrutiny every two or three years. For convenience I am enclosing copies of the correspondence.

The Paymaster General's Office carried out a scrutiny of declarations of entitlement to public sector pensions last summer. We would expect to put forward another proposal for scrutiny in 1984 or 1985.

Yours sincerely,

Alex Galloway

A K GALLOWAY
Private Secretary

F E R Butler Esq
Principal Private Secretary
10 Downing Street

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

22 January 1981

The Prime Minister
10 Downing Street
LONDON
SW1

My Dear Prime Minister,

EFFICIENCY IN CENTRAL GOVERNMENT - SCRUTINY PROGRAMME 1981

I have been asked to provide a subject for scrutiny for the Paymaster General's Office (PGO) as part of the 1981 programme.

My Department at Crawley is probably the smallest that has so far taken part in a "Rayner" scrutiny. The scrutiny carried out in 1980 was successful, and led to the closure of the Department's small office in central London with consequent financial savings. However, the exercise highlighted a particular difficulty for a small Department such as the PGO in that the allocation of one Principal to carry out a scrutiny results in the diversion of a high proportion of its senior management resources (25% of the generalist Principal strength). The few Principals are all fully engaged in management posts and release for a scrutiny poses resource problems. Although the result of the 1980 study justified the investment in resources, the narrow range of functions carried out by this Department makes it unlikely that a worthwhile return could be expected each year.

If you would nevertheless like my Department to participate in the 1981 round I submit a proposal, details of which are enclosed, concerned with declarations of entitlement which are issued periodically for completion by public service pensioners. However, could I suggest that consideration be given to the special problems of small Departments in relation to the scrutiny programme with a view to their being required to participate occasionally rather than on an annual basis?

I am copying this letter to members of the Cabinet and to Sir Ian Bancroft, Sir Douglas Wass, Sir Robert Armstrong, Mr Ibbs and Sir Derek Rayner.

Yours ever

Francis

FRANCIS PYM

Enc

19

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8224

27 March 1981

David Heyhoe Esq
Private Secretary to the
Chancellor of the Duchy of Lancaster and Paymaster General

Dear Heyhoe,

EFFICIENCY IN CENTRAL GOVERNMENT: SMALL DEPARTMENTS AND THE SCRUTINY PROGRAMME

In his letter to the Prime Minister of 22 January, the Paymaster General asked whether consideration could be given to the case of small departments, with a view to their being required to participa in the programme occasionally rather than each year.

2. The Prime Minister understands that a requirement to participa each year might be difficult for departments of narrow function or small size. She would be grateful if departments with less than 1,000 staff undertook a scrutiny every two or three years so that some such departments were included in the scrutiny programme each year.

3. The Prime Minister also understands that it may sometimes be difficult to find suitable examining officers in smaller departments. She hopes that where a Minister is responsible for more tha one department he will consider whether those with more staff might help out his smaller departments. If a suitable officer cannot be found the Lord President has put his department on notice to help, directly if it can or through the use of its good offices to obtain suitable assistance from elsewhere.

THE SCRUTINY PROGRAMME

4. I enclose your copy of a letter informing private secretaries of the composition of this year's programme as agreed so far.

Yours sincerely,

Clive Priestley

C PRIESTLEY

ENC: Copy letter to Mr Halliday

CIRCULATION: Private Secretaries to Ministers in charge of Departments; to Minister of State, CSD; to Sir Robert Armstrong, Sir Ian Bancroft, Sir Douglas Wass and Mr Ibbs; and to other Permanent Secretaries.

Sort Machinery: Ragner Prog Pt 13

HL
Govt. Mach.

10 DOWNING STREET

From the Private Secretary

MR. CASSELLS

Thank you for your minute of 4 January, on which Sir Robert Armstrong commented in his minute of 17 January.

The Prime Minister will be glad to approve personally the programme of scrutinies and I have no doubt that she will want to take a personal interest in some of them. She decided that, following Sir Derek Rayner's departure, it would be better not to specify someone to take an interest in those scrutinies on her behalf. I enclose a copy of the letter in the form in which it has been circulated: when Departments' responses are available, no doubt you will submit the programme to the Prime Minister and recommend which scrutinies she should take an interest in. We can then consider how the Prime Minister can be kept in touch with the progress and outcome of those scrutinies.

I am copying this minute to Mary Brown, Richard Hatfield and Clive Priestley.

T. FLESHER

26 January 1983

SW

10 DOWNING STREET

From the Principal Private Secretary

26 January 1983

D/F

Dear Private Secretary

Centrally Co-ordinated Efficiency Exercises 1983:
The Scrutiny Programme

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

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

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

Specific areas likely to provide strong candidates for scrutinies are:

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

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

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

/ (4)

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

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

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

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

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

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

(3) Reasons for selecting the subject.

(4) Terms of Reference.

(5) Proposed starting and finishing dates.

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

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

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

Yours sincerely,

Robin Butler

Robin Butler

PRIME MINISTER

SCRUTINY PROGRAMME

I attach a copy of a letter which I am about to send out, on the advice of the Rayner Unit, to commission this year's programme.

There is one point which I should clear with you. It concerns the second paragraph of the letter, which says that Mr. Cassels has been asked to take a close interest in some scrutinies on your behalf. On previous occasions, of course, it was Sir Derek Rayner who filled this role.

I think it would be best to ask Mr. Cassels (and in due course his successor) to pursue certain scrutinies on your behalf. This would not prejudice a different arrangement if you subsequently decided to change the location of the Rayner Unit.

Content?

F.E.R.B.

No - this only works when it was Derek Rayner - and anyhow surely Mr. Cassels leaves us soon?

MT

21 January 1983

10 DOWNING STREET

From the Principal Private Secretary

Dear Private Secretary,

Centrally Co-ordinated Efficiency Exercises 1983:
The Scrutiny Programme

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

I am writing to invite proposals for the scrutiny programme. Ministers are asked to send these to the Prime Minister by 11 February ~~31 January~~ and to copy them to the Lord Privy Seal and Mr. Cassels, ~~who has been asked to take a close interest in some scrutinies on the Prime Minister's behalf.~~

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

Specific areas likely to provide strong candidates for scrutinies are:

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/(4)

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(3) Reasons for selecting the subject.

(4) Terms of Reference.

(5) Proposed starting and finishing dates.

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

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

Yours sincerely,

Robin Butler

Robin

Peter
Yes I have it in hand
Robin

10 DOWNING STREET

Efficiency Exercises 1983

Mr Beesley (Rayner Unit) has asked if there is any response to the min. from Mr Cassels to Tim of 4 Jan.

I see from the file that you asked Sir Robert for his comments and he responded on 17 Jan.

As both the original minute and the top copy of Sir Roberts minute are not on the file I

PTO

Wonder if you have this in hand.

I have told the Ranger Unit that this has not been forgotten.

Pete
21/1

Ref. A083/0159

MR BUTLER

Centrally Co-ordinated Efficiency Exercises 1983
The Scrutiny Programme

I agree generally with the proposals in Mr Cassels's minute of 4 January to Mr Flesher.

2. My only reservation relates to the question who should take the place of Sir Derek Rayner in putting weight behind those scrutinies identified as being of particular interest to the Prime Minister. Though obviously the Lord Privy Seal would be well placed to influence and persuade Cabinet colleagues, much of the influence to be applied can and should be exerted at very senior official level, and there would be something to be said for reserving Ministerial fire unless and until official pressures have proved unavailing.

3. On that analysis the best course might be to designate Mr Cassels (and his successor) to take the lead in promoting "particular interest" scrutinies. I can provide reinforcement to that at official level, where necessary; and then the Lord Privy Seal can be asked to intervene on the Prime Minister's behalf when persuasion of Ministers is called for.

4. I am sending copies of this minute to Mrs Brown and Mr Cassels.

RCA

ROBERT ARMSTRONG

17 January 1983

Gov Mach

Rayner programme

17 JAN 1983

Sort Mat Submission

The Private Secretary

Mr Scholar (HC (C))
PS/Minister in charge of Civil Ts.
Sir R. Armstrong
PS/2PS
Mr FRASER
MR. PRESTRIDGE
Mrs Sloman
Mr Beasley
Mr Laughrin
Mrs Flanagan.

cc J.V.
MBPM

Whitehall London SW1A 2AZ
Telephone 01-273 } 4400
GTN 273 }

2 pp/s.

17 January 1983

G

H J Bush Esq
Private Secretary to the
Minister of State, Treasury (C)
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

Dear Harry,

REVIEW OF CIVIL SERVICE CATERING

Thank you for your letter of 11 January and the revised draft Government Statement.

The Lord Privy Seal is glad that her comments on the earlier draft have been taken. On the revised draft, she thinks it is a pity that reference to a general objectives for Civil Service catering - "To enable staff to obtain a good midday meal in pleasant surroundings at a reasonable price" - has been omitted. It removes a positive note from the Statement as a whole. But if other colleagues are content with the present version the Lord Privy Seal would not wish to press this further.

I have mentioned a couple of minor drafting amendments to you over the phone.

I am copying this as before.

Yours sincerely,

Mary

MARY BROWN

Govt. Mach: Regnl Scrutiny Pt 13

File A24

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL

SIR ROBERT ARMSTRONG

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 : THE SCRUTINY PROGRAMME

B/F

X

We spoke about Mr Cassels's minute of 4 January to Mr Flesher, and agreed that I would take no action on it until you had let me have your comments.

F.E.R.B.

14 January 1983

AH

Got Meeting

11/1

Treasury Chambers, Parliament Street, SW1P 3AG

Timothy Flesher Esq
10 Downing Street
LONDON SW1

11 January 1983

Dear Tim

REVIEW OF CIVIL SERVICE CATERING

Thank you for telephoning with the Prime Minister's suggestions on the wording of the Government statement on Civil Service catering. We have included these in a revised version which has gone to the Lord Privy Seal for clearance (a copy of my letter to Mary Brown is attached).

The draft now excludes the reference to the Government's endorsement of the general objective on catering. On reflection, it did not add a great deal, and could have been a hostage to fortune. As a result of the Prime Minister's other comment, the paragraphs relating to the programme of pilot projects have been redrafted and restructured.

In your letter of 29 December, you drew attention to the Prime Minister's reaction to the proposed system of subsidies. The Prime Minister's points will be taken into account during the review of the major issues raised by the scrutiny, and will be commented on specifically when reporting the outcome of the review.

I am copying this to Mary Brown (Lord Privy Seal's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely

Harry Bush

H J BUSH
Private Secretary

Treasury Chambers, Parliament Street, SW1P 3AG

Mrs M E Brown
Private Secretary to the
Lord Privy Seal
Management & Personnel Office
Old Admiralty Building
LONDON SW1

11 January 1983

Dear Mary

REVIEW OF CIVIL SERVICE CATERING

Thank you for your letter of 4 January with comments on the draft statement on catering circulated with my letter of 22 December. The statement has been revised (copy attached) to take account of those comments, and some from the Prime Minister on the wording of the paragraphs dealing with the pilot projects.

The Lord Privy Seal suggested that the statement should draw particular attention to the needs of local offices where there are no catering facilities at present. This has been incorporated in paragraph 6 of the attached draft (it does not fit easily in paragraph 5 dealing with the programme of pilot projects).

If the Lord Privy Seal is content with the revised version, the next stage will be for the Minister of State (C) to meet the unions.

I am copying this as before.

Yours ever,

Harry

H J BUSH
Private Secretary

DRAFT GOVERNMENT STATEMENT ON RAYNER SCRUTINY ON CIVIL SERVICE CATERING

The Government warmly welcomes this Report of the Scrutiny Team that has examined Civil Service Catering, and is grateful to Marks & Spencer for providing the services of Miss Sybil Barnes, Head of Staff Catering, as one of the two examining officers and for allowing her to continue as a consultant. The other examining officer was Mr Adrian Carter, Principal, HM Treasury.

2. The Report is being published today. Some discussion of it has already been held with the Civil Service unions. There will now be wider consultation.

3. The Team found that, on the whole, catering facilities available to civil servants are not so accessible; are used less; and receive a smaller subsidy than those offered by many other major employers. The Government accepts that more money needs to be spent on improving the provision of meals to its employees, and that efforts should be made to improve accessibility and usage.

4. The Report makes a number of suggestions designed to improve the cost-effectiveness and the quality of Civil Service catering. It also discusses alternative strategies for tackling what it describes as the fundamental problems of low access and low usage. The Report suggests that the most cost-effective way of dealing with these problems at manageable cost, might be found through the provision of much simpler, sandwich-based dining facilities with subsidy concentrated on food and capital expenditure concentrated on the dining room rather than the kitchen. The key to the success of such a strategy would lie in customer acceptability and in proven cost-effectiveness. The Report recommends that a pilot programme be established to test this strategy and a first pilot project to test the "sandwich" strategy has already been set up in an Inland Revenue office; others are about to start in two DHSS local offices.

5. At the same time the Government recognises that, in an organisation as large and varied as the Civil Service whose staff is scattered at many different locations throughout the country - and with a wide variety of existing catering facilities - there can be no question of imposing a standard pattern at all sites irrespective of local circumstances and the views of the staff. There are at present many successful Civil Service restaurants run on more conventional lines, especially in the larger Government offices. Different arrangements will be appropriate at different locations. The Government believes that other pilot projects should take place to test alternative strategies. Six will start shortly.

6. Up to £1m will be made available in this year and in 1983/84 to carry out and evaluate the overall programme of pilot projects. The evaluation will take into account the needs of offices, including local offices, where there are no catering facilities at present.

7. The Government also intends to review, by June 1983 and in consultation with the Civil Service unions, the other major issues considered by the Scrutiny, in particular the future role of CISCO, the scope for using more outside contractors, and the subsidy arrangements. The Government is prepared to make further money available in support of Civil Service catering. The scale and nature of these additional resources will be determined in the light of the outcome of this review and of the pilot projects.

8. Meanwhile there are three recommendations in the Scrutiny Report on which decisions have been taken:

a. Policy responsibility for Civil Service catering will be kept in the Treasury, rather than being moved to the Management and Personnel Office.

b. The recruitment of new managers and necessary major building work will continue pending the review of the major issues identified in the Scrutiny.

c. The consideration of catering staff wage rates will be deferred until discussions take place with the unions on industrial pay generally.

11/1

Treasury Chambers, Parliament Street, SW1P 3AG

Mrs M E Brown
Private Secretary to the
Lord Privy Seal
Management & Personnel Office
Old Admiralty Building
LONDON SW1

11 January 1983

Dear Mary

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If the Lord Privy Seal is content with the revised version, the next stage will be for the Minister of State (C) to meet the unions.

I am copying this as before.

Yours ever,

H J BUSH
Private Secretary

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2. The Report is being published today. Some discussion of it has already been held with the Civil Service unions. There will now be wider consultation.

3. The Team found that, on the whole, catering facilities available to civil servants are not so accessible; are used less; and receive a smaller subsidy than those offered by many other major employers. The Government accepts that more money needs to be spent on improving the provision of meals to its employees, and that efforts should be made to improve accessibility and usage.

4. The Report makes a number of suggestions designed to improve the cost-effectiveness and the quality of Civil Service catering. It also discusses alternative strategies for tackling what it describes as the fundamental problems of low access and low usage. The Report suggests that the most cost-effective way of dealing with these problems at manageable cost, might be found through the provision of much simpler, sandwich-based dining facilities with subsidy concentrated on food and capital expenditure concentrated on the dining room rather than the kitchen. The key to the success of such a strategy would lie in customer acceptability and in proven cost-effectiveness. The Report recommends that a pilot programme be established to test this strategy and a first pilot project to test the "sandwich" strategy has already been set up in an Inland Revenue office; others are about to start in two DHSS local offices.

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6. Up to £1m will be made available in this year and in 1983/84 to carry out and evaluate the overall programme of pilot projects. The evaluation will take into account the needs of offices, including local offices, where there are no catering facilities at present.

7. The Government also intends to review, by June 1983 and in consultation with the Civil Service unions, the other major issues considered by the Scrutiny, in particular the future role of CISCO, the scope for using more outside contractors, and the subsidy arrangements. The Government is prepared to make further money available in support of Civil Service catering. The scale and nature of these additional resources will be determined in the light of the outcome of this review and of the pilot projects.

8. Meanwhile there are three recommendations in the Scrutiny Report on which decisions have been taken:

a. Policy responsibility for Civil Service catering will be kept in the Treasury, rather than being moved to the Management and Personnel Office.

b. The recruitment of new managers and necessary major building work will continue pending the review of the major issues identified in the Scrutiny.

c. The consideration of catering staff wage rates will be deferred until discussions take place with the unions on industrial pay generally.

Rayner: PR13: Govt Academy

11 JAN 1983

10 DOWNING STREET

Robin

I am sorry to trouble you with this small but important symbolic issue. The point is who should act on the PMs behalf in taking a special interest in particular scrutinies. Until his departure, it was Sir Derek Rayner. Mr Cassells proposes that it should be the Lord Privy Seal. My instinctive reaction was that the PM would wish to preserve the idea of a "personal remit" and ask C. Priestly to do it. The papers on Sir D. Rayners departure are opaque on this issue: has it been resolved orally?

TF.

6/1

Management and Personnel Office
Whitehall London SW1A 2AZ
Telephone 01-273 } 4400
GTN 273 }

4 January 1982

H J Bush Esq
Private Secretary to the
Minister of State (C)
HM Treasury
Parliament Street
LONDON SW1P 3AG

JB
6/1

Dear Harry,

REVIEW OF CIVIL SERVICE CATERING

Thank you for your letter of 22 December, with the draft statement on catering.

The Lord Privy Seal thinks it a pity that the statement cannot mention a sum of £5 million extra expenditure on Civil Service catering as this is, after all, a very small amount, and would be seen as an earnest of our seriousness in wanting to improve the catering facilities. But she would not object to the formula used in paragraph 3 of the draft statement if that commends itself to her colleagues.

The Lord Privy Seal has only two other comments on the draft statement. First, on reflection she thinks that it would be courteous to mention in paragraph 1 that Miss Barnes of Marks & Spencer was not only an Examining Officer for the period of the scrutiny, she is also now acting as a consultant to the Treasury during the experimental phase. Secondly, she would like to insertat the end of line 6, paragraph 6, of the draft Government statement:- "... and particularly in local offices where at present there are no facilities...".

Otherwise, the Lord Privy Seal is content with the statement and that the scrutiny report should be issued early this month, once the trades unions have been informed. I am copying this to your copy addressees.

Yours sincerely,

Paul Cam

pp MARY BROWN

Pl. type draft below for my signature and leave it undated pro tem

MR FLESHER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

1. Your letter of 29 November to Mrs Brown recorded the Prime Minister's approval for the programme of efficiency work outlined in the Lord Privy Seal's minute of 26 November. Comments from other Ministers indicate general acceptance of the programme.

2. The programme envisages 30 departmental scrutinies in 1983. We now need to invite Ministers to put forward their proposals for scrutinies.

3. The Prime Minister's personal interest in the scrutiny programme has given and continues to give it much of its impetus. In previous years, she has denoted this by making the composition of the programme subject to her approval and asking Sir Derek Rayner to take a particular interest in some scrutinies on her behalf, the final outcome of such scrutinies being subject to her approval also.

4. I hope that the Prime Minister will continue personally to approve the programme.

5. The practice of identifying "particular interest" scrutinies has worked well in encouraging departments to take a more radical view of some things than they otherwise might, and I hope that the Prime Minister will continue this also. The question arises whom the Prime Minister might ask, following Lord Rayner's withdrawal, to act on her behalf. There appear to be 3 possibilities: the Lord Privy Seal; Sir Robert Armstrong; and myself. My recommendation is that the Lord Privy Seal should be invited to do this, because she will be so well placed to influence and persuade her Cabinet colleagues in cases where this is needed. Sir Robert and I will be available to help and to tackle Permanent Secretaries as may be necessary; and Mr Priestley and the Unit will of course provide the necessary support as before.

6. As in previous years, the invitation to Ministers would come best from the Principal Private Secretary. I attach a draft letter for this purpose.

7. When proposals are received we shall advise the Prime Minister on the composition of the scrutiny programme.

8. I am copying this to Mrs Brown (Lord Privy Seal's Office) and Mr Hatfield (Cabinet Office) and Mr Clive Priestley.

JS Cassels

J S Cassels

4 January 1983

DRAFT 4 JANUARY 1983

LETTER TO PRIVATE SECRETARIES OF MINISTERS IN CHARGE OF DEPARTMENTS

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

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

2. I am writing to invite proposals for the scrutiny programme. Ministers are asked to send these to the Prime Minister by 21 January and to copy them to the Lord Privy Seal and Mr. Cassell, who has been asked to take a close interest in some scrutinies on ~~her~~ the Prime Minister's behalf.

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

4. Specific areas likely to provide strong candidates for scrutinies are:

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

/(2)

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

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(5) Administrative tribunals (eg appeals boards).

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

[Note to Mr Flesher: This list derives from para 6 of the Lord Privy Seal's memorandum on centrally co-ordinated exercises in 1983 and from its Annex B.]

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

(1) <u>Subject:</u> the policy, function or activity to be examined.

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

/(3)

(3) Reasons for selecting the subject.

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

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

Civil Service, Long Term Policy, Pt 12

GOV MACH.

10 DOWNING STREET

From the Private Secretary

29 December, 1982.

Thank you for sending me a copy of your letter to Mary Brown about the Review of Civil Service Catering. I have already passed on the Prime Minister's suggestions on the proposed Government statement to Ros Dunn. On the substance of the report the Prime Minister has commented that it looks as if we need more investment in equipment and managerial training. Her first reaction to the proposed system of subsidies is, however, that it looks rather complicated. If subsidies went equally to in-house and other caterers, the other merits of the proposed new system would surely follow. No doubt you will take the Prime Minister's points into consideration in your review of the major issues raised by the scrutiny, but I should be grateful if you could comment on them specifically when you are reporting the outcome of that review.

I am sending copies of this letter to Mary Brown (Lord Privy Seal's Office), and Richard Hatfield (Cabinet Office).

Timothy Flesher

H.J. Bush, Esq.,
HM Treasury.

RW

WB/ MN 31/12
You may wish to look after this in my absence!
JF

1. MR CASSELS
2. MR FLESHER 31.12.

Mr. Flesher

This is an advance copy for your personal use at this stage in case there is any dirty work at the cross-roads.

GP 23/12

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

One of my functions as director of the Rayner Unit is to co-ordinate the programme of departmental scrutinies. The purpose of this minute is to seek the Prime Minister's approval for next year's arrangements.

2. In previous years, this submission has been made by the Unit directly to the Secretariat (for example, Mr Beesley's minute to Mr Whitmore of 11 December 1981), but this year it is routed through Mr Cassels at his request.

Authority for the programme

3. Your letter of 29 November to Mrs Brown recorded the Prime Minister's approval for the programme of efficiency work outlined in the Lord Privy Seal's minute of 26 November. Comments from other Ministers indicate general acceptance of the programme.

Proposed programme and special features

4. The programme envisages 30 departmental scrutinies in 1983. We now need to invite Ministers to put forward their proposals for scrutinies.

5. The Prime Minister's personal interest in the scrutiny programme has given and continues to give it much of its impetus. In previous years, she has denoted this by

(1) making the composition of the programme subject to

her approval; and

(2) asking Sir Derek Rayner as her personal advisor to take a particular interest in some scrutinies on her behalf, the final outcome of such scrutinies being subject to her approval also.

6. I recommend that the Prime Minister should continue to approve the programme.

7. The Prime Minister will want to consider whether she should continue the practice of "particular interest" scrutinies. My thoughts on this are:

(1) It has been and could continue to be a very valuable means of emphasising the importance the Prime Minister attaches to the management function of departmental Ministers and, to be frank, of getting departments to take a more radical view of some things than they would if left to themselves.

(2) It has been and could continue to be a valuable insight for the Prime Minister into departmental management and administration.

(3) I do not believe that Ministers in charge of departments would brook any central Minister other than the Prime Minister substituting for her in this role. I think therefore that either the Prime Minister retains it herself or it is dropped.

(4) But Sir Derek Rayner is no longer available to take the "particular interest" on the Prime Minister's behalf. Although the Unit has done all the necessary staff work for Sir Derek, the Prime Minister will wish to consider whether I should perform the "Rayner" role on her behalf.

I believe with good sense and discretion, the Rayner Unit and I can service her "particular interest" fittingly.

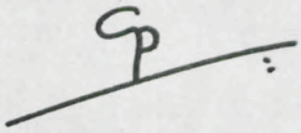
8. I recommend therefore that the Prime Minister should continue to take a "particular interest" in a few scrutinies and that the Rayner Unit and I should service this for her.

Procedure

9. As in previous years, the invitation to Ministers would come best from the Principal Private Secretary. I attach a draft letter for this purpose.

10. When proposals are received we will advise the Prime Minister on the composition of the scrutiny programme.

11. I am copying this to Mrs Brown (Lord Privy Seal's office), Mr Hatfield (Cabinet Office) and Sir Derek Rayner - for auld lang syne.



C PRIESTLEY
23 December 1982

Enc: Draft letter

DRAFT OF 23 DECEMBER 1982

LETTER TO PRIVATE SECRETARIES TO MINISTERS IN CHARGE OF DEPARTMENTS

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

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

2. I am writing to invite proposals for the scrutiny programme. Ministers are asked to send these to the Prime Minister by 21 January and to copy them to Clive Priestley, Rayner Unit, which the Prime Minister has asked to co-ordinate the programme and to take a close interest in some scrutinies on her behalf.

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

4. Specific areas likely to provide strong candidates for scrutinies are:

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

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

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

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

(5) Administrative tribunals (eg appeals boards).

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

/Mr Flesher: This list derives from para 6 of the Lord Privy Seal's memorandum on centrally co-ordinated exercises in 1983 and from its Annex B./

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

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

(2) Cost of and staff involved in carrying out the policy, function or activity.

(3) Reasons for selecting the subject.

(4) Terms of Reference.

(5) Proposed starting and finishing dates.

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

6. Work on scrutinies should not start before proposals have been agreed by the Prime Minister. The programme should begin early in the New Year but there is no need for all scrutinies

to start on a common date. Notes of Guidance for examining officers will be reissued shortly and briefing for examining officers will be arranged subsequently.

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

F E R BUTLER

010

Tim / Over to you

M

Looks to me as if we need some capital expenditure on premises, equipment & management training, which should go to in-house & other catering alike, if the Minister finally the rest would follow. The proposed savings look very centralised

24/12

Treasury Chambers, Parliament Street, SW1P 3AG

Mrs M E Brown
Private Secretary to the Lord Privy Seal,
OAB
Whitehall
London SW1

22 December, 1982

Dear Mary

REVIEW OF CIVIL SERVICE CATERING

The Minister of State (C) and Lady Young discussed recently the report of the scrutiny of civil service catering carried out earlier in the year and which concludes that the existing arrangements are inadequate - catering facilities available to civil servants are not so accessible, and are used less than those offered by many other major employers, and are less subsidised (copies of the report are with Principal Establishment Officers).

The team made a number of recommendations, intended to improve cost-effectiveness and quality, and the Minister of State (C) and the Lord Privy Seal believe that these should be examined further and in depth. One consideration is that at a time when staff morale in the civil service is low, an improvement in catering might be helpful in turning the tide.

The intention is to issue the report accompanied by a Government statement warmly welcoming it, accepting that more money needs to be spent on improvements, announcing that several pilot projects are to be carried out to test alternative strategies, and making it clear that most of the other recommendations are to be examined in consultation with management and the unions. Three recommendations will not be pursued (including, for the time being, a proposal that policy responsibility on catering should be transferred to the Management and Personnel Office).

It is not possible to test and evaluate alternative strategies without spending more money, and the statement quantifies the amount to be spent (£1m) on a programme of pilot projects. The extent and nature of further additional expenditure will be determined when the pilot projects have been evaluated and when the other major issues in the scrutiny report have been reviewed. Any additional expenditure will be, in a real sense, the ploughing-back, for the benefit of our employees, of a tiny part of the public expenditure savings that have accrued with their help and co-operation, from scrutinies and other efficiency studies.

The Minister of State (C) would like to issue the scrutiny report early in January so that detailed work in following up the recommendations can get under way. If the Lord Privy Seal is content with this, and with the terms of the attached draft Government statement, arrangements will be made to publish it as soon as possible. Before the report is issued, the unions, non-industrial and industrial will be put in the picture.

I am copying this to Michael Scholar (No.10) and to Private Secretaries to Ministers in charge of departments, and to Sir Robert Armstrong.

Yours ever,

Harry

H J BUSH
PRIVATE SECRETARY

CIVIL SERVICE CATERING

The Government warmly welcomes this Report of the Scrutiny Team that has examined Civil Service catering and is grateful to Marks & Spencer for providing the services of Miss Sybil Barnes, Head of Staff Catering, as one of the two examining officers. The other was Mr Adrian Carter, Principal, HM Treasury.

2. The Report, is being published today. Some discussion of it has already been held with the Civil Service unions. There will now be wider consultation.

3. The Team found that, on the whole, catering facilities available to civil servants are not so accessible and are used less than those offered by many other major employers. They also receive a smaller subsidy. The Government reaffirms the aim that staff should be able to obtain a good midday meal in pleasant surroundings at a reasonable price. It accepts in the light of the Report that more money needs to be spent on improving the provision of meals to its employees.

4. The Report said that civil servants generally should enjoy a service offering better value for money and more widely available than at present. They recommended a pilot programme to test the acceptability of a menu offering "high-protein, good quality sandwiches supplemented by soup, fruit juice, cakes, yoghurt, fruit and beverages. One round of sandwiches would be sold at a subsidised price; further sandwiches and other items would be sold at cost".

Sounds like the Crook of the week.

5. The Government believes that such pilot projects should take place. One has already started at an Inland Revenue office in Wimbledon, and two others are about to get under way in DHSS. following consultation with the unions.

6. There are at present many successful restaurants run on more conventional lines, especially in the larger Government offices. There is no intention of imposing a standard pattern of provision on all offices regardless of local circumstances and the views of the staff. Different arrangements will be appropriate at different locations. Six other pilot projects are, therefore, about to begin to test alternative ways of offering simple meals at attractive prices. Up to £1m will be made available in this year and in 1983/84 to carry out and evaluate this programme of pilot projects.

7. In its further consultations with the management and the unions the Government will between now and June 1983 review the other major issues considered by the Scrutiny, in particular the future role of CISCO, the scope for using more outside contractors, and the subsidy arrangements. The Government is prepared to make further money available in support of civil service catering. The scale and nature of these additional resources will be determined in the light of the outcome of this review and of the pilot projects.

8. Meanwhile there are three recommendations in the Scrutiny Report on which decisions have been taken:

(a) Policy responsibility for Civil Service catering will be kept in the Treasury, rather than being moved to the Management & Personnel Office.

(b) The recruitment of new managers and necessary major building work will continue pending the review of the major issues identified in the Scrutiny.

(c) The consideration of catering staff wage rates will be deferred until discussions take place with the unions on industrial pay generally.

3

HM TREASURY

SCRUTINY OF CIVIL SERVICE CATERING

HM TREASURY
PARLIAMENT STREET
LONDON SW1P 3AG

HM TREASURY

SCRUTINY OF CIVIL SERVICE CATERING

Terms of Reference

1. Our terms of reference were:

(a) to examine the current arrangements, including costs, for providing catering for civil servants;

(b) to consider whether these arrangements are economical and effective and provide value for money compared with private sector practices;

(c) and to recommend any changes which seem desirable.

Method of Examination

2. We:

(a) examined earlier reviews of Civil Service catering and current procedural documents;

(b) drew on external reports and advice on catering trends, notably work done by Ashridge Management College for the Sutcliffe Catering Group and by the Industrial Society, and consulted the Hotel and Catering Industry Training Board (HCITB) and the Hotel, Catering and Institutional Management Association (HCIMA);

(c) discussed their responsibilities for Civil Service catering with the Treasury, the Civil Service Catering Organisation (CISCO), the Property Services Agency (PSA), and the officials responsible for the catering subsidy within some of the major Departments (the Departmental Nominated Officers);

(d) visited 40 Civil Service restaurants across Great Britain in establishments ranging from smaller office blocks to dockyards;

(e) met those responsible for catering in 6 major companies and met 4 contract caterers, to observe and discuss their operations.

Coverage of the Scrutiny

3. Our terms of reference directed us to look at the provision of catering for civil servants. We did not, therefore, examine the catering arrangements at the Houses of Parliament, for the staff of fringe bodies, or for the general public at places such as Museums and Galleries. We visited Manpower Services Commission Skillcentres, to compare the approaches of CISCO and of contractors and to examine the relationship of the

caterer to the Commission, but while our report may have application to catering for trainees at Skillcentres, this is peripheral to our consideration of catering for civil servants.

Reporting Arrangements

4. Our study plan and the synopsis of our major interim conclusions were submitted to the Minister of State (C), to Sir Anthony Rawlinson and to Sir Derek Rayner, from whose guidance we have benefited.

Consultation with Trade Unions

5. At the outset we invited the Council of Civil Service Unions (CCSU) and the Trade Union Side of the Joint Consultative Committee (JCC) to let us have their views on the subject of the scrutiny and to talk to us about its conduct. We sent both copies of our study plan and work programme. We met members of the Council of Civil Service Unions Welfare Committee on 23 June and 5 July to discuss their ideas and the development of our own thinking. Their submission to us is at Annex A. At the request of the Institution of Professional Civil Servants we met representatives of their Catering Branch on 6 July. Their submission to us is at Annex B. On our visits to Civil Service establishments we made ourselves available to local trade union representatives.

Cost of the Study

6. The study cost the Government £10,400 in salary and accommodation costs and £1,000 in travel and subsistence costs. Miss Barnes' services were provided free of charge by Marks & Spencer PLC.

The Current Organisation of Civil Service Catering

7. Current management policy, reaffirmed in September 1978 in General Circular GC/168, is to provide organised catering facilities in new buildings, and where practicable in existing buildings, where warranted by numbers, demand, the inadequacy of alternative facilities locally and the interests of efficiency, with the aim that staff should be able to obtain a good mid-day meal in pleasant surroundings at a reasonable price. Where staff do not have access to such facilities within a radius of half a mile they are eligible to have a messroom and self-catering facilities. Most catering for civil servants is run by CISCO or by local Committees of civil servants.

8. Local Committees of civil servants operating restaurant services and employing staff in their personal capacities are a traditional feature of Civil Service catering. At 31 March 1982 Committees controlled 427 restaurants, of which 387 were operated by the Committees and their employees, 8 were managed for Committees by CISCO and 32 were run by contractors. The total turnover of the Committee-run restaurants (excluding the

contractor units) in 1981-82 was some £9.4 million and they employed about 1480 staff, who are not civil servants.

9. Secretaries and Treasurers of Committees are allowed a total of up to 20 hours a week of official time for their Committee work, with departments having discretion to award a higher allowance for large restaurants or in exceptional circumstances of limited duration. This time is paid for by departments, not from trading, though it is open to restaurants to pay an honorarium from trading receipts to Secretaries and Treasurers for work done outside official hours.

10. CISCO was formed in April 1972 following a series of reviews of Civil Service catering culminating in a joint study by PA Management Consultants Ltd and Management Services (O&M) Division of the Civil Service Department. The study recommended the setting up of a self-contained organisation (CISCO) to be responsible for the operation of directly-managed restaurants "and to provide a strong management service umbrella" for Committee-run restaurants. CISCO controlled and operated 253 restaurants with 1392 Civil Service staff at 31 March 1982 and a turnover of £9.8 million in 1981-82.

11. CISCO's main functions are:

(a) running its own restaurants in a wide range of Government departments;

(b) managing 42 restaurants in Skillcentres as agents of Committees in the Manpower Services Commission (MSC), 2 Industrial Rehabilitation Unit restaurants for the MSC, and 8 other restaurants on behalf of Committees;

(c) advising and monitoring the performance of Committee-run restaurants;

(d) advising the Lord Chancellor's Department and the Department of the Environment on the operation and control of contractor-operated restaurants in the Courts, Parks, Ancient Monuments and Museums; ad hoc advice on request to other public bodies;

(e) advising the Property Services Agency on catering installations and equipment.

The Current Financing of Civil Service Catering

12. A common regime of subsidies covers both CISCO-run and Committee-run restaurants. Assistance to Civil Service staff catering is given by providing premises, equipment and certain services free of charge to the caterer, and by paying cash subsidies.

13. A subsidy of 20 per cent of food sales (excluding VAT) is earned if the gross profit (sales revenue less food cost) on food sales exceeds 45 per cent, the level of subsidy reducing with gross profit to a 5 per cent subsidy when the gross profit is 22 per cent or less. (A

modified system applies to smaller Committee-run restaurants combining a fixed grant of £960 per annum and a lower scale of percentage grants). In 1981-82 CISCO direct-run restaurants achieved a gross profit of 50 per cent on food sales and received percentage grants totalling £1.26 million; Committee-run restaurants overall achieved a gross profit of 40.8 per cent on food sales and received grants totalling about £1.34 million. These grants are paid by the departments for whom restaurants are operated.

14. In addition to these grants a system of Special Service Credits meets the extra labour cost of services which are not part of the normal pattern of service but are required by local management or arise from particular features of the environment in which the caterer has to operate. Examples of situations which attract such subsidies are those where meals have to be provided: over a short period to fit factory production processes; outside normal working hours; at a number of points on widely dispersed sites; or from over-large, uneconomic kitchens. In 1981-82, CISCO-run restaurants, received £4.49 million of Special Service Credits and Committee-run restaurants, which tend to operate in less varied environments, received £0.53 million.

15. Neither the percentage grant nor Special Service Credits are available to contractors operating in Civil Service establishments. In the case of small restaurants employing 12 or fewer catering staff an annual cash allowance towards labour costs is made by departments as follows:

Up to and including 9½ catering staff	£70
10 to 11½ staff	£50
12 staff	£15
Over 12 staff	Nil

These allowances have not been reviewed for many years.

16. CISCO operated restaurants are staffed by civil servants receiving nationally negotiated rates of pay. CISCO industrial staff at some establishments receive in addition productivity bonuses which are paid to all industrial employees on the site. CISCO is reimbursed by departments the cost of these bonuses paid to their staff, in 1981-82 £0.68 million. CISCO industrial staff who are not eligible for productivity bonuses, like other industrial staff in such circumstances, receive a centrally negotiated efficiency bonus, lower than the general level of productivity bonuses, the cost of which is met from trading. The staff of Committee run restaurants are paid at rates determined locally by the Committee.

17. The cost of CISCO Headquarters, which had 72 staff at 31 March 1982, is charged to the departments for whom services are provided. It is not financed from trading since its functions are wider than direct trading. In 1981-82 this cost was £1.34 million.

18. Within this financial regime, both CISCO units as a whole and Committee run restaurants individually are expected to break even. In fact, CISCO-run restaurants showed an operating surplus of £0.24 million in 1981-82. CISCO surpluses are returned to the Exchequer at the end of each financial year. In 1981-82 Committee run restaurants showed overall a net surplus of about £0.18 million. Committee surpluses are retained by them for reinvestment in the restaurants or for covering future losses.

Trends in Civil Service Catering

19. The last 9 years have been a period of relative stability for CISCO-run restaurants and of steady decline for Committee-run, and typically smaller, restaurants. One recent development has been for CISCO to provide professional management for Committee run restaurants on a profit-sharing basis. At 31 March 1982 there were 8 of these CISCO-Managed Committee units and 2 more have been taken on since. This approach has been adopted to provide professional management and support in restaurants which CISCO judged viable while avoiding the difficulties associated with Civil Service status for the restaurant staff which would stem from a CISCO take-over of the restaurant.

20. The number of CISCO-run restaurants at the end of 1981-82 was 253, almost the same number as at the end of 1974-75 although there have been several closures and openings over the years; in the intervening years the high of 262 units in 1980-81 was reached at the end of a period of taking over several Committee-run units. The number of Committee run units fell from about 580 in 1974-75 to 427 at the end of 1981-82. A further 10 have closed since. The majority of closures have been due to loss of viability under the present system of units in buildings which remained occupied.

21. Between 1976-77 and 1981-82 CISCO's efficiency, measured by the change in food turnover per head of catering staff, has grown while that of the Committee system overall appears to have fallen:

Change in:	Food Turnover	'Real' Food Turnover*	Staff Numbers	'Real' Food Turnover per Head of Staff
	%	%	%	%
CISCO	+73	+7	-13	+23
Committees	-12	-46	-32	-20

(* deflated by CISCO price increases)

22. A further measure of trends is the main meal count. A main meal is currently defined by CISCO as a purchase of 47p or more (defined by reference to the price of bacon, egg and chips) at lunch time from a main counter. This definition is acknowledged by CISCO to be arbitrary, embracing a number of snack meals; a different statistical indicator such as a customer or transaction count is currently being considered. The number of "main meals" sold by CISCO has been broadly stable over recent years while the number sold by Committees has fallen substantially:

	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82
CISCO main meals (m)	7.0	7.1	6.3	6.1	6.9	7.4	6.9	6.4
Committee main meals (m)	14.8	12.9	9.9	8.3	8.1	8.2	6.3	5.4

Issues Examined

23. We have examined:

(a) the justification for providing a catering service;

(b) availability and use of the service;

(c) what the service provides;

(d) what resources are needed for the service;

(e) the financing of the service;

(f) eating trends;

(g) possible strategies for change;

(h) the organisation of the service.

The Justification for Providing Catering

24. There are 3 arguments for providing staff with a catering service:

(a) necessity; the Government has a duty as employer to feed staff whom it requires to work in remote locations without access to alternative catering facilities. The special need of those in remote locations was impressed upon us by the Ministry of Defence.

(b) cost-effectiveness; it is cheaper to provide food to staff in some locations than to allow them time to get food off-site, and gives improved control of time-keeping. At one large establishment we were told that to allow staff an extra half-hour flexitime credit to leave the site for lunch would cost £75,000 a week, almost 20 times the weekly cash subsidy to catering on the site. Our own experience of sampling alternative eating facilities in central London, where

there is no shortage of alternatives, confirmed the difficulty of getting a meal and getting back to work within an hour.

(c) welfare; the provision of good quality food at reasonable prices in pleasant surroundings is part of the package of benefits provided by a good employer for his staff, is good for their morale and increases their efficiency.

25. Other employers to whom we have spoken have given reasons such as improved use of staff time and better control of the work process; building staff loyalty; concern that staff get a good meal. The Ashridge survey of 66 companies explored the effect of a good catering service on employee/management relations; some 86 per cent of respondents said that catering contributed towards good industrial relations, 85 per cent agreed that it helped to maintain morale and 68 per cent claimed that it helped in recruitment and retention of staff. A consideration bearing on the provision made by the Government as employer is that in its wider role it subsidises other employers' catering by allowing expenditure on staff catering as an offset against Corporation Tax liability; to provide no catering for its own staff would be seen in marked contrast to this policy.

26. The option of ceasing to provide a staff catering service and transferring the saving to the pay packet or providing luncheon vouchers would run counter to the arguments above and to the practice of other major employers. We doubt whether it would be attractive to staff. The cost of the catering service amounts to less than £22 a year for each of the 666,400 civil servants in post on 1 April 1982. To provide each civil servant with 15p a day in luncheon vouchers would cost £10 million a year more than the present service, quite apart from the administrative cost. WE ENDORSE THE AIM OF CURRENT CATERING POLICY, TO ENABLE STAFF TO OBTAIN A GOOD MID-DAY MEAL IN PLEASANT SURROUNDINGS AT A REASONABLE PRICE, AND HAVE EXAMINED HOW FAR THIS AIM IS CURRENTLY REALISED.

Access to Catering Services

27. The total of civil servants recorded by CISCO as having access to (ie within ½ mile of) Civil Service restaurants is some 370,000, or 56 per cent of those in post at 1 April 1982. CISCO's assessment is that this figure is an understatement and that 60-70 per cent would be closer to a true measure. They also estimate that a further 10 per cent (Prison Officers, Immigration and Customs staff at some ports and airports, staff at training establishments, MOD civilians at Service bases, and so on) have access to non-Civil Service catering facilities. Of the remainder, perhaps 5-10 per cent (staff serving abroad and staff in very small, remote offices) could reasonably be considered inaccessible.

28. That leaves 10-25 per cent currently without access to catering who might reasonably be reached. Current guidelines set out in GC/168 provide for a snack service where 60-120 users are expected, a more sophisticated snack service for 120-200 users and a full restaurant service for over 200 users. For planning purposes it is assumed that 20% of those with access will use the service, so that a new catering facility would not normally be provided for fewer than 300 staff.

29. The Industrial Society have told us that in general a full meals service is provided by employers where there is a demand for 100 meals (half the Civil Service guideline); below that level either a snack service or a vending service would typically be provided. Of the other employers we spoke to, one large nationwide employer estimated access at 85 per cent of their total workforce through 450 catering units; 75 per cent of catering was in restaurants feeding between 50 and 200 staff and catering was provided for fewer than 25 staff only in remote locations with groups of 15-20. A second employer told us that their typical catering operation was 100-150 staff on site, ranging from 2,500 staff at their largest site to, normally, 60 at their smallest, though they currently catered at one site for 30 people. A third provided catering down to a smallest unit of 22 staff. Only one of those employers we spoke to had a policy as restrictive as the current Civil Service guidelines; they in general provided catering only where there were 300 staff in the restaurant catchment area, though they exceptionally catered for 120 staff under a dispersal agreement and for 60 staff who had no alternative facilities available locally.

Usage of Catering Services

30. CISCO statistics indicate that lunch-time usage of Civil Service catering facilities, based on official figures of 56 per cent access, is 25 per cent (14 per cent main meals and 11 per cent snack meals). This figure excludes sales from trolleys and kiosks at lunch time, or earlier sales for lunch time consumption. Such sales may account, roughly estimated, for a further 10-15 per cent usage. If, however, true access is 60-70 per cent rather than the 56 per cent officially recorded, actual usage is proportionally smaller. IT SEEMS UNLIKELY THAT USAGE EXCEEDS 35 PER CENT OF THOSE WITH ACCESS, OR 25 PER CENT OF ALL CIVIL SERVANTS.

31. The Industrial Society's 23rd Survey of catering prices, costs and subsidies published in mid 1980, covering 140 companies, reported that overall usage of catering services at main service times was 55 per cent of all employees. (No attempt was made to estimate usage as a proportion of those with access to facilities). A supplement to the survey published in 1981, covering a smaller sample of 78 responses showed an increased usage to 64 per cent of all employees. The difference may in part have been due to the difference in the sample. The Ashridge survey reported average lunchtime usage of restaurant facilities as 47 per cent

of all employees of the 66 companies surveyed. (Again no attempt was made to assess usage as a proportion of those with access).

32. The pattern revealed by these outside surveys is confirmed by our own discussions with other employers. Two quoted usage as 40 per cent of the total work force (equivalent in one case to 45 per cent of those with access). A third estimated overall usage at 45 per cent of those with access, a fourth at 60 per cent at head office locations. A fifth estimated usage at different locations as ranging from 66 per cent to 98 per cent.

33. BOTH ACCESS TO AND USAGE OF CIVIL SERVICE RESTAURANTS FALL SHORT OF WHAT WE FOUND ELSEWHERE. WE HAVE EXAMINED THE REASONS FOR THIS AND CONSIDERED HOW ACCESS AND USAGE MIGHT BE IMPROVED.

Standards of Food and Service

34. IN VISITING 40 CIVIL SERVICE RESTAURANTS WE HAVE FOUND SUBSTANTIAL DIFFERENCES IN VARIETY AND QUALITY OF FOOD, TYPE OF SERVICE, AND, MOST NOTICEABLY, STANDARD OF PREMISES AND EQUIPMENT, IRRESPECTIVE OF WHETHER RESTAURANTS ARE BEING OPERATED BY CISCO, COMMITTEES OR CONTRACTORS.

35. Both quality and efficiency of operation start with the menu. We were not surprised to find no common set of recipes or approach to menu planning in the Committee restaurants, which largely go their own way provided they do not get into financial trouble. But nor is there a common set of recipes or approach to menu planning in CISCO restaurants. Recipes are selected locally by the chef, cook or manager, or sometimes suggested by the CISCO Regional Catering Officer. It is difficult to believe that all recipes in use for a given dish are equally good but at present there is no standardisation on recipes which have proven acceptability and quality. It was suggested to us that variations in local tastes and skill levels of cooks rule out standardisation. While we accept that certain dishes have a peculiarly local appeal, there is a wide range of dishes whose appeal is national, judging by what we found on menus in various parts of Britain. Nor do we see why recipes should not be pitched at a good basic skill level and recruitment geared to that level.

36. Some restaurants are operating on a 4-week menu cycle, some on a 6-week cycle and some on no cycle at all, devising menus week by week. There is a tendency in menu planning to provide as wide a range of dishes on any day as local demand and available resources will support. The emphasis is on increasing turnover rather than reducing costs: since selling on quality or cheapness is limited by the subsidy level, variety is used to attract customers. Indian and Chinese days are used to stimulate interest; they make additional demands on

staff who are rarely trained in preparing the type of food being offered and we found no evidence that they boost sales beyond the day on which they are held.

37. One notable feature of Civil Service catering is the extent to which products are made up from basic ingredients, including food such as sausage rolls, cakes, biscuits and pizzas which are readily available to buy in and labour intensive to make in small batches. A major reason for the emphasis on in-house production, particularly in restaurants which are marginally viable, lies in the present subsidy system. It was also suggested to us that the quality of "home-made" food was better and that production was using up "spare staff time". In some cases the quality was better, but in others it was not and we found a readiness among restaurant managers to admit that the variability in quality was greater than in factory or bakery produced products. We comment on the use of staff time in paragraph 51.

38. We found variations in the type of service being provided. Some of these were necessitated by the local environment - kiosks as a cost-effective response to scattered sites, snack vending for night shifts, for instance. We were less happy about others - snack and beverage trolley services which in some locations paid for themselves from sales but in others were not viable because they had to operate alongside self-help beverage facilities in the form of hot water boilers and kettles (authorised or unauthorised) and were kept going by Special Service Credits which paid for their labour costs. Another feature of several Ministry of Defence establishments of whose merits we are doubtful is the provision of separate senior staff dining rooms, typically with waitress service, provided at the instigation of the establishment's management. We can see the merits of separate dining facilities for staff wearing oily overalls from those for office workers, if the overall wearers cannot be induced to change. We were less convinced of the cost-effectiveness of separate dining facilities for a handful of senior staff so that they could have somewhere to "talk shop" over lunch. This seemed to us anachronistic in a Civil Service where single-tier dining is the prevailing norm.

39. It has been suggested to us that the emphasis should be on standards not standardisation. The difficulty of achieving one is significantly greater without the other. Diversity increases training requirements, and complicates quality control and control of waste. The ability to control the catering organisation is weakened and comparisons of the efficiency of different units are more difficult. More decisions have to be handled locally, which creates a requirement for more highly skilled, and more expensive, staff and replicates effort in different units. Not least, diversity induces unfairness in what is available to customers in different units.

40. Standardised procedures have been adopted by CISCO in some areas, notably pricing, accounting, stock control and buying. They have standard portions for some items and we

were told that they are moving further in this direction. No such standardisation operates in Committee restaurants. WE RECOMMEND THAT STANDARDISATION SHOULD BE EXTENDED TO RECIPES AND MENUS ON THE BASIS OF PROVEN FAVOURITES, SO AS TO SIMPLIFY MANAGEMENT, IMPROVE PRODUCTION QUALITY, AND REDUCE DISCREPANCIES IN STANDARDS BETWEEN UNITS, AND SHOULD APPLY ACROSS CIVIL SERVICE CATERING, NOT JUST IN CISCO UNITS. WE RECOGNISE THAT SOME DIFFERENCES IN TYPE OF SERVICE ARE WARRANTED BY DIFFERENCES IN LOCAL ENVIRONMENTS BUT WE CONSIDER THAT THESE NEED TO BE JUSTIFIED IN TERMS OF THEIR COST-EFFECTIVENESS.

Resource Requirements

41. The major resource requirements apart from the food itself are premises, equipment and staff.

Premises and Equipment

42. In common with other employers the Government provides restaurant premises, equipment and main services free of charge to the caterer. The cost currently falls on PSA Votes. The PSA were unable to give us any estimate of the amount of this expenditure on kitchen and restaurant premises and equipment, or of the total size and value of the "catering" estate; expenditure on catering facilities is not recorded separately from that on other parts of the buildings in which facilities are provided.

43. A new regime for financing Government accommodation is to be introduced from April 1983. Major capital expenditure, over £100,000, will continue to be financed from PSA Votes. All new buildings with significant catering facilities and major rebuilding of existing kitchens will come into this category. The determination of priorities within this category of expenditure will continue to rest centrally with the PSA's Directorate of Civil Accommodation (and in respect of Defence expenditure with PSA Directorate of Defence Services) in consultation with departments. CISCO has and under current plans will have no discretion over the determination of priorities in relation to expenditure either on its own or Committee-run kitchens and restaurants; its role is limited to that of professional adviser to the PSA and departments.

44. Capital expenditure under £100,000 will under the new arrangements be incurred by PSA and recovered from departments through an accommodation charge related to the space they occupy. In specialised buildings such as courts, prisons, laboratories and research establishments the actual costs of works services will be recovered from departments. Determination of priorities within this category will continue to rest with the 10 PSA Regional Directors in consultation with departments. Similarly, the cost of decorating and

maintaining restaurant and other premises will be recovered from departments as a uni charge spread across departments according to the space they occupy, and assessment of expenditure priorities will rest with PSA Regional Directors in consultation with departments. Departments will have discretion to commission and finance themselves work costing up to £500.

45. A critical factor in achieving good food standards is modern, efficient equipment. Some of the restaurants we have visited, in new buildings, are moderately well equipped and pleasantly decorated and furnished, though we saw no sign of the most modern equipment such as high speed cookers which make possible rapid, efficient small batch cooking and ensure that food reaches the customer freshly cooked. Modern units were a minority of those we saw. More typical were over-large kitchens with aging equipment. Only in the minority of modern or recently uplifted restaurants did we find carpets, curtains, attractive dining room furniture and generally congenial surroundings in which to eat. THERE IS A WIDE DISPARITY BETWEEN UNITS IN THE STANDARD OF CATERING PREMISES. THE PREDOMINANT PICTURE IS ONE OF INEFFICIENT, OUT OF DATE KITCHENS AND COMFORTLESS DINING ROOMS.

46. Since PSA were unable to estimate annual expenditure on Civil Service catering premises we asked CISCO to make a guess at a broad order of magnitude based on their own experience. They suggested £1 million per annum. This would be consistent with the present state of premises. A moderate sized new kitchen designed to serve 200 main meals may cost in excess of £100,000. We find it difficult to see how 680 kitchens and restaurants providing the current range of services, using capital equipment which private firms would write off over 10 years, could be maintained in a reasonable state with modern, efficient equipment for less than £7 million a year.

47. PSA told us that some money is available for estate rationalisation and this could be used for modernising catering facilities where this would result in the recovery of usable space and ultimately in savings in accommodation expenditure which offset the cost of modernisation. While we saw several kitchens and dining areas which are over-large for their current purpose and where space could be surrendered, the limitation of this approach to modernisation is that the space surrendered is rarely prime space, because older restaurants have tended to be tucked into basements and may not be readily re-usable. The benefits of modernisation are more typically seen in the form of staff savings, improved quality of food, and improved customer use, none of which is taken into account by the PSA.

48. The basic problem underlying the poor state of catering premises is lack of financial provision for maintenance and improvement of the Government estate. But a further problem so far as catering is concerned stems from the system of allocating available funds.

Catering premises must take their turn in the queue for money, sometimes for several years. The chances of a particular restaurant being allocated funds may depend on different departments' assessment of the importance of catering and on the PSA Region in which the department is located. Catering priorities are unlikely to be the determining factor. WE RECOMMEND THAT THERE SHOULD BE A SPECIFIC ALLOCATION OF CASH FOR EQUIPMENT AND IMPROVEMENT OF CATERING PREMISES, WHETHER CARRIED ON PSA OR CISCO VOTES, WHICH CISCO WOULD BE RESPONSIBLE FOR DISTRIBUTING IN CONSULTATION WITH PSA AND DEPARTMENTS. We appreciate that this would detract from departments' ability to decide whether catering or some other form of accommodation was their own priority. But in view of the close relationships between equipment, decorative order, staffing, food quality and customer usage we consider that the balance of advantage lies with assessing one item of catering expenditure against another rather than with assessing expenditure on catering accommodation against that on other forms of accommodation.

49. We considered whether premises and equipment costs should be reflected in the price the customer pays for his meal. He has no discretion over where the restaurant is located or over its size and therefore its cost. We can see no gain in efficiency from allocating premises costs in this way. The effect would almost certainly be to increase prices to a level which would result in the closure of many restaurants. 'FREE' PROVISION OF EQUIPMENT AND PREMISES IS STANDARD PRACTICE AMONG OTHER EMPLOYERS AND WE RECOMMEND THAT IT SHOULD CONTINUE FOR CIVIL SERVICE CATERING.

Staffing

50. CISCO staff numbers have fallen, from 1620 field staff at 31 March 1980 to 1392 at 31 March 1982, as part of the Government's policy of reducing Civil Service manpower, and in response to commercial pressures to contain costs in order to remain viable. At several restaurants we were told that numbers had been cut to the point where the system can barely cope with staff absence through sickness, holidays, etc and we saw evidence of this in the form of Managers manning cash desks. Committee staff numbers are not subject to Civil Service manpower controls but they too have fallen in response to commercial pressures, including restaurant closures, from 1790 at 31 March 1980 to 1466 at 31 March 1982.

51. It is extremely difficult to draw conclusions about relative efficiency of catering units either within the Civil Service or with other employers, because so much depends on factors outside the caterer's control which differ significantly, but we noted the extent to which full-time staff are used: some 45% of CISCO industrial staff are full-timers and several of the part-timers work almost full-time. Part-time staff offer flexibility and reduce the temptation to "use spare staff time" that we referred to in paragraph 37. CISCO ARE

MOVING IN THE DIRECTION OF MAKING MORE USE OF PART-TIMERS AND WE RECOMMEND THAT THIS SHOULD BE PURSUED VIGOROUSLY ACROSS CIVIL SERVICE CATERING.

52. We were struck by the amount of staff time and effort absorbed by control procedures, notably monthly stock-taking and accounting for the receipt of goods. These procedures are designed to protect the public purse. While they may be justified in larger units, however, we found them cumbersome in smaller units, as local managers often agreed. Stocks levels differed so little from month to month as to call into question the need for so frequent stock-taking; management vigilance and periodic spot checks seemed to offer at least equal protection against theft. In small units we saw some evidence of short cuts with book-keeping because the system in use imposed too great demands. WE RECOMMEND REAPPRAISAL OF THE ACCOUNTING PROCEDURES IN USE IN CISCO UNITS WITH A VIEW TO SIMPLIFYING THEM.

53. Finally, WE SEE SCOPE FOR SAVINGS IN STAFF TIME FROM:

(a) INSTALLING LABOUR-SAVING EQUIPMENT (for instance to facilitate customer self-service of vegetables and beverages and customer clearing of tables); and

(b) BUYING IN MORE FINISHED AND SEMI-FINISHED FOODS.

54. The other dimension of staff costs is wage rates. CISCO industrial staff wage rates have traditionally been determined by reference to Civil Service engineering pay rates, supplemented at several Ministry of Defence establishments by local productivity bonuses and elsewhere by efficiency bonuses. We have not carried out a full remuneration survey but evidence of local catering pay rates in the north-east of England and of the rates paid by other national employers to their catering staff both suggest that CISCO catering wage rates are higher than those paid by Committee restaurants and the catering industry generally. WE RECOMMEND THAT THERE SHOULD BE A REVIEW OF PAY LEVELS AND OF THE BASIS FOR DETERMINING CIVIL SERVICE CATERING WAGE RATES.

Financing the Catering Service

55. We estimate the net cost of the present system in 1981-82, excluding the value of catering premises, as follows:

(a) the various forms of cash subsidy:

			£m
(i)	CISCO:	Special Service Credit	4.5
		Productivity Bonus Credit	0.7
		Percentage Grant	1.3
(ii)	Committees:	Special Service Credit	0.5
		Percentage Grant	1.4
			8.4

(b) administrative and equipment, etc. costs

(i)	CISCO Headquarters	1.3
(ii)	Committee Officers' time	2.1
(iii)	Departmental Nominated Officers	0.5
(iv)	Equipment	1.0
(v)	Fuel, etc.	1.0
		5.9
		14.3

56. We considered the merits of withdrawing the cash subsidy from Civil Service catering and transferring £8.4 million into staff pay packets. This would be more equitable than the present system, under which 130-190,000 civil servants have no access to subsidised catering. But the cash benefit would be less than £13 a year per head and if the effect of higher prices was to deter more people from using the service, as seems likely, several smaller restaurants which are now marginally viable would close. THIS OPTION WOULD EXACERBATE THE PROBLEMS OF LOW ACCESS AND USAGE FOR VERY LITTLE BENEFIT TO STAFF OR EMPLOYER AND WE RECOMMEND AGAINST IT.

57. We have examined other employers' policies towards financing their staff catering services. The Ashridge survey analysed the policies of 66 companies as follows:

make no charge	4.5%
recover part of food cost from customer	33.0%
recover food cost but not labour	55.0%
recover entire cost of food and labour	7.5%

This evidence is supported by a survey of 22 employers which shows the Civil Service third from bottom of a table of average expenditure by the employer per head of those with access to the catering service; expenditure per head at the median of the table is more than double Civil Service expenditure per head.

58. Our own discussions with six employers and the information we received when visiting two other employers with contractors also sustain the conclusion that CIVIL SERVICE CATERING IS SUBSTANTIALLY LESS SUBSIDISED THAN THAT OF OTHER MAJOR EMPLOYERS. All eight have a more generous subsidy policy. The most common approach is for the employer to meet the labour costs of the catering service and to charge the customer food cost plus VAT. The labour cost of Civil Service catering in 1981-82 was £15.6 million against a subsidy of £8.4 million.

59. The relatively low level of subsidy to Civil Service catering exacerbates the requirement that CISCO, unlike Committee restaurants, should surrender any surplus from trading at the end of the financial year. This surplus results from budgeting to avoid a deficit in circumstances of uncertainty as to the level of sales that will be achieved. The surplus represents a small proportion of turnover but a significant proportion of the subsidy:

	1977-78	1978-79	1979-80	1980-81	1981-82
CISCO Turnover (£m)	6.574	7.498	8.366	9.516	9.816
CISCO Grant subsidy (£m)	0.796	0.944	1.063	1.220	1.258
CISCO Surplus (£m)	0.257	0.514	0.323	0.159	0.243
Surplus as % of Turnover	4%	7%	4%	2%	2%
Surplus as % of Grant	32%	54%	30%	13%	19%

The obligation to surrender the surplus weakens the effect of the subsidy. CISCO have suggested that the problem could be resolved by holding the surplus in a suspense account and bringing it to account in the next financial year. We see some merit in this in enabling the purpose of the subsidy to be achieved, though the scale of the problem would be reduced if the level of subsidy were higher.

60. We have examined the structure of the subsidy to Civil Service catering . It has two main components: the percentage grant and Special Service Credits. To achieve the maximum percentage grant, a restaurant needs to show a gross profit on food purchases of 45 per cent. This requirement was intended to serve as an inducement to efficiency. Its effect has been rather different. Because the gross profit on bought-in finished foods is much lower than that on food made up in-house from basic raw materials, it serves as an inducement to manufacture food in-house, using labour to economise on food costs. A further defect of the percentage grant is that it subsidises large units with high turnover and more scope for achieving high gross profit more heavily than it subsidises small units whose costs relative to turnover are higher: in effect the units which are less in need of subsidy receive more subsidy.

61. The inducement to use labour is constrained by the requirement to break even, allowing for the element of subsidy, but this constraint is weakened by the system of Special Service Credits, which subsidises the labour input to certain services. These Credits are

payable irrespective of whether the services they cover are in themselves profitable. They detract from the incentive to meet the needs of the customer as efficiently as possible and since they are at departmental discretion they introduce a measure of inequity between staff in departments which choose to pay Credits and those where there is no money available. In the case of CISCO restaurants they far outweigh CISCO's income from the percentage grant and in 1981-82 covered 43% of CISCO's wage bill.

62. WE HAVE FOUND NO OTHER EMPLOYER WHO OPERATES A SUBSIDY SYSTEM AS COMPLEX AND CUMBERSOME AS THE CIVIL SERVICE SYSTEM. WE CONSIDER THAT WHATEVER LEVEL OF SUBSIDY IS SET, THE EFFICIENCY OF THE CATERING SERVICE WOULD BE BETTER ENCOURAGED BY A SIMPLER PATTERN OF SUBSIDY WHICH REMOVED THE GROSS PROFIT CRITERION AND ELIMINATED OR DRASTICALLY REDUCED SPECIAL SERVICE CREDITS.

Trends in Eating

63. Apart from looking at what Civil Service catering is providing, we have tried to assess wider trends in eating. Industrial catering is not isolated from wider social changes or from changes in eating habits outside the work environment. We have already noted that main meals are purchased by no more than 14 per cent of entitled users as against 11 per cent who purchase snack meals. The number of main meals sold by CISCO has been broadly stable at this low level over the last 8 years while the number sold by Committee run restaurants is now little more than a third of the level of 8 years ago, a fall which is not explained by restaurant closures. The advice we have from the Industrial Society and the HCITB is that there is a trend away from main meals at lunch-time in the work place except where they are heavily subsidised.

64. There are several plausible explanations for the present pattern of Civil Service eating:

(a) cost to the customer, which is relatively high by industrial catering standards and would tend to steer customers towards cheaper snack meals except when they were prepared to pay for a treat;

(b) the spread of flexitime (covering some 200,000 non-industrial civil servants in 1979), which reduces the amount of time people want to take over their lunch break, and their willingness to make a return journey of up to 1 mile to eat;

(c) a trend towards eating a family main meal in the evening (less marked in Scotland) coupled with increasing diet consciousness which reduces lunchtime food needs;

(d) other claims on lunch time such as shopping;

(e) the growth of fast food outlets in the High Street and their effect on the eating habits of young people in particular (who several Civil Service restaurant managers told us are turning to snack meals, leaving older staff as the main consumers of the traditional main meal);

(f) a preference for more congenial surroundings than are provided in many Civil Service restaurants.

65. We have found little recent evidence of what civil servants do if they do not use a staff restaurant. Such evidence as is available comes from 3 surveys: one in 1981 of 1300 Department of Trade and Industry staff, carried out in response to concern at declining restaurant usage at 1 Victoria Street, and two this year by CISCO of 128 staff at Basingstoke and 815 staff at the Royal Aircraft Establishment, Farnborough.

66. The Department of Trade and Industry survey revealed the following pattern of eating habits:

	%
Go home to lunch	0.5
Bring sandwiches, etc from home	33.4
Buy sandwiches, etc outside	23.8
Eat in cafe or restaurant	8.9
Eat in local pub	6.4
Use staff restaurant	26.8

67. The Basingstoke results showed:

Use restaurant (Since this far exceeds recorded usage figures it must include several occasional users)	54% of total sample

Do not use restaurant at all and:	Regularly	Occasionally
Bring sandwiches from home	23% of total sample	3%
Buy lunch elsewhere	5%	4%
Go home to lunch	5%	2%
Use trolley service	2%	8%
Visit public house	-	3%
Visit public restaurant	-	2%
Have no lunch	2%	1%

68. The Farnborough survey revealed the following pattern:

Users:

Use restaurant twice a week or more	32% of total sample
Use restaurant less often	25% of total sample

(Occasional users were not asked what they did on other days)

Non-Users:	Regularly	Occasionally
Bring sandwiches from home	18% of total sample	3%
Buy lunch elsewhere	2% of total sample	2%
Go home to lunch	15% of total sample	4%
Use trolley service or take-away point	1% of total sample	5%
Visit public house	0.5% of total sample	4%
Visit public restaurant		0.5%
Have no lunch	0.5% of total sample	2%

Possible Strategies

69. By comparison with what we have found elsewhere civil servants do not get value for money from their catering service. The present Civil Service catering policy falls short of the aim of providing a good mid-day meal in pleasant surroundings at a reasonable price. We have identified a number of changes which should improve the cost-effectiveness and the quality of Civil Service catering:

(a) standardisation of recipes and menus on the basis of proven favourites;

(b) allocation of a specific sum annually for equipment and improving and maintaining catering premises;

(c) more effective use of staff through more use of part-timers, simpler accounting procedures, labour-saving equipment, and buying in more finished and semi-finished foods;

(d) a review of pay levels and the basis of determining Civil Service catering wage rates;

(e) simplification of the subsidy system.

70. These changes are desirable but they do not go to the heart of the fundamental problems of low access and low usage. To tackle these problems a strategy is needed which will:

(a) reduce the cost to the customer of meeting the lunch-time food needs of the majority;

(b) offer the customer quick and convenient access to food;

(c) take account of changes in eating habits, notably the trend away from a mid-day meal except where it is heavily subsidised;

(d) provide the customer with pleasant surroundings in which to eat.

71. One possible strategy would be to develop the present range of services by increasing the subsidy to the level we found elsewhere and carrying out a programme of improvements to kitchens and dining areas. The broad cost of this strategy in existing units might be:

Usage (Access by 70% of 630,000 civil servants)	35%	45%	55%	65%
Cost (£million per annum):				
Subsidy	15.6	20.1	24.5	29.0
CISCO HQ, Committees, etc	3.9	3.9	3.9	3.9
Premises and equipment	7.0	7.0	7.0	7.0
Energy	1.0	1.3	1.6	1.9
	27.5	32.3	37.0	41.8
Staff numbers				
(a) Part-timers count ½	2,860	3,675	4,495	5,310
(b) Full-time equivalents (estimated)	3,540	4,550	5,570	6,580

These costs compare with a net cost to the Government under the present policy of £14.3 million in 1981-82 for 35% usage.

72. Such a strategy should increase usage at least to the 45-55% experienced by other employers. To increase access to the service by providing a snack service on the current pattern for a further 94,000 staff (15% of the 1 April 1984 Civil Service) in small offices might cost a further £5-6 million a year in subsidy and administrative costs and £3-4 million a year in premises and equipment costs.

73. Significant elements of the cost of this strategy arise from continuing to provide a range of services - hot meals, salads, hot snacks, cold snacks - which require skilled staff and management and expensive kitchen installations, and to provide them at a price the customer is prepared to pay. It would be possible to limit the additional cost through smaller increases in subsidy and in expenditure on premises. But this would represent only a partial solution to the problems we have identified. We consider that there is an alternative strategy which would satisfy the criteria at paragraph 70 at lower cost.

74. Our alternative and preferred strategy would be to provide a much simpler service offering high-protein, good quality sandwiches supplemented by soup, fruit juice, cakes, yoghurt, fruit and beverages. One round of sandwiches would be sold at a subsidised price. Further sandwiches and the other items available would be sold at cost plus VAT. Equipment requirements would be much less than for a hot meals service and the money

saved on kitchen equipment would be used to create a pleasant dining room environment. We estimate the cost of this strategy in existing units as:

Usage	35%	45%	55%	65%
Cost (£million per annum)				
Subsidised sandwich:				
Ingredients and wrapping	7.9	10.2	12.4	14.7
Staff (Production, Selling, Supervision, etc)	6.6	8.6	10.4	12.4
Premises and equipment	2.0	2.0	2.0	2.0
CISCO Headquarters	0.7	0.7	0.7	0.7
	17.2	21.5	25.5	29.8
Less Revenue:				
10p per sandwich less VAT	2.9	3.7	4.6	5.4
15p per sandwich less VAT	4.4	5.6	6.9	8.1
20p per sandwich less VAT	5.8	7.5	9.2	10.8
Staff numbers:				
full time equivalents	1,160	1,490	1,820	2,150

75. To increase access by providing this service for a further 94,000 staff might cost an extra £3-4 million a year in subsidy and administrative costs and £1-2 million a year in premises and equipment costs.

76. This strategy would offer the following advantages:

(a) simpler quality control, a reduction in the disparities in quality which exist within the present system, and tighter management control generally;

(b) flexibility in where service is provided, enabling the service to be taken to the customer and to be provided economically for night shifts and small groups through machine vending;

(c) maximum benefit to the customer from expenditure on catering premises by spending money on the customers' side of the counter and not on expensive kitchen equipment;

(d) use of existing staff resources to reach more customers and savings in staff hours, including headquarters staff;

(e) a good quality nutritious basic menu (which the Civil Service Medical Adviser considers healthier than the current 'pie and chips' type of snack menu) which would be widely acceptable at a price which all staff can afford;

(f) adaptability to provide working lunches;

(g) improved working conditions for catering staff.

The strategy would cost more than the present policy, up to £7 million a year in existi units and £5 million a year more in providing a service where none currently exists. The extra cost arises from reaching more customers. But it represents a more cost-effective approach to improving access and usage than that of developing the present range of services, which would cost up to £35 million a year more than the present policy.

77. This strategy would be capable of variation to reflect basic differences in environment. Where work is largely done out of doors, for instance, hot snacks may be needed rather than sandwiches. Some large sites may have a demand for a limited unsubsidised main meal menu alongside the subsidised sandwich menu. Before the variations are explored, however, we consider it desirable to test the acceptability to the customer of the sandwich menu.

78. WE RECOMMEND A PILOT PROGRAMME TO TEST THE ACCEPTABILITY OF A SUBSIDISED SANDWICH BASED MENU AS A MEANS OF INCREASING ACCESS TO AND USAGE OF CIVIL SERVICE CATERING AT MANAGEABLE COST.

79. The pilot programme would consist initially of a project lasting 12 months at a single restaurant. The ideal location would be a relatively small office, of perhaps 150-250 staff, with existing catering premises which are no longer operated. In such a location the cost of the subsidy and of adapting the premises would be low and the ability to cater for small numbers for whom the current pattern of service is not viable would be tested. The object of the pilot would be to test the acceptibility of the menu and, once the system had settled down, to assess the cost of the operation.

80. We would envisage an interim appraisal after 6 months of the pilot. If at that stage usage of the restaurant was significantly higher than the 35 per cent which is the average in Civil Service restaurants, planning would begin on the second stage of the pilot programme. This would involve further projects at:

(i) a unit with an existing cold snack service and low usage;

(ii) a unit with a hot snack service and low usage;

(iii) a unit with a main meal service and low usage;

(iv) a scattered site or series of small sites which would have a vended service served by van from a larger site.

81. IF THIS SERIES OF PILOTS DEMONSTRATED SUCCESSFULLY THE ACCEPTABILITY OF THE SERVICE, MEASURED BY IMPROVED USAGE, AND ITS COST-EFFECTIVENESS, THE NEXT STAGE WOULD BE PROGRESSIVE IMPLEMENTATION STARTING FROM A UNIT WHICH WOULD BE USED AS A TRAINING CENTRE IN EACH

CISCO REGION AND BEGINNING WITH LOWER USAGE UNITS, DEMONSTRATING CUSTOMER ACCEPTABILITY AT EACH STAGE. WE RECOMMEND THAT UNITS WHICH CURRENTLY HAVE NO CATERING SERVICE SHOULD HAVE A HIGH PRIORITY IN THE IMPLEMENTATION PROGRAMME.

82. The whole programme of implementation would cover 5 years. In the meantime the existing system would continue in parallel with the new system. DURING THE 2 YEARS PILOT STAGE WE RECOMMEND THAT THERE SHOULD BE A MORATORIUM ON MAJOR BUILDING WORK ON KITCHENS AND ON REALLOCATION OF EXISTING DINING AREAS FOR OFFICE SPACE WHERE TRADITIONAL RESTAURANTS HAVE BEEN CLOSED, TO AVOID NUGATORY EXPENDITURE. WE ALSO RECOMMEND THAT THERE SHOULD BE A MORATORIUM ON RECRUITMENT OF NEW MANAGERS BY CISCO PENDING REAPPRAISAL OF THE MANAGEMENT REQUIREMENTS OF THE NEW SYSTEM.

Beverages

83. Provision of beverages for morning and afternoon breaks can take many forms: an official trolley service provided by the staff restaurant; a less official service provided by messengers; self brew facilities in the form of officially provided hot water points; and unofficial self-help in the form of private kettles. In some cases two or more of these facilities exist side by side in the same building, usually to the detriment of the viability of the official service, the efficient use of staff time and the appearance of offices cluttered with milk bottles and tea pots. This muddle has existed through management tolerance and the high cost of officially provided beverages. OUR DISCUSSIONS WITH OTHER EMPLOYERS AND WITH CATERERS AND OUR SAMPLING OF SOME OF THE PRODUCTS AVAILABLE HAVE SATISFIED US THAT A VENDED BEVERAGE SERVICE OFFERS A MORE SATISFACTORY SOLUTION TO THE PROBLEM. Good quality vended tea and coffee are available from several sources and our discussions indicate that it would be feasible to provide tea at 5p a cup and 'real' coffee at 10p a cup at no cost to the employer by letting vending contracts. (To achieve these prices it would be necessary to let contracts covering a mix of large and small buildings). WE CONSIDER THAT THIS OPTION SHOULD BE EXPLORED IN DETAIL.

The Organisation of Catering

84. Running a catering service is increasingly a job for professionals trained to handle the complexities of VAT, employment and health and safety legislation and responsive to developments in catering practices. Under the present subsidy policy several Committee restaurants are on the verge of closure; running them is demanding and stressful. It is a part-time occupation for Committee offices who are appointed by departments and have minimal or no training for the job. Departmental Nominated Officers have told us that they

find it increasingly difficult, faced by manpower cuts, to identify suitable people who can spared part-time from their jobs. The cost of the time allowances of up to 20 hours a week to Committee officers amounts to a subsidy to Committee catering of some £2 million a year.

85. The independence of each Committee restaurant constitutes a source of inefficiency. Few Committee restaurants are large enough to employ professional catering management and their independence is a barrier to sharing professional management. CISCO's role in relation to the Committees is that of adviser; provided they do not run into overt financial trouble the Committees are not obliged to seek or take this advice. In practice, CISCO Regional Catering Officers may visit Committee restaurants no more than once a year unless they are in financial trouble. Committees are encouraged to use the CISCO list of nominated suppliers but have discretion not to do so; the effect is to replicate effort in securing price quotations, reduce central buying power and reduce the price discounts which would otherwise be available from suppliers. Committees each run their own book-keeping systems, different from each other and from that operated by CISCO. One Committee we met was considering computerising its accounting system because the Treasurer could not spare the time to do the books manually, when a CISCO computerised accounting system is already in existence.

86. Only two of the other employers we spoke to had operated Committee systems for part of their staff catering and they had phased them out in favour of professional catering management. OUR CONCLUSION IS THAT THE COMMITTEE SYSTEM IS OUTMODED AND WE RECOMMEND THAT THE COMMITTEES SHOULD BE REPLACED BY CENTRALLY CONTROLLED PROFESSIONAL MANAGEMENT, ON A SHARED BASIS WHERE THE SIZE OF UNITS MAKES THIS MORE EFFICIENT. The obstacle to effecting this change has been the cost of giving Committee employees Civil Service status and the effect on Civil Service manpower numbers. The Managed Committee, with CISCO providing a professional manager to a Committee, was devised as a way round this obstacle. It does not, however, solve the problems of recruiting Committee officers and of the Committees' independence and gives rise to ambivalence as to whether the manager is responsible to CISCO or to the Committee. We consider that our recommendations for a review of CISCO wage rates and for a new catering policy which would enable staff to be used more cost-effectively substantially remove the obstacle to phasing out Committees.

87. The Industrial Society's 23rd survey analysed the practice in 141 catering units with regard to the use of contractors or in-house catering. It found that size had a significant bearing on whether catering is done in-house:

Size of unit		Contractor	In-house
Very small	(less than 80 cooked meals a day)	53%	47%
Small	(81-150 meals)	58%	42%
Medium	(151-450 meals)	31%	69%
Large	(451-1500 meals)	22%	78%
Very large	(more than 1500 meals)	13%	87%

Some very large organisations contract out catering but the general tendency is for large catering operations to be in-house.

88. We discussed with the other employers we spoke to their reasons for choosing to provide catering in-house or use contractors. One who has opted to use contractors is providing catering in a highly mobile environment, operating from a particular site for a relatively short period; contractors offer flexibility which it would be hard to match with an in-house operation. Another regards catering as part of the staff benefit package, but also as a distraction from the main business of the company; it could not offer catering staff a satisfactory career within the company; its solution is to prescribe catering policy from the centre but to leave the operation of the catering policy to contractors under the day to day supervision of local company management. Three companies who have opted for in-house catering stressed the improved control this gives over the catering operation. It was not in general relative cost which tilted the balance; it was suggested to us that there was little to choose in overall cost terms.

89. Our discussions with other employers and with contractors did not sustain any firm conclusion about the relative merits of in-house catering and contractors in the Civil Service context. Civil Service catering is large enough to sustain a professionally managed, in-house catering service. CISCO can point to a record of increasing efficiency as measured by the Gross Profit Margin on food (increased from 41.3 per cent in 1974-75 to 50 per cent in 1980-81) and by turnover per head employed. Our visits to CISCO-run restaurants have impressed us with the degree of commitment and enthusiasm shown by CISCO management and staff; CISCO represents a substantial investment in people.

90. Equally, our observation of contractor operations suggests that several are capable of providing a standard of service to match that in Civil Service restaurants, though the dissatisfaction with a contractor we found at one unit exceeded any criticism we experienced of in-house catering. The contractors we spoke to quite reasonably said that they could not give us an estimate of their costs or their charges to employers in the

abstract; these would depend on the specific circumstances in which they had to operate and the policy to which they were required to work. We have not therefore, been able to provide sensible relative costings of in-house as against contractor operation, or therefore to assess whether any cost advantage would arise from using contractors to offset the £5 million once and for all and £¼ million a year continuing redundancy cost of putting all Civil Service catering out to contract.

91. An exercise is currently in progress in MSC Skillcentres to compare the performance of CISCO and of contractors; Skillcentres in 6 regions are being catered for by CISCO, those in 3 other regions by contractors. The results of this exercise are due to be assessed by spring 1984 and should provide some indication of CISCO's relative efficiency. There are, however, significant differences between the requirements of catering in Skillcentres and those of Civil Service catering generally. Competitive tender between CISCO and contractors to operate specific units would provide the only reliable test of relative merits. WE RECOMMEND THAT REPLACEMENT OF COMMITTEES BY PROFESSIONAL MANAGEMENT SHOULD BE USED TO TEST THE RELATIVE COST AND QUALITY OFFERED BY CISCO AND CONTRACTORS.

92. To get the best results from either contractors or in-house caterers requires clearly defined objectives and systems appropriate to the aims of the catering organisation. The major problems of Civil Service catering that we have identified - relatively low access, under-use, variable quality of food and premises - stem essentially from current catering policies and systems. They are unlikely to be resolved by a change of caterer and measures taken to solve them might have a direct bearing on the choice of caterer. Successful development of the sandwich strategy, for instance, might point to factory production of sandwiches rather than bringing in contractors to make them. WE RECOMMEND THAT THE CHANGES IN CIVIL SERVICE CATERING POLICY SHOULD BE GIVEN PRIORITY OVER THE QUESTION OF WHETHER CISCO, COMMITTEES OR CONTRACTORS SHOULD OPERATE RESTAURANTS.

93. There is one aspect of policy, however, which bears directly on the choice between in-house catering and contractors. Under the present rules only the in-house caterer is entitled to other than nominal subsidies. The result is that the cost of using a contractor is borne by the customer. We find the logic of this difficult to reconcile with the welfare aim of Civil Service catering and with equity between groups of staff. It also distorts comparison of the merits of in-house and contractor operations. WE RECOMMEND THAT THE SAME SUBSIDY POLICY SHOULD APPLY TO BOTH IN-HOUSE CATERER AND CONTRACTOR.

94. Irrespective of whether Civil Service restaurants are operated by CISCO, by contractors or by a mixture of the two, there is a need for a central catering organisation within Government responsible for implementing catering policy and ensuring that the Government and the customer get good value for money out of the catering service. This organisation needs professional expertise and the authority which comes from responsibility for the catering service and not just from an advisory role. WE RECOMMEND THAT CISCO SHOULD BE RESPONSIBLE FOR THE PATTERN AND STANDARD OF SERVICE AND FOR IMPLEMENTING PRICING AND SUBSIDY POLICY IN ALL CIVIL SERVICE RESTAURANTS, WHETHER OPERATED BY CISCO OR CONTRACTORS, IN CONSULTATION WITH LOCAL MANAGEMENT.

95. CISCO currently reports up the Public Expenditure side of the Treasury. It is unusual for Public Expenditure divisions to have direct responsibility for policy in an operational area. The most common practice outside the Civil Service is for the staff catering organisation to report to the personnel side of the business, an arrangement which reflects the staff welfare function of catering. WE CONSIDER CISCO'S CURRENT REPORTING ARRANGEMENTS ANOMOLOUS AND RECOMMEND THAT CONSIDERATION BE GIVEN TO TRANSFERRING CISCO AND RESPONSIBILITY FOR STAFF CATERING POLICY TO THE MANAGEMENT AND PERSONNEL OFFICE.

SYBIL BARNES
ADRIAN CARTER
September 1982

ANNEX

COUNCIL OF CIVIL SERVICE UNIONS
SUBMISSION TO THE RAYNER TEAM

Introduction

1. Organised catering facilities in the civil service (ie staff restaurants and snack bars) are provided, as set out in the terms of General Circular GC/168, where warranted by numbers, demand, the inadequacy of alternative facilities locally and the interests of efficiency, with the aim that staff should be able to obtain a good meal in pleasant surroundings at a reasonable price. The criterion for deciding what provision should be made is that the staff restaurant or snack bar should be capable of operating on a break-even basis within the present subsidy scheme (ie subsidies both in kind and cash).

2. While we agreed, in 1978, the present basis for catering facilities - as representing some rationalisation of the earlier criteria - the Council of Civil Service Unions do not accept that the needs of civil servants are being met. We recognise the difficulties in assessing and providing for those needs, particularly in view of the changes in eating habits over recent years and the dispersed and varying character of civil service work places. Nevertheless, we believe that catering facilities, provided and managed by the civil service, with union representatives having some role to play in their control, a voice for the consumers, and fair treatment for catering staff, should be much more widely available to civil servants, including those who work outside normal hours (eg on evening or night shifts).

3. As regards the subsidy scheme, financial control and manpower levels, these have never been agreed with the Council of Civil Service Unions.

Subsidy

4. The subsidies to catering are in two parts; subsidies in kind (such as catering premises, equipment, fuel, light and cleaning), and cash subsidies. On subsidies in kind the CCSU have always maintained that this sort of provision is made automatically by other employers providing staff catering and it should not be regarded as a subsidy towards running costs. The Industrial Society, which conducts regular surveys of catering prices, costs and subsidies supplied by employers does not attempt to quantify these costs.

5. The cash subsidy scheme, which was introduced under Estacode Circular EC/228 in 1974 and modified by General Circular GC/127 in 1976, was not agreed with the CCSU. It has been argued by the Official Side that this form of cash subsidy is self-regulating and does not need amendment in the light of cost inflation; that, moreover, it is a system which

rewards efficiency. Conversely, it can be agrued with equal force that it encourages the purchase of cheap commodities and re-sale at an over-priced level; that, moreover, it ruthlessly penalises any inefficiency in operation and is responsible for closure of many restaurants, especially those under non-professional committee management. The overall effect is that CISCO tariff prices tend to be in the upper quartile of subsidised meal prices compared with those in the Industrial Society surveys, and this fact was confirmed by the Chief Executive at a recent meeting with the CCSU.

6. Under the modifications made to the subsidy scheme in April 1976, the percentage scale was extended to help those committee-managed restaurants making full use of the grant scheme and the small restaurant grant was increased; the cleaning grants abatements ended, pre-opening loans for new restaurants were converted into grants, and the time allocation for committee secretaries/treasurers doubled. Hardly had these easements been made when the then Labour government required CISCO to make £120,000 contribution to its headquarters costs in that financial year as part of public expenditure cuts. This was at a time when many other employers were allowing the deficit on their catering operations to rise to offset to some extent the effects of the incomes policy then in force.

7. Under the present government's manpower cuts CISCO is required to reduce its complement to meet arbitrary targets. The effect of these cuts has been to reduce services and consequently lower the amount of cash subsidy provision.

8. If catering facilities are to be allowed to operate efficiently and effectively and if prices are not to fluctuate in ways unconnected with movements in food and normal trading costs, the subsidy scheme should not be subject to the vagaries of governments' economy and manpower constraints.

CISCO Financial Control

9. Whilst the subsidy scheme is designed to put money into catering, it is a fact that the manpower and financial constraints imposed by governments take it out again. The CCSU have also expressed strong views to the Official Side about the present system of financial control applied to CISCO. Under the vote system CISCO is required to carry deficits over from one year to the next but it is not allowed to carry over surpluses. In the financial year ended 1980 the surplus made by CISCO almost equalled its cash grants and so effectively meant that no subsidy was made that year. The financial system has been modified but is still not considered satisfactory by the CCSU, and they are not convinced that the present accounting procedures allow the subsidy scheme, inadequate though it is, to operate to the full extent authorised. The accounting system is not one which any private trading company would consider operating and makes no sense for a trading organisation like CISCO.

Manpower Cuts

10. The CCSU are opposed to arbitrary cuts in civil service manpower, and nowhere do they make less sense than in relation to trading organisations like CISCO. If demand is strong, the organisation should be allowed to expand to meet it, and if it cannot because of arbitrary manpower cuts, the government is in breach of the catering facilities agreement. Provided CISCO operates on a break-even basis within a subsidy scheme, the level of manpower should not be in question.

11. At present demand is low and falling, so CISCO has had little difficulty in reducing its manpower, but the CCSU are concerned that new opportunities to expand or halt the decline in demand will be inhibited by the knowledge that if they require an increase in manpower they will not be tolerated; in direct breach, as we have said, of the catering facilities agreement.

12. The CCSU maintain that CISCO should be judged on its ability to trade and should not be subject to cuts unrelated to its trading position, with the means whereby any surplus can be ploughed back to enhance and improve either the facilities or services without prejudicing the following year's subsidy.

Closures

13. A further area of concern to the CCSU is the present high rate of staff restaurant closures and the very low rate at which new restaurants are opened. Whilst there are sometimes inescapable reasons for closure, such as the closure of the office, the CCSU are concerned that many closures may be due to an unwillingness on the part of the Official Side to help restaurants over what might well be severe but relatively temporary difficulties. That reluctance has been strengthened by the fact that if CISCO were to take over a restaurant in difficulties the staff would then become civil servants. This then effectively amounts to a breach in the catering facilities agreement under which the management of a staff restaurant may be taken over by CISCO provided it can be run on a break-even basis within the subsidy scheme.

Meal Vouchers

14. The CCSU believe that catering facilities should be widely provided to ensure universal coverage and easy access to all civil servants. However, universal coverage is not provided and, it must be recognised, is unlikely to be achievable. Therefore, where civil servants do not have access to civil service catering facilities and cannot be provided with access to other employers' subsidised facilities, meal vouchers should be provided.

15. The civil service currently operates a system of meal vouchers for juvenile members (ie up to age 19). The value of the vouchers is only 15p a day and has not been increased since 1976. The voucher system is unsatisfactory not only because the value is low and under the pay research system was taken fully into account in settling pay, but also because large numbers of young people could not make use of the vouchers, which are normally only exchangeable in civil service staff restaurants. Commercial caterers are reluctant to enter into agreements to accept the vouchers. The CCSU have proposed that the voucher be replaced by a meal allowance for juveniles with a more realistic value, and linked to food costs. In the current pay round the Official Side have offered to convert the voucher into pay with a grossing-up for tax and national insurance contributions which will leave the net value very much the same. The voucher scheme recognises that there is a special responsibility on the employer to encourage young employees to take a substantial meal. The CCSU believe that this responsibility can best be discharged by the introduction of a juvenile meal allowance.

Conclusion

16. Although very few employers provide completely free catering facilities, may large employers recognise the value in management terms, staff welfare and morale of providing good, cheap meals. The CCSU have expressed in the strongest possible terms their concern at the present propensity of the government to cut back the level of subsidy to catering services, and their disregard for the terms of the catering facilities agreement, both of which are designed to reinforce and encourage successful catering provision, and both of which are seriously undermined by the present government policies on financial control and manpower cuts.

17. On every side the government's blind pursuit of its current policies results in the unilateral setting aside or undermining of agreements. The effect on the morale of the civil service is devastating and in the area of catering the policies cannot be justified on the grounds of seeking to cut out waste and increase efficiency, when they are having precisely the opposite effect.

ANNEX B

THE INSTITUTION OF PROFESSIONAL CIVIL SERVANTS

CATERING BRANCH SUBMISSION TO THE RAYNER TEAM

Introduction

1. This paper supplements the evidence already given by the CCSU. It deals directly with the position of the catering staff of CISCO who are IPCS members.

Background

2. CISCO was established in 1972 on the recommendation of a team of management consultants. It was envisaged that such an organisation could establish, co-ordinate and set a strategy to cover the whole of catering within the Civil Service. We would refer you to the recommendations and conclusions which appear in the Management Review of Civil Service Catering 1970.

3. The result (of the recommendations) was to draw together Direct Catering and the Treasury Catering Advisory Service; the terms under which this operation was to be achieved are set out in Chapter I of the CISCO Catering Manual.

4. Progress of the remaining recommendations of the review body has been extremely disappointing in that there are a number of departments who operate their own headquarter restaurants, for example the Home Office and the Department of Environment. This has resulted in different standards of catering being available to Civil Servants and a fragmented service which has denied many Civil Servants access to a comprehensive catering package comparable to that provided by other major employers.

5. Despite the 1980 report, there still exist the following methods of catering within the Civil Service.

1 Direct Units
2 Committee run
3 Managed Committee run
4 Contract Catering

1 Direct Unit Catering

6. These are directly run by CISCO, who provide professional catering management and catering staff with regional supervision.

7. There are many such units situated in Government establishments throughout the country, the sizes of which vary from small establishments with 150 staff to the Ministry of Defence Dockyards and Royal Ordnance Factories who would cater for thousands of people every day.

2 Commitee Run Restaurants

8. These are run by a committee of Civil Servants who employ the staff, pay the wages and generally lay down the standards. The staff and Manager (if any) are non-Civil Servants. The committee is administered department by department via on officer of that department, known as Departmental Nominated Officer; in some departments it is one person, in others it is several. The committee units number approximately 400. CISCO has an obligation to watch over the operation to ensure that they remain viable and to offer professional advice as it is required.

3 Managed Committee

9. These are as above but CISCO provides a manager on an agency basis and regional supervisor who have CISCO Headquarters back-up. These arose when, through manpower cuts, it was no longer possible for CISCO to take over any committee-run restaurant which could no longer operate independently; in such cases these were then run as direct units.

10. In operating the managed committee system CISCO recovers the management cost from the committee and the profits are equally shared between the Committee and CISCO.

4 Contract Catering

11. In the main, these are committee-run restaurants which have chosen to employ contract caterers which are usually individual or family concerns. A recent addition to this has been the Government Skillcentres, which were managed by CISCO Catering Managers on a repayment basis from the Manpower Services Commission. As a result of manpower cuts, the MSC decide to place all Skillcentre catering with contractors; after representations from the unions both in MSC and CISCO, agreement was reached to run in parallel a committee managed system and contract catering system.

Managed Committee (MSC)

12. The managed committee system has accountability and professional catering supervision, unlike that part of MSC which decided to opt for private contract without catering advice being given to ensure that public money was being spent wisely. These MSC contracts were let without reference to any unbiased caterer, and, as a consequence, MSC agreed with CSD to run a two year experiment to ascertain whether their original claims of cost effectiveness were justified. This experiment still has some 20 months to run.

13. The above amply demonstrates the fragmentation of catering within the Civil Service which is of grave concern to us. This fragmentation allows for a wide range of standards both in man management, staffing levels, food presentation and services. Departments, because of their budget constraints, can withdraw financial support from any catering unit, or if they so wish the whole of their catering activity, which must lead to reductions in service, which eventually reduces the value of the catering package to those Civil Servants who work within that particular unit or Department.

14. There is a wide variation of cost standards for food, hygiene etc in the different systems as there is no central control or accountability to any single organisation; CISCO was set up to achieve these ends.

Present

15. As previously mentioned, over the years, CISCO has taken over committee-run restaurants to provide a service to the staff of these estabishments but, due to consistent Government manpower cuts and restrictions, which will not permit increases of the Catering Managers' complements, this practice has ceased much to the detriment of the staff who, in many cases, face the prospect of losing the facility altogether.

Civil Service Catering

16. This should be provided as part of the welfare package which the Civil Service, as good employers, is expected to provide. In the past, departments have recognised the valuable role catering has played in improving the conditions of employment. This has been regarded by its employees as one of the tangible benefits of the employment package as embraced in E 228 and GC 127.

In-House catering

17. The advantages to management of providing stable recognisable in-house catering (on a larger scale) are:

(a) Controlled standard of food and services

(b) Direct financial control

(c) Published accounts

(d) Consistency in policies with ability to adapt

(e) Consistent professional catering management standards across a wide range of activities

The benefit to the Civil Service of the in-house system is that there is a reservoir of qualified caterers who are able to provide professional advice to departments at a minimum

cost, as and when required. Without such a facility, such advice would not be sought, or the expertise would have to be brought in at a high price. It is our view based upon experience that any such advice, unless obtained from a completely independent source, could be biased, especially from such sources as contract caterers and equipment suppliers, who could have a vested interest.

18. Unlike outside Industry, successive Government have failed to recognise the true benefits of in-house catering as a morale booster and this has led to an erosion of this particular benefit in the employment package.

Subsidy System

19. The Subsidy system is formally documented and well established with some enhancement being provided from departments. This policy allows considerable variations in its application and falls short of the general level of subsidy provided by outside businesses and nationalised industries in general. A certain distortion takes place when pricing policy could earn a greater subsidy than is allowed for under Government cash limits.

20. For example, if the cash limits on the subsidy were set at a figure of £12,000, which would be an estimate for the amount of subsidy the department would earn on its food turnover (20 per cent of food turnover), and price increases increased our food turnover from £50,000 to £70,000, then the amount of subsidy earned would be £14,000, £2,000 above the cash limits which had been set. The organisation would have a choice of either foregoing subsidy or not increasing prices by the appropriate amount, which could in the end mean that it would not meet its budget.

21. The subsidy system is in need of an overhaul and replacement by a system which is self-adjusting and which does not increase a unit's profitability but assists viability. GC 127 only allows a subsidy on food sales when profit has been achieved and as such is a subsidy linked to profits; a new system should be negotiated with the Trade Union Side. A self-adjusting system could be based on total staff cost subsidy which would adjust according to the amount of salary and wage increase in each year. An alternative system would be to encompass the utilisation of staff and material cost whilst allowing for a fair division of cost between customer and department. An example is set out below giving this idea in broad terms. The system will be based on estimating staff and material increases over a year. The method of arriving at a measured material increase would have to be run on an index across a given range of commodities which could then be measured at the end of each year as against the forecasted increase. This type of system could be made even more workable if the carry-over system on the vote was allowed.

Wage cost of £5m estimated increase	10%	=	£500,000 estimated	
Therefore Departmental Subsidy	7%	=	70%)	
Customer input through increased prices	3%	=	30%) of the above figure	
If in the event wage costs rose by	11%	=	£550,000	
the Departmental subsidy would be	70%	=		£385,000
Customer input	30%	=		£165,000
				£550,000

as against an estimated figure of £350,000 and £150,000 respectively

Material Cost				
Estimated 12% increase over the year		=	£500,000	
Departmental subsidy	6%	=	50%	£250,000
Customer input through increased prices	6%	=	50%	£250,000
Index measured at year end on increase of	10%	=	£416,666	
Departmental subsidy	50%	=	£208,333	
Customer input	50%	=	£208,333	

The splits between departmental and customer are examples only for illustration purposes and are not intended as a statement of the CCSU position.

22. On the question of viability, national viability is what matters, not individual unit viability. Any organisaton must have the means of being able to move each cash support to those units which most need it. This would be in the main to smaller units which tend to be isolated, where the turnover figures cannot support the running costs, whereas a larger unit is more able to utilise its resources more effectively and efficiently and has a greater opportunity to support its running costs.

23. It must also be borne in mind that CISCO also acts as a collector of taxes in the form of VAT. The Government which funds the subsidy also receives the VAT. If these amounts are compared, the balance is slightly in favour of the Government, as CISCO does not have the off-setting advantage enjoyed by a commercial firm who set off VAT against equipment, travelling etc.

24. CISCO is required to pay back to the Treasury all profit at the end of the financial year. This amount, together with the 15% VAT on all sales more than offsets the subsidy paid under the present system.

Future

1 Expertise

25. CISCO contains a great wealth of tried and tested expertise which should be used to the benefit of the whole of the Civil Service by providing sound professional advice across a variety of catering activities which is at present being provided within the systems listed at the beginning of this submission.

26. The value of this expertise has been amply demonstrated by the continually improving performance of both finance, control, food and service standards of the CISCO directly run units, and redressing the deterioration of the committee system, evidence of which can be seen in the support given by the Trade Unions when MSC proposed to discard the CISCO managed units.

2. Framework for the Future

27. The policy under which a Government catering division must operate needs to be decided centrally, then implemented by a body whose purpose is to see its fair application, without the variations adopted by departments.

3 Value for Money

28. Any food service must be seen to be giving value for money; CISCO can and would provide such a service if given the opportunities made available by outside Industry. Catering is not an exact science but our controls make it easier to measure it in financial terms. This must be seen as only part of the equation. The standard of food service, hygiene, etc is the part of the equation which cannot be quantified.

4 Welfare Package

29. CISCO as an organisation is suffering from a lack of confidence in its own ability; this has been brought about by the following;

(a) Changes of Government policy

(b) Change in department

(c) Changes in Chief Executive - 3 in two years, each with a different approach

(d) The MSC (TSD) situation, whereby departmental policy has an enormous effect on another department

(e) The failure by departments to recognise the complexities of providing a catering service across various activities and to bring about a cohesion, thereby giving the catering organisation recognition of the role it plays as part of a total welfare package. This situation should be redressed.

We believe that, when a framework has been worked out, any change should be by central negotiation through the Whitley Welfare Committee.

Catering System

30. It is our conviction that the present approach by departments via the committee system does not offer sufficient control nor does it offer value for money. There is a need therefore for a fundamental review of the system.

Conclusion

31. It is our view that catering for the Civil Service has, over the years, been immeasurably beneficial, affecting the morale, performance, and standard of the service, never failing to respond to changes in policy and direction, achieving at times what seemed the impossible. The dedication and professionalism of all CISCO staff has drawn high praise from every inspection team to visit CISCO. This standard of achievement and dedication would be difficult to match elsewhere in the Service. We are fiercely opposed to any dilution and we feel that the staff's fortitude, dedication and patience has earned them the right to expect that at last perhaps a sensible, coherent recommendation embracing all aspects of Government catering will be made.

32. Thought must be given to what form of future services must be offered to the customer and methods by which those who at present, because of the size of their working unit and its isolation, are denied access to this element of the employment package.

33. It is not enough to say eating habits have changed, therefore everyone has changed their eating habits. Because many Civil Servants will eat a snack at lunch time many more, most certainly those doing manual work in the Dockyard and ordnance factories, will look for and expect a full meal. Similarly, many young people have been conditioned to eating light lunches but this will not necessarily mean sandwiches.

34. There is a need for all forms of catering to be available although by necessity, not all Civil Servants can expect to have an inexhaustible choice but we believe that it is possible in the right atmosphere of subsidy support and freedom for CISCO to expand, that these objectives can be achieved.

35. Finally we would wish to make reference to the meal voucher scheme; the value of such schemes is where they provide businesses with recruitment incentives for staff in towns and cities where there are outlets for staff to trade them in; many Government establishments are in relatively remote areas, certainly some distance from shops which makes them an impractical propostion; also, in the large establishments such as dockyards

employees are situated a great distance from the main gates which means that half their lunch period would be spent travelling to and from the places of purchase. Another disdvantage would be that the value necessary to make the meal voucher attractive would need to be fairly high and this would mean that they would attract income tax.

MANAGEMENT - IN CONFIDENCE

Mr FLESHER

22/12.

SCRUTINY OF HM INSPECTORATE OF SCHOOLS (ENGLAND AND WALES)

I attach copies of letters exchanged last week by Sir Keith Joseph and Sir Derek Rayner and of the papers enclosed with the former's letter.

2. The ball is now back in the DES court - or rather that of Miss Browne, whose minute of 3 December you may think, as I do, a classic of its kind.

3. The next step should be the submission of a draft Answer and policy statement to the PM by or on behalf of the two Secretaries of State. The two drafts will probably still be in what Miss Brown calls "Civil Service administrative language" (see A/ of her minute). If so, the question will be whether the PM should accept them.

4. My answer would be a firm "no". Uniquely, this scrutiny was launched at a meeting of (Education) Ministers chaired by the PM and it would indeed be ironic if the outcome was a dollop of bureaucratic porridge. I do not think that we could achieve the desired result by getting DES to draft again, however. The right course, I suggest would be for the PM to ask us to provide her with drafts which were more suitably "political" or "human" in feel. These might then be conveyed by you to DES and the WO: our hand need not appear in this unless, that is, the PM specifically wished us to sort this one out in the open.

5. Let us have a word when Sir K Joseph and Mr Edwards have put the drafts to the PM.

CP

C PRIESTLEY
20 December 1982

Encs: As indicated

MBOM

cc JU

Management and Personnel Office
Whitehall London SW1A 2AZ
Telephone 01-273 } 4400
GTN 273 }

17 December 1982

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NF

MS 21/12

Dear Norman,

INCENTIVES TO IMPROVE EFFICIENCY

Thank you for your letter of 24 November.

I was pleased to have your endorsement of our proposals that different departments should develop their own pilot schemes. Although the schemes will no doubt differ according to local circumstances, I am sure that they will provide us with worthwhile experience on which to build more generally.

I appreciate that your intended staffing review limits the immediate scope for a pilot scheme in the unemployment benefit service. But as you say, it is an obvious area for an experiment of this kind. I understand that our officials have been in touch, and I shall look forward to hearing about your proposals for a scheme in due course. Perhaps this could be towards the autumn of next year. Of course, if there are any other parts of your department where ideas for an experimental scheme come up, we should be very glad to discuss them.

I am copying this letter to the recipients of yours.

Yours ever

Dot

BARONESS YOUNG

MANAGEMENT AND PERSONNEL OFFICE
WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

15 December 1982

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education
and Science

Dear Keith,

SCRUTINY OF HM INSPECTORATE OF SCHOOLS (ENGLAND AND WALES)

Thank you for your letter of yesterday enclosing a minute from Miss Browne together with drafts of the Answer and policy statement.

2. Let me say at once that I certainly do not want to impede progress in releasing a policy statement which you genuinely believe is right.

3. I have given you my advice and you are now entitled to decide how you wish to take account of it, if at all. I remain firmly convinced - not least as an employer - that the Government should use this opportunity to say how it wishes to use one of its instruments (the inspectorate) to improve education and to do this in language which ordinary people can understand.

4. But this takes us into the realm of politics. My firm advice now is that, taking account of my opinion as you think appropriate, you should put the drafts forward to the Prime Minister.

5. I am copying this to Nicholas Edwards.

Yours ever
Derek

Derek Rayner

Mr. Cobbon

Please copy these pp. to Mr. Andrew Chisholm, PS to Mr. Alexander Fletcher MP, Scottish Office, but speak first.

GD
16 XII 82

2

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

14 December 1982

Sir Derek Rayner

Dear Derek,

I think that the best way of replying to your letter of 18 November is to send you the enclosed minute dated 3 December from Miss Browne, the Senior Chief Inspector, together with a copy of the draft written answer and a copy of the policy statement with such changes as had been made in response to your comments sidelined.

Do please let me know if you would like to meet Miss Browne or me or both of us or whether, in the light of her minute, you can be persuaded to let us go ahead.

I am copying this to Nicholas Edwards.

Yours,

Keith

MANAGEMENT - IN CONFIDENCE

Mr FLESHER

Responded by phone
A
13/12

SCRUTINIES OF HM INSPECTORATES OF SCHOOLS

1. Sir Derek Rayner has now had a draft policy statment from Mr Alex Fletcher, Minister for Industry and Education in the Scottish Office. It is no less pompous and bureaucratice than its counterpart in England and Wales (copy attached).

2. Sir Derek will no doubt be replying during the course of this week.

3. As far as I know, the Prime Minister has not yet received a revised draft of the policy statement for England and Wales although she cleared the Answer on the publication of reports on the footing that she would get a draft by the end of November. If this is correct, you may now like to ask DES what is happening, perhaps in the following terms:

"Mrs Imogen Wilde
Private Secretary to the Secretary of State
for Education and Science

SCRUTINY OF HM INSPECTORATE OF SCHOOLS (ENGLAND AND WALES)

The Prime Minister cleared the draft Answer announcing your Secretary of State's intention to publish HMI reports on the basis that she would receive a draft of the policy statement by the end of November. As the draft is not yet to hand, I should be glad to know when it is intended to supply it. It would be helpful in relation to other business if it were with the Prime Minister no later than the end of this month.

T J FLESHER"

CP

C PRIESTLEY
13 December 1982

Encs: Copy letter from Mr Fletcher MP with enclosures

Govt Much
Regnes Prog Pt 3

FROM THE MINISTER FOR INDUSTRY AND EDUCATION

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

Sir Derek Rayner
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

7 December 1982

Dear Sir Derek,

SCRUTINY OF HER MAJESTY'S INSPECTORATE OF SCHOOLS IN SCOTLAND

I should be grateful if you could let me know if you have any comments on the enclosed draft policy statement setting out our conclusions on the scrutiny. Subject to your comments, I shall then recommend the Secretary of State to seek the Prime Minister's approval of the statement; we plan to publish this at the same time as the one to be made by Keith Joseph on England and Wales.

I am sending copies of this letter and its enclosure to Keith Joseph and Nicholas Edwards.

Yours ever
Alex Fletcher

ALEX FLETCHER

ANNEX

REALLOCATION OF RESPONSIBILITIES AT HMCI LEVEL

1. The duties of each territorial HMCI will be extended to take account of the extent to which it proves possible to integrate the FHE and IFE staff into Division work.

2. The duties of the present posts of HMCI (Primary Education), HMCI (Secondary Education), HMCI (Special Services) and HMCI (Further Education) will be reallocated as follows:

(a) HMCI (Basic Education and Special Education)

to be responsible for pre-school education (including nursery education), for primary education to the age of 10 and for special education.

(b) HMCI (10-16)

to be responsible for the provision for pupils within this age range in primary and secondary schools.

(c) HMCI (16-19)

to be responsible for the provision for young people within this age range and who are following courses in secondary schools or in colleges of further education or who are taking part in any of the programmes initiated by the MSC.

(d) HMCI (Further Education)

to be responsible for provision in formal further education, continuing education and informal further education, including community education and adult education, but excluding provision for those following courses of higher education.

3. The duties of HMCI (Higher Education), HMCI (Research and Intelligence) and HMCI (Teacher Education and Supply) will continue as at present.

Mr. Bailey: I shd. welcome early advice on this, in the light of Sir OR's letter to Mr. Fletcher of April/May and of any comments Mr. Rentle wants to make. The draft is very pompous, with an excessive use of the passive and with whatever changes are being introduced pretty well embedded in the text. I should think it wd. send the MSS straight up the wall in its present form. Sir OR ought to apply this work.

G

12. XII. 82

SCRUTINY OF HM INSPECTORATE

DRAFT POLICY STATEMENT BY THE SECRETARY OF STATE

1. INTRODUCTION

1.1 I have completed a scrutiny study of Her Majesty's Inspectorate of Schools in Scotland in consultation with Sir Derek Rayner, who is charged with promoting efficiency in central government administration. We were greatly assisted by Mr P C Rendle, a retired Under Secretary in the Scottish Office, who reported to me on the role, organisation, staffing and effectiveness of Her Majesty's Inspectorate of Schools in the Scottish Education Department, including the main priorities of work to be undertaken, and arrangements for collaboration between the Inspectorate and the rest of the Scottish Office, taking account in particular of the following:

1. The responsibilities and policies of the Secretary of State;

2. The present and prospective needs of all components of the education service;

3. The role of education authorities and their staffs and of other educational agencies;

4. Government statements of policy relating to the quality of education and to the Inspectorate; and

5. The Government's plans to reduce public expenditure and civil service manpower.

1.2 The Inspectorate plays a crucial part in the Scottish educational system, and the value of its work has been widely recognised. I believe that the Inspectorate should continue to play an important role in helping the system to adapt and develop to meet changing needs, and that there are several respects in which its work should be strengthened.

1.3 One of the Government's main objectives is to achieve a system of education which enables children and adults to realise their full potential. Its extensive knowledge of the system makes the Inspectorate particularly well qualified to assess the quality of the process and to advise on any aspects which call for improvement. Reports by the Inspectorate are thus of great value not only to me, to education authorities and other agencies providing education but also to our "customers" - pupils, students, parents and employers.

Words!

1.4 To facilitate a successful and cost-effective implementation of the Government's policy for education, I consider it essential that my principal professional advisers are able to ensure that the resources being made available for education are being used as effectively as possible. To this end the Inspectorate must be able to initiate and stimulate desirable developments in Scottish education within the resources available. It is important that there be a clearer perception, not only in the education service but in the public at large, of the role of the Inspectorate.

Work.

1.5 An effective education system in Scotland requires that central and local government act in partnership. The existing arrangements have been shown to work effectively and the changes which are being made in the role of the Inspectorate should serve to enhance the present relationship between the Secretary of State and the local authorities.

2. ROLE OF THE INSPECTORATE

2.1 The regard in which the Inspectorate is held throughout the education system in Scotland and its effectiveness within the system are to some extent due to the independence of the Inspectorate. I consider that it is essential to preserve the Inspectorate's independence of professional judgement. The Inspectorate is organised as an entity under the Senior Chief Inspector. It is within the Scottish Education Department but has substantial freedom to manage its own resources. The Senior Chief Inspector has the right to direct access to the Secretary of State. The decision to publish reports of the Inspectorate rests with the Secretary of State, but any report which he decides to publish is published as written by the Inspectorate.

Similar words as in the report.

2.2 HM Inspectors of Schools have a responsibility to report frankly on the state of education as they find it. I have had regard to this and to the need to make the most effective use of the Inspectorate in setting out their role as follows:

i. to provide information, assessment and advice to Ministers, the Scottish Education Department, other Government Departments and agencies and the other central bodies involved in education;

1. Politics.
2. Audit should come first.

ii. to provide an audit by assessing and reporting on the quality of education and training provided to make available to those responsible for taking action the advice and assistance considered necessary to effect an improvement;

iii. to identify and make known the educational needs of the nation having taken account of the perceived needs and wishes of parents and pupils;

iv. to identify cost-effective ways of meeting these needs and to influence the responsible bodies and agencies to meet them;

v. to indicate desirable and attainable norms of quality and to advise on the actions required to achieve these;

vi. to give a lead in developmental work in the various sectors of education, formal and informal, and to work with directors of education, heads of schools and colleges, advisory and executive bodies and others through appropriate forms of liaison to bring about necessary changes in the system.

2.3 The above is a clarification of the overall role to be played by the Inspectorate. It takes account of changes in the activities and methods of working of HM Inspectors as they have adapted to changing circumstances over the past few years. It is important that the Inspectorate should keep its activities and methods under review and adapt them in the light of future changes and emerging educational needs.

3. IMPLEMENTATION OF ROLE

1. Passive form. 2. Account taken by whom?

3.1 HM Inspectors will carry out their role by undertaking certain interrelated duties. In formulating the programme of work account will be taken of policies of the Secretary of State and the needs of the education service. It is my intention that, in this way, the development of the Inspectorate as a task-orientated force will be continued and that the programme of work compiled annually will reflect this policy. The most significant tasks will be:

Great!

i. Firstly, a programme of general inspections of a sample of schools and other educational institutions. Reports of general inspections, which have hitherto been made available only to heads of schools and colleges and to Directors of Education, will in future be published as soon as possible after the inspection. The general inspections will be supplemented by a programme of inspections and visits which inter alia will provide the basis for reports on aspects of education which require special attention. A programme of inspections and visits, in depth and in reasonable numbers, is essential in my view if the Inspectorate is to carry out its functions of assessing and reporting on the quality of education and training available and of being able to provide, with confidence, the information, assessment and advice which Ministers and SED require. The publication of reports will ensure that parents, students and others concerned are better informed about the quality of education being provided. In selecting institutions to be inspected care will be taken to include some which are examples of what can be achieved in providing high quality of education experience as well as some which give cause for concern. It is my intention to include central institutions and colleges of education in programmes of inspection. Arrangements will also be made for appropriate follow-up to these inspections with local authorities, heads of schools and colleges, school and college councils, governing bodies and other interested parties.

Is this new?

ii. The second group of activities will be a programme of tasks resulting in reports on aspects of education of national importance, reports to Ministers and SED, discussion papers etc. I consider that the Inspectorate should continue in its role of keeping the system under review to assess progress and of preparing national reports for

publication on aspects of education. This practice has been widely recognised as effective in defining needs, pointing to remedies and setting standards, as has been seen recently with the reports on The Education of Pupils with Learning Difficulties, Learning and Teaching in Primary 4 and Primary 7. Such reports indicated what might be expected of educational institutions and agencies, suggest how value for money can best be obtained and make proposals for action. These reports normally incorporate procedures for follow-up and for feedback into the system, and this will continue. I consider that this method of reporting, combined with the complementary activity of inspection of individual schools and colleges, provides a particularly effective way of bringing about change. Local authorities, their officers, headteachers and teachers are stimulated to examine their activities and to consider how they can be made more effective. I think it is important that the Inspectorate should in this way act as a catalyst for change throughout the system.

Results?

iii. The third group of activities will involve participation in a national development programme which comprises a series of longer-term objectives derived from the policies of the Secretary of State, from advice to him by such bodies as the Consultative Committee on the Curriculum, and from those tasks which arise from the continuous assessment by HM Inspectors of the education system. This work will be along the lines of their present engagement in developing courses of the kind recommended in the Munn and Dunning reports for the third and fourth years of secondary schools, in the national development of the use of micro-computers in many areas of education and in the development of courses for the 16-18 age group. At the same time I intend to accord as much responsibility as possible to the appropriate bodies working in the field of educational development; the professional experience and expertise of HM Inspectors will continue to be available to these bodies.

But what are the priorities?

3.2 The committees and panels of the Inspectorate will be re-organised to bring them into line with the re-defined role. The links of the Inspectorate with external bodies will be kept under review. I regard it as essential, if the effects and achievements of education are to be clearly discernible to HM Inspectorate, that individual members should continue to maintain liaison

with a wide range of those who are concerned both with the educational process and with the products of the education system. They must reach out beyond the education system and be aware of and influence the views of industry, commerce and the public at large.

3.3 HM Inspectors will continue to work closely with Directors of Education and members of their staffs. For example they are at present undertaking a survey of the management of secondary schools which will provide a focus for further discussion with education authorities on how the most effective use may be made of manpower resources. The Inspectorate will maintain close contact with head teachers and other managers of educational institutions in order to emphasise the fact that heads are responsible for the quality of education and training the schools and other institutions provide. This will strengthen and extend the audit function of the Inspectorate.

Pompous.

How?

3.4 An appropriate structure will be required for the Inspectorate if it is to carry out effectively and efficiently its re-defined role. Such a structure, which will facilitate the concept of central planning and co-ordination of its work, will be sufficiently flexible to enable it to respond to changing needs and will enable each member to see clearly how his contribution fits into the overall programme. In the new structure, which has been put into operation on a provisional basis as from August, 1982, the allocation of responsibilities between the two HM Deputy Senior Chief Inspectors is on a different basis and there has been a re-allocation of duties at HM Chief Inspector level (the re-allocation is shown in the Annex). Measures are also being taken to secure a closer integration of the staff from the school education and post-school education sectors of the Inspectorate.

Who?

3.5 Those responsible for the management of the Inspectorate will review its structure on a regular basis in terms of the allocation of responsibilities at all levels of post. In this way the adequacy of the structure should be assured as the needs of the education system change and a different response is called for. Close links will be maintained between the Inspectorate and administrative staff in the Scottish Office in relation to policies, priorities and programmes.

4. SIZE AND COMPOSITION OF HM INSPECTORATE

4.1 The size of the Inspectorate must be related to the tasks which I have indicated it will be required to perform. The extension of inspection to colleges of education and central institutions, the preparation of reports of inspections for publication and the commitment which I have given to the inspection of religious education represent additional tasks for which staff time will have to be found. Offsetting savings, however, will be made through the review of the infrastructure and by reducing the number of specialists in community education. I consider that little change is required in the present strength providing that a selective approach to tasks is adopted and there is careful matching of current tasks to staffing resources. The overall complement of the Inspectorate is 118, but there are at present vacancies; I consider that a complement of 112 will be sufficient to carry out effectively the necessary tasks. The reduction of 6 posts will bring savings of £170,000 per annum.

How? 4.2 It is important that the staffing of the Inspectorate should be flexible and should continue to bring in teachers and others who are leaders in their field. Use is already made of other staff, on a full-time and part-time basis, such as research officers and curriculum development officers for particular projects. Research work is contracted out by the Department to appropriate outside bodies. Where necessary, contributions to the formulation of policy are sought from the professional staff working with other Departments of the Scottish Office. In addition, HM Inspectors have increasingly sought to involve teachers and other professional workers in education, who have a unique contribution to make to particular aspects of their work. In the process the system has benefitted and HM Inspectors have enriched their own professional experience. This principle will continue to be applied to meet future needs.

5. ACTION

5.1 I have given instructions that the changes required in the functions, structure and organisation of the Inspectorate to implement the policy set out in this paper should be made with the minimum of delay.

TH

Govt Mach Rayner 13

2 pp's.

2

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

13 December 1982

Lord Privy Seal
Management and Personnel Office
Whitehall
London
SW1A 2AZ

Dear Lord

Prime Minister:
Levi suggested £1000 might be a better incentive for managers.
14/12

INCENTIVES TO IMPROVE EFFICIENCY

Thank you for your most encouraging letter of 4 November about our proposals to develop an incentive scheme for managers.

We agree that any such scheme should be separate from a system of merit pay and from staff suggestion schemes and that it should be designed to allow the line manager the freedom to reward contributions to improved efficiency.

Quite naturally, we see fewer difficulties in deciding how the rewards might be spent than in identifying yardsticks or methods of measuring relative performance. But we hope that we shall have a pilot scheme ready by April and my officials will be keeping your Department and Treasury informed of our thinking.

I was delighted to note from the letter from No 10 to your office that the Prime Minister and Chancellor support our initiative and I agree of course that £1,000 will be a better motivator than £500, though I accept that for 1983/84 at least funding has to be from existing allocations. Without minimising the difficulties to be tackled in working up sensible systems - and we are now hard at work on ours - we are convinced that there is scope within Departments for encouraging greater efficiency by providing incentives and that the way forward is by experimentation.

Copies of this letter go to Geoffrey Howe, John Nott, David Howell and Norman Tebbit and - for information - to the Prime Minister and other Cabinet colleagues.

Yours Norman

NORMAN FOWLER

Rayner file 13.

cc Mr Crowne
Mr Glickman
Mr Holley
Mr Street
Mr Simpson
Mr Ulrich
Mr Bird
Mr Halsey
Mr Stuart
Mr Chamier

MRS WILDE

SCRUTINY OF HM INSPECTORATE

1. It is essential that this exercise be brought to a close as soon as possible. HM Inspectorate has now been in a state of suspension for more than two years and, although we have pushed on with much valuable inspection, we could plan (and do) so much better if the Rayner shadow were lifted. I think our frustration must match Sir Derek's, ironically since we all want the same thing - better, commonly available education and a demonstrably effective Inspectorate.

2. Far more unites us than separates us. While some of the matters which separate us are trivial (or non-existent but in disguise) others are more important. Sir Derek still hankers after an Inspectorate he was told at the beginning he could not have and which was no part of the Scrutiny Report we are now following up, because our role, by law, has to be, and be limited, as it is. For this reason and because he (like me) is not expert in Civil Service administrative language, he also fancies a different presentation of the policy-cum-action document.

/A/! !!

3. The question to be answered is how to move forward. While it would be possible to separate out the documents as Sir Derek asks, I do not think there is a case for doing so. The one he has received is what he was always told he was going to get, namely a policy statement including points of action arising on the Scrutiny Report. Its language may not be exciting but it makes it the appropriate pendant to the Scrutiny Report. But it would be possible to make the separation Sir Derek seeks, between a clear call and a more modest action response to the Scrutiny Report, by strengthening the draft written answer. This we have tried to do, though it is currently too long to be called punchy, and paragraph 3 is probably a candidate for pruning.

Nonsense.

? 4. It is ironic that Sir Derek should shelter behind the one piece of text he has received from an HMI pen! That being so, it is arguable that, if the Inspectorate can accept the policy document as the official translation of the objectives he quotes with approval in his letter, so can he. And if he would take HMI's actions and our plans, rather than Civil Service words, we could, I am sure, show quite clearly that the objectives quoted have shaped and shape our work.

5. So, after much discussion, I attach only a revised draft written answer and a very slightly amended policy statement. The draft written answer picks up not only his letter, but one or two points from his commentary. Changes also occur in paragraphs 26, 23 and 19 of the policy statement to meet points raised in Sir Derek's 2(i), 2(iv) and 3(vii)b. Much of the rest of his commentary arises from mis-reading and misunderstanding or, I regret to say, a tendency to play Humpty Dumpty and make words mean what Sir Derek chooses.

! !!

6. We have then to do something about this residual problem of tilting at windmills. I am sure Sir Derek does not want to do this. He cannot expect, even with his experience, fully to understand all organisations, still less all the processes and products of education. I think there are two possible ways forward. Firstly, Sir Derek could be asked simply to trust the Ministerial/ Civil Service relationship which, in the case of the Inspectorate, can be shown over time to be effective, and which makes us anything but "a state within a state" as he fears from the accurate description of the organisational position. (If he saw my or the CIs' diaries he would understand.) There is a second possible way forward if he feels that his functions do not allow him to trust. If his diary allows, would it not be possible for him to have a brief meeting with the Secretary of State at which HMI could take him on a tour of his windmills and try to show how his aspirations for education and the Inspectorate are met within the terms of the document he dislikes?

7. I cannot stress too strongly the need to get this business concluded. The disseminated effects of continued uncertainty upon a field force are draining of productive energies. That is an ironic price to pay in the search for efficiency.

GB

S J BROWNE
3 December 1982

Far too long.

DRAFT WRITTEN ANSWER TO ACCOMPANY PUBLICATION OF DETAILED POLICY STATEMENT ON HMI

1. My rt hon Friend the Secretary of State for Wales and I are today publishing a policy statement on the functions and future operations of HM Inspectorate. This follows the completion earlier this year of a Scrutiny of the Inspectorate within the programme coordinated by Sir Derek Rayner, the report of which will also be published. Copies of the statement and the Scrutiny report are available in the [library/vote office].

2. The Inspectorate exists to assess by inspection standards throughout almost all the education system - in schools (including the independent sector), in teacher training and in further education in all its forms. On the basis of inspection which takes into account the legitimate expectations of the consumers - pupils, parents and employers - it advises the Secretaries of State on the state of the system nationally and helps all those concerned in or with education to improve its performance.

3. The nation's aim in education is that each pupil shall receive education appropriate to his or her needs, both as an individual and in relation to the society he or she will live in. This is an ambitious goal. We are all aware that we are a long way from achieving it. In part this is because efforts to achieve it have over the last two decades had to contend with continuous turbulence affecting the education system - dramatic changes in pupil and teacher numbers; rapid expansion and equally rapid contraction of the teacher training system; wholesale changes, some forced, in school organisation; raising of the school leaving age; far reaching revisions of attitudes on how schools and colleges should provide for pupils and students of different ability levels; experiments with fashionable teaching methods; the introduction of new examinations in schools and further education; rapid increases in the number of ~~immigrant~~ ethnic minority children; the reorganisation of local government; the decay of inner city areas; general increases in crime and violence in society.

4. But much can and is being done to improve the performance of the education system and its ability to achieve the nations' aim. This government has given a vigorous lead. We have sought to redress the balance between the peoples' interests and those of bureaucratised professionals by increasing parental choice and involvement sharply through the 1980 Education Act and the Assisted Places Scheme, and are looking to see what more we can do. We have made a start on the necessary reshaping of initial teacher training and have encouraged LEAs to take steps to improve the performance of existing teachers and of head teachers. We have asked LEAs to review their policies for the curriculum to make them more relevant to todays' needs. We are promoting the development of better ways of teaching key subjects and have launched a programme of development projects to improve secondary education for the 40% for whom external examinations are not generally appropriate. We are taking steps to improve the system of examinations, at 16+ and 18+, and are creating new opportunities for pre-vocational education for those over compulsory school age. Most recently we have announced a new initiative in the provision of technical education in which we look to LEAs to play a leading part.

5. To all these initiatives HM Inspectorate makes a crucial ? contribution by the advice it gives to us and the help it gives to the rest of the education system and those who use it. The effectiveness of that contribution depends on its being based on a sound and up to date knowledge of the education system as a whole and those essential values for which the Inspectorate must stand. But at the same time effectiveness requires a choice of priority targets to direct inspection not only towards current policy concerns but more particularly to the safeguarding of children's educational opportunities wherever they appear to be most at risk. Thus for example the Inspectorate is at present giving priority to education in Liverpool. More generally, it is involved in the issues arising from the impact of sharply falling rolls and the need for the education service to manage efficiently within its means. It continues to be ~~concerned~~ much occupied in its inspection and short course programmes with the ~~known~~ problems of managing large educational institutions. It is engaged in a wide range of activities concerned with improving the effectiveness of the initial training of teachers and their induction into the service. It is involved in the changes needed in non advanced further education courses to meet new demands arising from

technological change and youth unemployment. And it is looking into the effective education of ethnic minority pupils and of children with special educational needs.

6. But none of the Inspectorate's activities can have their full effect on the education system without the understanding and action of those who have responsibility for providing education - in government, in LEAs and in individual institutions. To this end the Inspectorate's audit function will be more sharply focussed, through the recently introduced programme of whole LEA inspections as well as the inspections of individual institutions; this will ~~so as to~~ give all concerned with the provision of education the clearest possible understanding of the extent to which the system on the ground matches the legitimate aspirations of the community and provides value for money. The production of the Inspectorate's written reports and other publications, which are central to its effectiveness in influencing practices and standards in the education service at large, will be speeded up. Formal inspections will continue at the current rate, which results in the issue of some 260 or more reports each year in England and Wales. And most importantly of all, as we announced in November, from January 1983 the public will have access to these reports and more systematic arrangements for ensuring that there is effective follow-up action to them will come into operation: the education service will see the lessons of each case and be able to apply them elsewhere.

7. Copies of the policy statement are being sent to each LEA and to a wide range of other bodies concerned with the provision and use of education.

A POLICY STATEMENT BY THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE AND THE SECRETARY OF STATE FOR WALES ON THE WORK OF HM INSPECTORATE IN ENGLAND AND WALES

1. This policy statement follows a scrutiny of the Inspectorate within the programme co-ordinated by Sir Derek Rayner completed in July 1981 and published in 1982. It describes the functions of the Inspectorate and sets out the ways in which the Inspectorate's work will develop. The Scrutiny largely reflected developments in progress within the Inspectorate. Other developments were stimulated by the process of scrutiny or followed the report. Yet others have arisen and will arise from the need for the Inspectorate to adapt its work to current needs in education and government. This statement is not concerned with the work undertaken by the Inspectorate in the European Schools, abroad or in the Channel Islands and the Isle of Man, or in establishments or services for which the Home Office, the Ministry of Defence, the Department of Health and Social Security or the Department of Employment are responsible.

THE FUNCTIONS OF THE INSPECTORATE

2. The Inspectorate's work relates to the whole of the education system in England and Wales, and includes the independent as well as the maintained sector, except for the universities (other than parts of the adult education and teacher training undertaken by them) and independent further education colleges. From its origins in 1839 the function of the Inspectorate has been to inspect and report in order to assist the Government in the exercise of its responsibilities in relation to education, including the financial aspects, and in the process to contribute to the improvement of what lies within the purview of such inspection. The Inspectorate has an unfettered right of access to any institution which it may inspect.

3. The present statutory basis for the Inspectorate's work is section 77 of the Education Act 1944. This requires the Secretary of State to cause inspections to be made of primary, secondary, special and independent schools, establishments of further and higher education and of teacher training and adult education; and provides that the inspections should be carried out by inspectors appointed by HM The Queen for this purpose.

4. Thus the Inspectorate's work derives from the service it gives to the Secretary of State in connection with his statutory responsibilities for the education system. It provides an informed and independent basis of evidence and judgement upon which the Secretary of State, and local education authorities, teachers, governors, teacher trainers, parents, students and others can base policies and decisions. On the basis of inspection throughout the system by Inspectors each working across the whole country the Inspectorate:

a. assesses standards and trends and advises the Secretary of State on the performance of the system nationally;

b. identifies and makes known more widely good practice and promising developments and draws attention to weaknesses requiring attention;

c. provides advice and assistance to those with responsibilities for or in the institutions in the system through its day-to-day contacts, its contributions to training and its publications.

In discharging these functions the Inspectorate pays special attention to the needs of the teacher training system, since the Secretary of State has a statutory responsibility for the supply of an adequate teaching force.

5. The Inspectorate has no executive power. But it exercises a control function, delegated to it by the Secretary of State, in respect of advanced (ie higher education) courses in further education; and advises the Secretary of State in the exercise of his supervisory functions in relation to independent schools. The Scrutiny noted developments in the overall management of public sector higher education and advised reduction in the involvement of the Inspectorate in the detailed administration of course approval. First steps have been taken to this end. Further progress depends on policy decisions and the working of the National Advisory Body for Local Authority Higher Education. But, whatever the changes, as the Scrutiny records, the continuing responsibility of central government needs to be underpinned by the independent professional advice based upon detailed acquaintance with the system which the Inspectorate provides.

6. The Management Review of the Department of Education and Science, published in 1979, noted the importance attached throughout the education system to the independence of the Inspectorate; and the extent to which its effectiveness was bound up with this. The Scrutiny recommended that the Inspectorate's professional independence of judgement was essential and must be preserved and protected. The Secretaries of State endorse this recommendation and the present arrangements for securing the independence of the Inspectorate. [~~The Inspectorate forms a hierarchy under the~~ Senior Chief Inspector which is within the Department of Education and Science but parallel to the rest of it, and has in practice been allowed substantial freedom to develop and manage its professional response to the needs of the Secretary of State and the services it offers to the rest of the system. The Senior Chief Inspector has the right of direct access to the Secretary of State. HMI in Wales are seconded to the Welsh Office from the Inspectorate. The Welsh Inspectorate is under the direction of the Chief Inspector for Wales, who has direct access to the Secretary of ~~State for Wales.~~] While the decision to publish what HM Inspectors write rests with the Secretaries of State, any of their work which the Secretaries of State decide should be published is published as the Inspectorate wrote it.

7 The Secretary of State for Education and Science has reviewed the size of the Inspectorate in England in the light of the Scrutiny. He has concluded that having regard to both the Government's manpower policy and to the effective discharge of the Inspectorate's essential functions the present complement of 430 should be sustained. Numbers in post will be brought up to complement as a matter of urgency. The Secretary of State for Wales is considering the size of the Inspectorate in Wales in the context of reviews of staffing within the Welsh Office.

INSPECTION AND AUDIT

8. Inspection, which takes a variety of forms according to its target and purpose, is the tool by which the Inspectorate audits the system to assess the extent to which nationally, locally or in individual institutions it offers an adequate service and secures value for money. In particular, inspection seeks to reduce the element of local chance which can put parents and pupils at a disadvantage within the national education service. Inspection is also the means for assessing the capacity of the system at any given time to undertake new tasks which the Secretaries of State may require. By inspection the Inspectorate builds up a national view of what is possible and what is commonly achieved. In its assessments, it takes account of the range of current expectations of the Government, employers, parents, students and the public as to what the system should be achieving, and has regard to the system's professional vitality and commitment.

9. The Inspectorate's remit extends to over 32,000 maintained and independent schools, some 580 establishments of further and higher education, about 5,400 evening institutions and some 14,000 courses run by Responsible Bodies in adult education, and the youth service (as well as the education provision made by the education service in over 100 penal establishments, together with a range of community facilities with an education component). In choosing targets for inspection the

Inspectorate has to give priority to those matters which by reason of performance or policy are of most urgent concern, and at the same time achieve a coverage sufficient to keep the Inspectorate informed of the state of all parts of the system and allow prompt advice to be given to the Secretaries of State on any aspect of it. The rebuilding of the Inspectorate's audit function in recent years has led to a scale of inspection visits which, with the present complement, enables one-fifth of primary schools, three-quarters of secondary schools and one-fifth of independent schools to be visited in the course of a year; and the great majority of FHE institutions and all initial teacher training establishments to be visited each year. The Scrutiny identified apparent differences between the conduct of inspection visits in schools and those in FHE. In line with its findings, it is now a clear requirement that general inspectors of FHE colleges assemble and act upon the various reports of specialist inspectors as they affect either the individual institution or its role within the authority. The practice of assessment is common to schools and FHE. After every inspection visit the Inspectorate discusses its assessments of what it has seen with those concerned with the institution and, where appropriate, the LEA or other providing body, and records them for the Inspectorate's file on the institution.

10. A proportion of inspection time leads to reports to the Secretaries of State which are issued to the institutions and LEAs concerned, thus providing a formal record of the Inspectorate's findings and an agenda for action. This formal reporting is necessarily time-consuming and therefore used particularly either where institutions provide an exemplar of type, style or achievement, or where the written record is judged the best means of achieving change of direction or improvement. Some 260 such reports (over 200 on schools) were issued in England and Wales in 1981. This level of productivity is planned to continue and, as the Scrutiny suggested, the time of Inspectors working mainly in further and higher education will be shifted towards this type of formal inspection.

11. Each LEA has a general responsibility for the delivery of educational services to its population. The Inspectorate has recently reported on all aspects of education in two LEAs and on one district of another. The reports were based on recent inspections of all kinds in the LEAs' institutions. Further reports of this kind will be on whole LEAs or some part, as appropriate to the individual case. Full reports on three LEAs will be completed during the academic year 1982-3. [This approach, which accords with the Scrutiny's recommendations, will demonstrate the extent to which this is the best use of scarce resources.] As in the case of inspection leading to formal reports on institutions, authorities will be chosen for report on a basis of perceived need or exemplification. ? delete

USE OF THE FINDINGS OF INSPECTIONS

12. The value of the Inspectorate's work to the nation depends in large part on the use the Government and the rest of the education system make of its findings, communicated both formally and informally. The Secretaries of State regard the Inspectorate's work as indispensable to the process of making educational policy. The Inspectorate's findings are of immediate interest to those responsible for the work of the institution inspected. They are also relevant to others in the system whose tasks are similar, and are likely to interest many others in education and those who are its clients or interested in its standards.

13. To meet this range of interest a variety of publications based on inspection has, as the Scrutiny recorded, been put on the market. But the potential benefit of issued reports on formal inspections of institutions has been limited by the fact that, for the last 30 years or so, they have normally been made available to the LEA, governors, and head or principal of the institution concerned (and through them to other staff) on an "in confidence" basis. The Secretaries of State announced [on] that from [1 January 1983] such reports, written on the same basis as at present, would be publicly available.

14. In the majority of cases action on reports of formal inspections is taken by the institutions and LEAs directly concerned. The Secretaries of State consider that still more effective use could be made of such reports. They announced [on] that from [1 January 1983] the Department would ask LEAs to indicate to him within three months of the issue of reports of formal inspections of maintained schools or further education institutions providing for full-time students aged 16-18 inclusive the action to be taken in the light of the report's findings. This procedure will shortly be extended to reports on other institutions. There may be occasions when the Secretary of State will himself wish to call the attention of LEAs to matters of particular concern or of wider national interest which are revealed through such a report.

15. The Inspectorate will continue to publish consolidated inspection reports on national aspects of the system, to enable those within it to see how their work measures up against what is done elsewhere; to spread good practice; to promote a better understanding of problems and weaknesses; to stimulate the discussion and implementation of remedies; and to encourage fresh thinking and development.

16. The Inspectorate will also continue to play a part in securing an appropriate response from the system to its reports and publications to the extent compatible with the need for further inspections elsewhere. Its programmes reflect the Scrutiny's recommendation that the need in particular is to fuel and prime LEAs and their advisory services and to focus as clearly as possible the Inspectorate's various contributions to in-service training. Going beyond the Scrutiny, the Inspectorate will give particular attention to discussing with institutions providing initial teacher training the relevance to their work of its findings. In all some 10% of inspection visits will continue to be follow-up visits. Time will also be allocated to discussing the implication of reports with the examining and validating bodies and key professional associations.

17. In order to increase the impact of publications by the Inspectorate, more copies will, as the Scrutiny recommended, in future be distributed free in appropriate cases. The Inspectorate will also take suitable opportunities to work alongside local authorities, their advisers, institutions and teachers on selected and pressing development work, as currently for example in respect of the secondary curriculum or the implementation of the 1981 Act.

MANAGEMENT AND USE OF INSPECTORS' TIME

18. The Secretaries of State agree with the Scrutiny on the nature of the problem of managing and using Inspectors' time to the best advantage, and on what the arrangements to this end should achieve. It is this desired outcome which will determine the further action to be taken and the use made of the detailed suggestions offered by the Scrutiny, all of which have been considered and are being kept under review. The effectiveness of the Inspectorate requires a timely, selective programme of inspection consistent with policy needs and the skills of the Inspectors in post; clear and speedy communication within the Inspectorate, with the education system and with its clients; and efficient relationships with the rest of DES and the Welsh Office, with the LEAs and other providers, with the teacher training system and the many validating and change agencies. All these require time, as does the regular review of the Inspectorate's effectiveness. But inspection will continue to take the largest share of all. In particular the Inspectorate will, as the Scrutiny suggests, keep its committee structure under review to reduce the time spent in meetings, while preserving their role in communication and management within a field force. The size and mode of operation of the recently formed Policy Group for Inspection, criticised for unwieldiness by the Scrutiny, will be kept under review by its chairman and the Policy Steering Group.

19. As education and the demands made on it change, so must inspection targets; and not only the management of time but also the staffing of the Inspectorate must continually adapt without putting at risk the values for which the Inspectorate must stand. The education system requires of Inspectors, whatever their position in the Inspectorate, credibility based on qualification, experience and performance. It follows that Inspectors must have opportunities for specific personal achievement and these will be provided, subject to the needs of the Inspectorate's total programme of work. It is particularly important that the Inspectorate is flexible enough to bring in teachers and others who are leaders in their field, not only as now for half a lifetime's service, but for shorter periods. Within its present complement, the Inspectorate cannot cover all aspects of the education system in equal depth, and uses occasional professional assistance for single inspections or longer periods. Experience of inspection can be shown to have been of value to those so attached when they return to their jobs. It is proposed, as the Scrutiny suggests, to increase the number of such short-term attachments for specific tasks, particularly in areas of rapid obsolescence like information technology or to match an initial spurt of development or to tackle an acute problem. The aim is to arrange, as a first step, within the next six months for perhaps six such attachments for periods of up to three years. Either secondment of, or exchange of post with, teachers, advisers or educational administrators might be the means used and these will be discussed with the local authority associations.

20. The planning of the necessary programmes of inspection, in-service training of teachers and foreign travel is the collective responsibility of the six Chief Inspectors under the Senior Chief Inspector in England and of the seven Staff Inspectors with the Chief Inspector in Wales. Decisions about each term's programme, the continuation or cessation of existing elements and the introduction of new ones, together with longer-term planning, will continue to reflect:

i. Government policy and the routine needs of DES and the Welsh Office, whether transmitted through existing planning mechanisms or through day-to-day contact with the Secretaries of State and their other advisers.

ii. The Inspectorate's knowledge (from inspection and contact with the LEAs) of performance on the ground which identifies growth points and areas of concern.

The implementation of these decisions falls to Divisional Inspectors, Staff Inspectors and individual HMI, who have both specific assignments and interlocking responsibilities. Individual inspectors are kept informed of priorities within their special assignments. HMI check with administrators, and their other direct clients, the value to them and to the system of different programmed activities. Various means of making such checks are likely to be appropriate.

21. All inspection informs the providers. As the Scrutiny suggests, the two Inspectors who in each LEA form the link with that Authority have a special importance in creating relationships of confidence and respect which enable inspection to bear fruit. Account will be taken of this in planning future programmes and assignments, due allowance made for each Inspector's limitations of time and expertise and the overall demand for Inspectors' time.

22. As the Scrutiny suggests, one of the six Chief Inspectors has the responsibility of overseeing the central programmes and the load on the Inspectorate and individuals within it. When the outcome of present developments in the education and training of 16-19 year olds is clearer, fresh consideration will be given to the Scrutiny's recommendation that a Chief Inspector should be appointed to co-ordinate inspection in this important area, now shared by the Chief Inspectors for Further Education and Secondary Education, and, where necessary, co-ordinated by the Senior Chief Inspector. As regards the Scrutiny's recommendation about increased cross-border

inspection in England and Wales, every attempt will be made to extend present working arrangements to the advantage of both parts of the Inspectorate.

23. Procedures for publishing inspectors' findings and ordering their information in a readily accessible way are, as the Scrutiny suggests, less well advanced, particularly for further and higher education, than those for planning inspection. The Inspectorate's aim will be to issue reports on individual institutions within six months of the inspection and to accelerate procedures for the bringing together of information and for publication. To facilitate this, it will be essential to maintain adequate levels of support staff, though no increase can currently be contemplated. Further analysis will be made by HMI and the Department's Establishments Branch of the benefits of electronic typewriters, distant conference facilities, facsimile transmission and word processors. There is scope for the introduction of modern technology into the work of the Inspectorate and a modest start will shortly be permitted with the computerised register of visits, which was planned at the time of the Scrutiny. With [Inspectors a high-cost, scarce resource and] no immediate prospect of increasing either support services or the data support unit, special consideration will be given to the supply of efficient modern equipment for essential tasks such as the standing record of inspectors' qualifications and experience and the construction of the inspection programme. In the light of such developments attention will be given to the Scrutiny's recommendation that the Inspectorate and the Department should jointly consider the division of tasks between Inspectors and support staff with a view to providing more guidance and training for both groups on what is expected of them.

24. Such innovations would enable Inspectors to spend more time on tasks which make best use of their professional skills and build relationships which lead to action on the ground. If the Inspectorate's findings are to have an impact upon policy formation and execution, sufficient time must be given to good liaison with the

Secretaries of States' other advisers. The Inspectorate's impact on the rest of the system similarly requires sufficient time. There is no set formula for the effective use of time for either purpose. As regards the former, the Inspectorate will continue to participate in both the permanent and the ad hoc machinery set up within the DES and Welsh Office for the consideration and formulation of policy advice to the Secretaries of State; and its members, like their generalist and specialist colleagues in the DES and Welsh Office, will continue to foster the good informal working relationships which are the Inspectors' most effective tool in this context. As regards relations with those outside the DES and Welsh Office and the LEAs, the Inspectorate must, within the limits of available time, maintain links with a wide range of validating and advisory bodies, educational agencies and representative groups with great collective power to shape education. Priority will be given to those organisations, like the National Advisory Body for Local Authority Higher Education and the Manpower Services Commission and the validating and examining bodies, who are most actively involved in the development and implementation of the Government's current policies.

LEA ADVISERS AND INSPECTORS

25. The agency best placed to influence the institutions maintained by a LEA is the local advisory service which it appoints. All LEAs appoint a number of advisers, mainly in relation to schools, who in some cases act also as inspectors. The functions of local advisers or inspectors vary widely, as do the scale and scope of their work; they may include administrative tasks concerned with such matters as the employment, redeployment and promotion of teachers. A local advisory service which inspects helps its LEA to be well informed about the institutions it maintains and to devise sound policies for assisting it in the discharge of its responsibilities; it also helps those who work in the institutions to improve their professional performance. This locally based work is complemented by that of HM Inspectorate in

its national role. Whatever their locally assigned duties, a strong cadre of advisers and inspectors greatly enhances the contribution which the work of the Inspectorate makes in any local authority. The Secretaries of State intend shortly to explore with the local authority associations whether there is a need for them to offer guidance on the role of local advisory services and the most effective co-operation between them and the Inspectorate. The recommendations of the Scrutiny will form part of the agenda.

CONCLUSION

26. The policy set out in this statement preserves the essential attributes of the Inspectorate which have stood the test of time but strengthens and sharpens its capacity to serve the cause of quality in the education system. It is the continuing duty of those with responsibility for the education system - Government, LEAs, individual institutions and those who work in them - to assess the adequacy of the educational standards achieved and the effectiveness and efficiency with which resources are being used. The new policy of wider publication of HMI's evidence will make the education system and its clients better informed and enable both to play their proper part in achieving effectiveness.

PRIME MINISTER

Attached is a minute from the Lord Privy Seal based on work done by the Rayner Unit on next year's centrally co-ordinated exercises. I am advised by the Rayner Unit that the programme is quite ambitious but that initial reaction at official level in Departments is promising. For the future they suggest that you will need to consider at some stage in 1983 how best to build "Raynerism" into the machinery permanently and how best to absorb the lessons of the last three years. For the present, however, they recommend that the Lord Privy Seal's proposals should be implemented.

Agree to authorise the Lord Privy Seal to minute you as at Flag A?

Yes

TL.

24 November 1982

ks

cc. J.V.

Caxton House Tothill Street London SW1H 9NXF
Telephone Direct Line 01-213 6400
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Prime Minister (2)

MCS 24/11

The Rt Hon The Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall
LONDON
SW1

24 November 1982

MT

Dear Janet,

INCENTIVES TO IMPROVE EFFICIENCY

You sent me a copy of your letter of 4 November to Norman Fowler inviting colleagues to develop pilot schemes for giving discretion to line managers to reward the contribution of their staff to improving efficiency.

I am sure the proposal for pilot schemes is right. If these can be properly set up, they should shed valuable light on the question whether schemes of this kind have a worthwhile contribution to make in the Civil Service environment or not. As far as my Department is concerned, the obvious place for a pilot scheme is the unemployment benefit service. We shall be carrying out a review of staffing allowances in the UBS - a major exercise with important cost implications - in early 1983 and, bearing in mind also that the UBS is still under severe pressure from high and rising unemployment levels, I do not think we could mount a pilot scheme there at least until the dust has settled after the negotiations following the review. Subject to that point, however, I should be ready to consider setting up a pilot scheme. The DHSS proposals outlined in your letter are very interesting and, given the similarity of the work in UBS and DHSS local offices, we might well want to consider something on similar lines at a suitable stage.

I am sending copies of this letter to the recipients of yours.

Yours
Norman

PERSONAL

file

Mr FLESHER

SCRUTINY OF HM INSPECTORATE OF SCHOOLS

I attach a copy letter from Sir Derek Rayner to Sir Keith Joseph on the draft policy statement, of which you already have an advance copy. It will be interesting to see how DES react, if at all.

2. As the next submission to the PM may not be copied here, I suggest that you have an eye to this when you get the papers. We shall of course be glad to advise on the text if the PM wishes.

CP

C PRIESTLEY
24 November 1982

Enc: Copy letter and comments

Tim Flesher

MANAGEMENT AND PERSONNEL OFFICE
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23/11

12 November 1982

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education
and Science

Dear Keith,

SCRUTINY OF HM INSPECTORATE OF SCHOOLS

Thank you for your letter of 27 October on the publication of HMI reports, which arrived during my absence abroad. I have also seen your private secretary's separate correspondence with the Prime Minister's private secretary. I am delighted that you and your colleagues have gone ahead with publication and you have my warmest good wishes in dealing with the flak which the usual stage army will now no doubt put up.

2. Thank you also for your letter of 9 November and for the draft written Answer and the policy statement. I have set out detailed comments on these in the enclosed note.

3. The policy statement does not seem to me to be the clear call that was indicated by the Prime Minister in her private secretary's letter of 14 June. It also demonstrates the difficulty of rolling up in one text both a Ministerial statement of policy and a managerial action document. My firm advice would be to separate the two and to make the policy statement much shorter and punchier.

4. I have made several comments and suggestions in the enclosed note which I hope you will find helpful. Looking back at the papers, I think you might like to remind yourself of the outline you suggested for an action document in Annex B of your letter to me of 6 April. I think the same points apply to a policy statement. You envisaged achieving the following, both in the context of your "twin objectives of securing effective education and value for money" (letter, ii on page 2):

"(1) Better perception of HMI's role, its strengths and limitations.

(2) A more outward looking and outward reaching inspectorate.

(3) (Within its educational functions) a more cost-conscious inspectorate - for itself and the system.

(4) A more actively catalytic body even than at present."

5. I suggest that those points, together with the ones I have made in the enclosure, would produce a more convincing statement.

6. I am copying this to Nicholas Edwards.

Yours ever
Derek

Derek Rayner

Enc: Comments on the drafts of 9 November

COMMENTS ON THE DRAFTS OF 9 NOVEMBER 1982

Length and Language

1. The draft statement seems much longer than it need be. The managerial content should be separated off into an action document.

Main Impressions

2. The draft statement contains some good things. The most important of these is the publication of the reports of inspections, which is a tremendous step in the right direction (paras 13,14 and 23). My main impressions are, however, these:

(1) The text looks very similar to earlier descriptions produced by the inspectorate. Some phrases seem to have been inserted ("financial aspects", para. 2, "value for money", para. 8), but these are unconvincing. Importantly, the text ends on the note that the inspectorate exists "to serve the education system" (para. 26).

(2) The text does not capture the Prime Minister's firmly expressed views (her private secretary's letter of 14 June 1982) that "the national inspectorates should be seen to be working on behalf of families, whose opportunity for a good education is too dependent on chance and locality, especially those who have few to speak up on their behalf"; and that the Government should show it "intends to redress the balance between ..... 'the people's interest and that of bureaucratised professionals' ".

(3) Overall, the text gives the impression that the inspectorate is something of a state within a state. Ministers and their other officials appear somewhat secondary. References to inspectors' independence of professional judgment seem entirely sensible, but

those to its institutional independence seem overdone.

(4) Inspectors are referred to at one point as a high cost resource (para. 23), but no data are given. My advice would be to set the references to "financial aspects" and "value for money" in their context by giving the cost of the relevant parts of the education service; giving the cost of the inspectorate; and indicating clearly by what sort of selective action the inspectorate is going to promote greater value for money and better management.

The Prime Minister's Points

3. I believe that the policy statement would be greatly improved if it put the main emphasis on Ministerial targets for inspectorial action rather than on the inspectorate. The text too often gives the impression that inspection and the inspectorate are somewhat neutral or passive; para. 8 says, for example, that the inspectorate "takes account" of the Government's current expectations and "has regard to the system's professional vitality and commitment". I would prefer the text to put far more weight on the points referred to by the Prime Minister in her private secretary's letter of 14 June, namely:

(1) Inspection of particular schools and colleges (paras. 9 and 10): It is not clear what is meant by an "inspection visit" in para. 9. The reference to "formal reporting" in para. 10 appears to focus on institutions which are "an exemplar of type, style or achievement". This is fine up to a point but should not the statement expressly say that the inspectors will visit schools etc which give cause for concern? (This is tucked away at the end of para 11.)

(2) Standard of provision in particular local authorities (para 11): Also fine up to a point, but there appears to be a heavy qualification in the implication

that reporting on an authority may not be the "best use of scarce resources". This sits oddly alongside the reference to the primary responsibility of the authority providing education (para. 11) and also the later reference to the two inspectors who work with each authority (para. 21).

(3) Prompt publication of full reports (paras. 13, 14, and 23): This is excellent.

(4) The problems of educating the children of immigrants: This is dealt with, not in the policy statement, but in the draft Answer which says only that the inspectorate is "looking at the efficient education of ethnic minority pupils" (para. 2).

(5) Managing the large schools or colleges: This is also dealt with in the Answer, where the inspectorate is described as "concerned with the known problems of managing large schools and colleges". I am glad that it is. But it is much more important to say what it is doing and with what intended effects.

(6) Follow-up to national reports: The Answer refers to this in terms of speeding up written reports and publications. The references to follow-up in para 16. of the statement are warm and that on the allotment of 10% of "inspection visits" to follow-up is very welcome.

(7) Staffing: I remain agnostic on the size of the inspectorate (para. 7), which will presumably be or has been discussed with the Chief Secretary. My present points are these:

(a) As I said in my report to the Prime Minister of 27 May (para. 5), inspectors are expensive, but a cadre of 489 in England and Wales is or should be of formidable potential. In my judgment it gets the emphasis wrong to speak of "scarce resources" (para. 11). It may be necessary to re-think the coverage of the inspectorate's activity (para. 9 for example), specifically and clearly concentrating effort on what matters most.

(b) I welcome what is said about recruitment (para. 19), but think that it should either go much more clearly in the direction pointed by my minute of 27 May (para. 20(3)) or indicate a firm intention to do so. The six proposed attachments are a step in the right direction but they affect little more than 1% of the inspectorate in England and Wales.

Effectiveness

4. I hope that the publication of reports will greatly increase the effectiveness and standing of the inspectors. Indeed, if done with resolution, it promises to have a radical and lasting effect out of all proportion to the effort involved.

Derek Rayner
November 1982

Education, Policy, P43

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

I have been considering what practical proposals to put forward for centrally co-ordinated efficiency exercises in 1983 to support our policy to improve Civil Service efficiency. Subject to your views I should like to minute you along the lines of the attached draft - copied to colleagues - seeking support for the programme described in detail in the enclosed paper.

2. I have consulted the Chancellor of the Exchequer, the Chief Secretary, and Sir Derek Rayner who support the scope and thrust of what is proposed. The work consists of:

- Action to implement past work (particularly multi-department reviews).

- Up to 30 departmental scrutinies (covering the efficiency of policy work, efficiency in selected non-departmental public bodies, as well as 'traditional' scrutinies of procedures).

- Three multi-department reviews (of departments' internal consultancy, inspection and review capabilities; of support services for administration; and of procurement and contract procedures).

- Further effectiveness reviews of specific functions such as stocktaking.

3. The programme will show that we are maintaining our commitment to action to put things right in the Civil Service. There is about the same amount of work as in the 1982 programme which had:

- 27 scrutinies (of which 12 have reported, with potential savings of £20m a year. The remainder, except for 2, are well underway.)

- 6 reviews of large executive units (the largest two of which - the Prison Service and RAF support - have completed first stage reports identifying scope for large improvements in management and both of which have now moved into a second phase.)

- 6 reviews of how departments control their running costs (for which the central report will come to you by around the end of the year).

- 9 reviews of personnel work in the Civil Service (central report due about Easter).

4. There may be some colleagues who will feel that we have done enough for the time being and that the emphasis now should be wholly on implementation. I do not agree. After all we have done, the scrutinies and reviews still turn up examples of waste on a worrying scale. It is true that we need to implement our findings. But I believe that we should not regard this as a substitute for pushing for further improvements. I also judge that implementation would be more difficult if there were a significant slowing of momentum.

5. Departments have been consulted at official level on the 1983 programme. Our proposals have been modified in the light of their comments and I am confident that they will win the support of our colleagues.

6. May I have your agreement to proceed, please?

7. I am copying this minute and attachments to the Chancellor of the Exchequer, the Chief Secretary, the Minister of State (Commons), HM Treasury, and Sir Derek Rayner.

Janet Young

BARONESS YOUNG

23 November 1982

DRAFT MINUTE FROM THE LORD PRIVY SEAL TO:-

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

We said in the White Paper "Efficiency and Effectiveness in the Civil Service" that we regard good management throughout the whole Civil Service as a policy in its own right and that the task of securing greater efficiency and effectiveness is a continuous one.

2. I have therefore been considering what programme of centrally co-ordinated exercises we need for 1983 to help give practical effect to our intentions. The attached paper sets out in detail what I have in mind.

3. Our work must take into account the efforts departments are making on their own account to improve performance as well as the substantial work now in hand to implement the findings of earlier scrutinies and the reviews of forms and supporting services in R & D establishments. It must also take into account the follow up to this year's scrutinies, the multi-departmental reviews of departmental running costs, resource control in large executive units, and personnel work and the work still continuing on the Financial Management Initiative.

4. I have sought to formulate a programme for next year which makes allowances for the resources needed for turning these reports into action. I intend to put some of my own resources into helping departments implement this work.

5. But we still have much to do. Implementation of past reviews is not a substitute for further improvements. We cannot afford to lose momentum if we are to show that we are still committed to greater efficiency in the Civil Service.

6. Thus, I propose a programme of new work for 1983 which would make further use of the proven techniques of scrutiny and review. It would entail:

(1) Up to 30 departmental scrutinies. The subjects would need to be chosen carefully. I have identified some particular areas which should be addressed (Annex B of the paper). Some scrutinies should apply the technique successfully used in the resource control reviews to other similar Government operations. And I would also like to see the rigour of the scrutiny technique used to look at departmental policy making and to examine some non-departmental public bodies. Individual scrutinies would start at appropriate dates through the year, chosen by the Ministers responsible.

(2) A multi-departmental review of departments' internal consultancy, inspection and review capabilities. The review will examine management services, staff inspection, and other assignment forces used by Ministers and their Permanent Secretaries to monitor the performance of line managers. A sound capability of this type is an important requirement for successfully delegating responsibilities to line managers. The work would start in May. Departmental reportswould be presented by the end of the year and the central report up to three months later.

(3) A multi-department review of support services for administrative work. This would look at why and how information is handled and used within administrative operations. It would be aimed at cutting down the flow of paper and helping departments make the best use of information technology. The aim would be to start work in January/February, with departmental reports completed by July/August and the central report by October/November.

(4) A multi-departmental review of procurement and contract procedures. Evidence from earlier scrutinies and reviews has shown that not all these procedures are as flexible, quick or economical as they should be. A review would take a hard look at over-ambitious specification of standards and at unnecessary hurdles in the way of local discretion. Work would start around May with Departmental reports due by the end of the year and the central report up to 3 months later.

(5) A further programme of effectiveness reviews of specific functions such as stocktaking. This type of review has achieved savings worth £21m a year since 1980.

7. Each of the multi-department reviews would involve linked studies in 5-8 departments. As in previous years, they would be co-ordinated by a small central team located in the MPO. The departmental teams would report to individual departmental Ministers with proposals for action within the department. The central team would report to you and to me on the general and service-wide implications of the departmental findings.

8. There has been extensive consultation with departments at official level. The proposals have been modified in the light of comments received and I am confident that they should have the support of our colleagues.

9. Subject to your agreement, and any comments from colleagues, I propose to announce the details of the programme as early as possible in December. This will show Parliament, and the country generally, that we are set to keep on delivering success from our policy of good management.

10. I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES IN 1983

Most of the work to improve efficiency and effectiveness is done in departments by departments. Departments already have a substantial load of work in hand or in view for 1983, including both the implementation of past and current exercises and new work, not least that arising from the Financial Management Initiative.

2. The following programme is proposed among other things to reinforce the Government's drive for better mangement, recently confirmed in its White Paper Efficiency and Effectiveness in the Civil Service (Cmnd. 8616), by applying the well-tried scrutiny technique* to relevant parts of it.

3. What is envisaged is further work to secure implementation of scrutinies and reviews, up to 30 departmental scrutinies, three multi-department reviews, and a continued programme of effectiveness reviews. The total requirement for new studies in all departments is estimated as no more, and probably rather less, than in 1982.

Implementation work

4. Departments are already engaged in implementing previous years' scrutinies and reviews. The MPO is assisting

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* Annex A1, summarises the results as at November 1982; A2 lists the centrally co-ordinated exercises conducted in 1982.

with a central Forms Unit and with follow-up to the 1981 R&D Study. (The CSO provides central assistance on the 1980 Statistics Review). This work will continue into 1983. Additionally, the MPO and Treasury will be involved in assessing departments' financial management plans and in securing practical action to make a reality of the Financial Management Initiative. The MPO will also be heavily concerned with the implementation of the recommendations from the Review of Personnel Work and the Running Costs Review. Resources will also go into the implementation of scrutinies and Resource Control Reviews.

Departmental scrutinies

5. Some departments will already have topics in mind; others may wish to consider the areas suggested in Annex B.

6. The estimated bill for running the government machine (including the Armed Forces) in 1981-82 was about £14 billion compared with total public expenditure of about £105 billion. Greater economies and increases in efficiency have been made in the civil service than in some other parts of the public sector. The Government expects the same cost-consciousness throughout the public services. Departmental Ministers may therefore wish to use the scrutiny technique more widely:

(1) To review some policies or programme expenditures, either in terms of the methods used in making policies and formulating expenditures or in terms of their feasibility, coherence, results and value for money as shown by the examination of their practical implementation. (This would accord with Sir Derek Rayner's view that scrutinies should render the PAR approach unnecessary and with the fact that some of the most successful scrutinies have tackled policy questions lying behind administrative arrangements.)

(2) To review the efficiency and value for money of selected Non-Departmental Public Bodies. (Scrutinies would fit well with "Pliatzky" reviews, so bodies due for such reviews in 1983 would be especially strong candidates.)

Multi-department reviews

7. The reviews of Government Statistical Services, Administrative Forms and Support Services for R&D have shown the value of a centrally co-ordinated series of departmental reviews of a single function or topic. We expect similar results from the reviews of departmental running costs and of personnel work this year. We propose that there should be three multi-department reviews in 1983, each in about six departments.

8. The subjects proposed below arise from the findings of studies in particular departments which have suggested that a wider examination would produce good results. Others are intended to promote longer term aims and to provide for the follow-up to other programmes of work, notably the Financial Management Initiative. Where possible the work would build on earlier departmental studies:

(1) Internal Consultancy, Inspection and Review Capabilities (more details in Annex C)

The review stands on its own feet but has been designed with an eye to the follow-up to the FMI. It would cover the quality of the arrangements available to Ministers and top management to encourage and keep a check on the efficiency and effectiveness of line management. The confidence of departments in these arrangements is an important pre-condition for greater delegation of authority.

(2) Support Services for Administrative work (more details in Annex D)

The review would cover the handling of information for selected policies and operations within departments. It would concentrate on existing paper-based arrangements (eg the generation of paper, typing, storage, retrieval) to identify their costs and the scope for streamlining procedures and organisation, improving effectiveness and increasing job satisfaction and commitment. It would also provide an informed basis on which to step up the effective use of information technology

(3) Procurement and contract procedures
(more details in Annex E)

The review would cover the procedures for procurement and contracts from the drawing up of the specification to the acceptance, and final payment on the delivered product or service. It would cover both contracts with the private sector and repayment between departments.

Effectiveness reviews

9. The intensive fieldwork on the use of common services carried out jointly by MPO and departmental staff has produced, first, substantial savings and, secondly, four "management guidelines" setting appropriate standards of performance in respect of messenger, transport and typing services and telecommunications. These standards can be used by service managers both directly and in support of the annual scrutiny of departmental running costs. They also enable more senior staff to question and evaluate the performance of their commands.

10. We propose to continue the programme, directly and through the other exercises outlined above as opportunities occur. The work planned for 1983 includes reprographics, micrographics, authorising levels (relevant to the review of contract procedures), stock-taking, productivity schemes and the use made of accommodation.

11. We also propose a small programme of selective review. In order to check on the practical application of the management guidelines already issued and to realise the full value of the methods, we need to find out how they have been put into effect. However, review will be two-way. We wish to know whether departments' managers have been and are applying the guidelines; departments will no doubt wish to feed back their experience and suggest improvements.

Conclusions

12. We propose a programme of efficiency work for 1983 which allows for the implementation of results outstanding from previous years' work and links to the Financial Management Initiative as appropriate. The new work consists of:

(1) A programme of up to 30 scrutinies significant in terms of the activities and resources of the department, possible including scrutinies of policy questions and of non-departmental public bodies;

(2) 3 multi-department reviews; and

(3) a continuing programme of effectiveness reviews.

Management and Personnel Office
19 November 1982

SCRUTINIES AND MULTIDEPARTMENTAL REVIEWS 1979-82

1. 1979-81

	Number of Reviews	Cost	Value of Potential Savings
Rayner projects 1979	29	£0.3m	£67m pa + £28m once-for-all
Scrutiny programme 1980	39	£0.7m	£128m pa
Review of Government Statistical Services 1980	19	£0.3m	£17m pa
Scrutiny programme 1981	40	£1.2m	£64m pa + £2.5m once-for-all
Review of Administrative Forms 1981	9	£0.25m	Quantified saving of £0.3m pa already agreed; further savings in processing forms of many times this will also be achieved
Review of R & D Support Services 1981	7	£0.35m	£15m pa + £7m once-for-all

SUMMARY OF CENTRALLY CO-ORDINATED EXERCISES, 1982

Review	Date of Reports	Departments directly involved
Departmental Scrutinies	By end-1982	Most
Resource Control Reviews	First phase completed by end-1982	MOD, PSA, Trade, HO, SO, Royal Mint
Running Cost Reviews	Departmental reports in by end-1982; central report now well advanced	FCO, MPO, Trade, DEm, DES, DEn
Review of Personnel Work	Departmental reports by end-1982. Central report Easter 1983	HO, LCD, MAFF, DEm, DHSS, C&E, IR, PSA, SO
Financial Management Initiative	Departments submit programmes of work by end-January 1983	All

POSSIBLE AREAS FOR SCRUTINIES

Departments may wish to consider one or more of the following areas for a scrutiny in 1983. The aim is to pick operations or areas which use substantial resources and which are generally significant in terms of the character and activities of the department. It is also desirable to select subjects, work on which will promote the Government's longer-term aims for management. The evidence of past scrutinies and other studies suggests that areas which might be strong candidates include:

(1) The question whether the policy processes used by a department are such as to provide Ministers with the right material at the right time on which to take decisions and with adequate information and methods on which to asses the cost-effectiveness of the action taken.

(2) Large executive operations which are relatively self-contained. This year's "resource control" reviews and the multi-departmental review of R&D support services have demonstrated the value of the technique. (More than one examining officer may be necessary for such scrutinies.)

(3) Areas of work involving specialist groups (eg assignment staff, lawyers, accountants).

(4) The arrangements by which advice, information and help are provided to the public and outside bodies (eg the preparation and publication of advice: leaflets, articles, films, advice and information provided by visits).

(5) Administrative tribunals (eg appeals boards).

INTERNAL CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES

The first element of the proposed programme for next year refers to the central coordination of follow-up work on the Financial Management Initiative, and on the 1982 reviews of running costs control and personnel work. These exercises are already pointing towards changes in the relationship between the central staffs of PEOs and PFOs in Departments, and line managers.

2 A 1983 review of internal consultancy, inspection and review (CIR) capabilities will consider the implications of greater delegation to line managers for such capabilities as they exist now in Departments. These capabilities include management services, staff inspection, organisation and methods, and some aspects of central ADP and specialist advisory functions, such as operational research. It has been estimated that such activities together employ over 3000 officials at present. In addition there are the ad hoc capabilities provided by the Rayner scrutiny approach, and by policy reviews of various kinds.

3 The review will focus on the articulation of these various capabilities, one to another, in relation to meeting each Department's needs for:

(1) Consultancy services available to help line managers

(2) Monitoring, inspection and audit capabilities as "arm's length" controls over delegated management for Heads of Departments and PEOs/PFOs

(3) Reviewing and monitoring the execution of policy and the management of programmes

(4) Promoting particular managerial practices and developments - as for example in information technology.

4 For each of these needs the review will consider:

(1) The way in which Departments plan and deploy their various review capabilities together and separately, having regard especially to duplication or gaps in the selection and coverage of subjects for review.

(2) The way in which action is triggered in relation to particular line management commands and to particular programmes.

(3) The accountability, mandate and degree of independence appropriate to meeting each need; the process by which decisions are taken on the nature of conclusions and recommendations; to whom results are reported

(4) The allocation of responsibilities for accepting or rejecting conclusions and recommendations, for securing their implementation, and for communicating general lessons.

5 The review will consider the effectiveness and resourcing of the various capabilities as follows:

(1) On effectiveness, the review will cover, for example, the quality and levels of assignment undertaken; the scope, perspective and methods of investigation, and the criteria applied in evaluating areas under study; and the success in achieving implementation

(2) On resourcing, the review will cover, for example, the organisation and internal management of the capability; its staffing, including the means by which staff are selected, trained, career managed and motivated; and in relation particularly to consultancy capabilities, the validity and practicality of repayment.

(Action has recently been taken across the Service to raise the standards of staff inspection in accordance with common criteria and the review will not re-examine that development.)

6 The review will not include the function of internal audit, which is the subject of a separate programme of improvement. It will however consider under paragraph 4(1) above the relationship between internal audit and the capabilities under review.

7 The review will then draw conclusions about:

(1) The relationships between each capability and: line managers; programme managers; the processes of resource allocation (budgeting, complementing etc); senior managers, the Head of Department, and Ministers; and other separate but related CIR capabilities.

(2) The posture which each capability should look to be in, to accommodate and promote the developments arising from the Financial Management Initiative

(3) The scope accordingly for merging and/or redefining some or all of what are at present separate capabilities

(4) The policies to be followed to ensure that retained capabilities are effective and properly resourced, having regard to the Financial Management Initiative, to the policies already being pursued in the case of staff inspection and internal audit, and to the findings of the 1982 multi-department review of personnel work

(5) The relationships between local and central capabilities within Departments; and between such capabilities in Departments and in the central Departments.

SUPPORTING SERVICES FOR ADMINISTRATIVE WORK

The review of Administrative Forms opened up for examination how the information needed to administer Government policies is collected and disseminated. A review of support services for administrative work would look at the internal handling of information which supports decision-making, either about selected individual policies or about a policy's operational implementation. In practical terms it would cover:

(1) Need - the generation of paperwork and what is done with it.

(2) Circulation/communications (including need to copy, but not reprographics), information flows.

(3) Storage - filing, registries, location in relation to operational need, purpose, duplication; perhaps also archiving and public records.

(4) Retrieval - indexing, ease of finding.

(5) Processing - how, for what purpose, the means of changing or adding to the information held.

(6) Typing/secretarial/junior clerical administrative support.

(7) Control - the allocation of responsibilities, costing and cost accountability, user disciplines, formal control systems.

2. The review would examine the brass tacks of support for administrative work and existing paper-based arrangements. It would identify their cost and the scope for streamlining procedures and organisation, for improving efficiency, and for increasing job satisfaction and commitment among all the staff concerned. It would pay close attention to the views about the work of the non-managerial staff employed there. It would cover for certain operations the manual (paper) procedures supporting automated data processing, looking in particular at duplicated manual/automated data storage. It would be concerned with the handling of information arising from the operation of policies, as opposed to their management; illustrative examples might be the information needs and associated records for the approval of driving instructors, or for grant payments to hill farmers, or for public expenditure survey discussions and decisions by Ministers.

3. The approach would be to trace in such selected areas the flow of information which services decision making, to assess the costs incurred, and to draw conclusions about how well the information itself is managed and how such management could be improved. This should also enable broader lessons to be drawn about the potential application or extension of information technology, and possibly about the wider implications of such technology for management and organisation. It might

also provide useful information about the organisation needed to promote and effect such applications promptly (with special reference to the role of line managers).

4. The review would enable more general lessons to be learned from work that some departments are likely to be undertaking or have undertaken anyway. The recommendations made would be chiefly for departments to apply. But some might also affect central responsibilities, for example concerning the conditions of service for typists and secretaries and clerical staff, training, the introduction of information technology, or auditing requirements.

5. The review would include studies of the support arrangements for at least part of:

HM Customs & Excise
Department of Employment
Department of Environment
Home Office
Inland Revenue
Management and Personnel Office

6. An existing study of information flows in MAFF and Department of Transport (Railways) would be associated with the review.

7. HM Treasury (CCTA) would be associated with the MPO in the review and central assignment staff would be available to support departments' own teams.

MULTI-DEPARTMENT REVIEW: PROCUREMENT AND CONTRACT PROCEDURES

1. Evidence from the Review of Research and Development Support Services, from a study of MOD Operational Requirements, from the Scrutiny of Publicity Services and from other studies suggests that procurement and contract procedures are not always as flexible, quick, cheap and effective in securing value for money as they should be. While the costs of the goods are often way above the cost of the procedures it is not clear that all aspects of the procedures add value; indeed, a difficult procurement procedure can be wasteful in its own right.

2. The increasing use of the private sector to supply goods and (particularly) services makes it especially important to be sure that the best deals are being made with an economy of effort. The increasing use of repayment between departments also requires that internal "contracts" should be processed cost-effectively.

3. The review would cover the procedures for procurement and contracts from the drawing up of the specification to the acceptance of, and final payment on, the delivered product or service. Where relevant, the review would include the practical procedures required by the investment appraisal method in use. Thus, three distinct but related stages would be examined, namely:

(1) from the drawing up of the specification to the letting of the contract;

(2) technical monitoring, including quality control;

(3) financial monitoring, including staged payments.

The review would not include a detailed examination of the basic legal framework governing procurement and contract procedures, but it might result in some general observations and comment about it.

4. The following departments could take part in this review:

MOD (excluding warlike stores)
HMSO
Department of Transport
DHSS (Supply Division)
PSA Supplies
Home Office

5. In addition the CCTA is already committed to reviewing its functions next year. A study of CCTA procurement and contract procedures would contribute both to the multi-department review and to their own study.

Govt. Mach

10 DOWNING STREET

From the Private Secretary

22 November 1982

Dear Richard,

FINANCIAL MANAGEMENT IN THE MINISTRY OF DEFENCE

The Prime Minister was grateful for the report by your Secretary of State on the second Reeves study, on financial responsibility and accountability. She strongly endorses the study's emphasis on personal accountability (to which the report draws attention) and the need to develop a suitable system for measuring and controlling the cost of activities.

The Prime Minister is pleased that your Ministry is giving a particularly high priority to the study's proposals for responsibility budgets and that a number of trials have been put in hand. The results of the trials should be of particular interest to other departments and Mrs. Thatcher hopes that an opportunity will be found to associate the central departments with the trials so that the results of your experience may be disseminated as widely as possible.

The Prime Minister would be glad to be informed in due course what is being done (perhaps in the way of detailed scrutinies) to correct the weaknesses identified in the particular areas of Service training, supply and repair.

Mrs. Thatcher fully supports the decision by your Secretary of State to publish a slightly edited version of the report as soon as possible. She believes its publication will provide strong evidence of the Ministry's (and the Government's) seriousness of intent in improving financial management through laying clear responsibility for resources on individuals.

I am copying this to the Private Secretaries to the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary, the Secretary of State for the Environment, the Chief Secretary and the Lord Privy Seal, and also to Sir Derek Rayner and Sir Robert Armstrong.

Yours ever,

Tim Flesher

Richard Mottram, Esq.,
Ministry of Defence.

MANAGEMENT AND PERSONNEL OFFICE
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12 November 1982

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education
and Science

Dear Keith,

SCRUTINY OF HM INSPECTORATE OF SCHOOLS

Thank you for your letter of 27 October on the publication of HMI reports, which arrived during my absence abroad. I have also seen your private secretary's separate correspondence with the Prime Minister's private secretary. I am delighted that you and your colleagues have gone ahead with publication and you have my warmest good wishes in dealing with the flak which the usual stage army will now no doubt put up.

2. Thank you also for your letter of 9 November and for the draft written Answer and the policy statement. I have set out detailed comments on these in the enclosed note.

3. The policy statement does not seem to me to be the clear call that was indicated by the Prime Minister in her private secretary's letter of 14 June. It also demonstrates the difficulty of rolling up in one text both a Ministerial statement of policy and a managerial action document. My firm advice would be to separate the two and to make the policy statement much shorter and punchier.

4. I have made several comments and suggestions in the enclosed note which I hope you will find helpful. Looking back at the papers, I think you might like to remind yourself of the outline you suggested for an action document in Annex B of your letter to me of 6 April. I think the same points apply to a policy statement. You envisaged achieving the following, both in the context of your "twin objectives of securing effective education and value for money" (letter, ii on page 2):

"(1) Better perception of HMI's role, its strengths and limitations.

(2) A more outward looking and outward reaching inspectorate.

(3) (Within its educational functions) a more cost-conscious inspectorate - for itself and the system.

(4) A more actively catalytic body even than at present."

5. I suggest that those points, together with the ones I have made in the enclosure, would produce a more convincing statement.

6. I am copying this to Nicholas Edwards.

Yours ever
Derek

Derek Rayner

Enc: Comments on the drafts of 9 November

COMMENTS ON THE DRAFTS OF 9 NOVEMBER 1982

Length and Language

1. The draft statement seems much longer than it need be. The managerial content should be separated off into an action document.

Main Impressions

2. The draft statement contains some good things. The most important of these is the publication of the reports of inspections, which is a tremendous step in the right direction (paras 13,14 and 23). My main impressions are, however, these:

(1) The text looks very similar to earlier descriptions produced by the inspectorate. Some phrases seem to have been inserted ("financial aspects", para. 2, "value for money", para. 8), but these are unconvincing. Importantly, the text ends on the note that the inspectorate exists "to serve the education system" (para. 2½).

(2) The text does not capture the Prime Minister's firmly expressed views (her private secretary's letter of 14 June 1982) that "the national inspectorates should be seen to be working on behalf of families, whose opportunity for a good education is too dependent on chance and locality, especially those who have few to speak up on their behalf"; and that the Government should show it "intends to redress the balance between ..... 'the people's interest and that of bureaucratised professionals' ".

(3) Overall, the text gives the impression that the inspectorate is something of a state within a state. Ministers and their other officials appear somewhat secondary. References to inspectors' independence of professional judgment seem entirely sensible, but

those to its institutional independence seem overdone.

(4) Inspectors are referred to at one point as a high cost resource (para. 23), but no data are given. My advice would be to set the references to "financial aspects" and "value for money" in their context by giving the cost of the relevant parts of the education service; giving the cost of the inspectorate; and indicating clearly by what sort of selective action the inspectorate is going to promote greater value for money and better management.

The Prime Minister's Points

3. I believe that the policy statement would be greatly improved if it put the main emphasis on Ministerial targets for inspectorial action rather than on the inspectorate. The text too often gives the impression that inspection and the inspectorate are somewhat neutral or passive; para. 8 says, for example, that the inspectorate "takes account" of the Government's current expectations and "has regard to the system's professional vitality and commitment". I would prefer the text to put far more weight on the points referred to by the Prime Minister in her private secretary's letter of 14 June, namely:

(1) Inspection of particular schools and colleges (paras. 9 and 10): It is not clear what is meant by an "inspection visit" in para. 9. The reference to "formal reporting" in para. 10 appears to focus on institutions which are "an exemplar of type, style or achievement". This is fine up to a point but should not the statement expressly say that the inspectors will visit schools etc which give cause for concern? (This is tucked away at the end of para 11.)

(2) Standard of provision in particular local authorities (para 11): Also fine up to a point, but there appears to be a heavy qualification in the implication

that reporting on an authority may not be the "best use of scarce resources". This sits oddly alongside the reference to the primary responsibility of the authority providing education (para. 11) and also the later reference to the two inspectors who work with each authority (para. 21).

(3) Prompt publication of full reports (paras. 13, 14, and 23): This is excellent.

(4) The problems of educating the children of immigrants: This is dealt with, not in the policy statement, but in the draft Answer which says only that the inspectorate is "looking at the efficient education of ethnic minority pupils" (para. 2).

(5) Managing the large schools or colleges: This is also dealt with in the Answer, where the inspectorate is described as "concerned with the known problems of managing large schools and colleges". I am glad that it is. But it is much more important to say what it is doing and with what intended effects.

(6) Follow-up to national reports: The Answer refers to this in terms of speeding up written reports and publications. The references to follow-up in para 16. of the statement are warm and that on the allotment of 10% of "inspection visits" to follow-up is very welcome.

(7) Staffing: I remain agnostic on the size of the inspectorate (para. 7), which will presumably be or has been discussed with the Chief Secretary. My present points are these:

(a) As I said in my report to the Prime Minister of 27 May (para. 5), inspectors are expensive, but a cadre of 489 in England and Wales is or should be of formidable potential. In my judgment it gets the emphasis wrong to speak of "scarce resources" (para. 11). It may be necessary to re-think the coverage of the inspectorate's activity (para. 9 for example), specifically and clearly concentrating effort on what matters most.

(b) I welcome what is said about recruitment (para. 19), but think that it should either go much more clearly in the direction pointed by my minute of 27 May (para. 20(3)) or indicate a firm intention to do so. The six proposed attachments are a step in the right direction but they affect little more than 1% of the inspectorate in England and Wales.

Effectiveness

4. I hope that the publication of reports will greatly increase the effectiveness and standing of the inspectors. Indeed, if done with resolution, it promises to have a radical and lasting effect out of all proportion to the effort involved.

Derek Rayner
November 1982

FROM THE MINISTER OF STATE

STORMONT
BELFAST
BT4 3SW

18 November 1982

Sir Derek Rayner
Management and Personnel Office
Old Admiralty Building
Whitehall
LONDON
SW1A 2AZ

19/11

Dear Derek,

As you are aware I was the Minister responsible in Northern Ireland for the last Rayner Scrutiny on Land Acquisition, Management and Disposal. Consideration of the recommendations resulting from the last scrutiny are still being progressed by my officials and I hope to report to you on implementation in the near future. We have therefore been considering in the interim further candidates for scrutiny on the same basis as previously.

I have decided that the Stores system in the Department of the Environment for Northern Ireland should be the subject of the next study. The Department of the Environment (NI) has responsibility for services such as Roads, Water and Sewerage, Works, Ancient Monuments and Conservation, and is by far the biggest of the Northern Ireland Departments with approximately 10,500 staff, 220 of whom are wholly engaged on stores work. The annual cost to the public purse in regard to labour and overheads is approximately £2m and annual expenditure on the purchase of stores is in the region of £8m. There are over 120 stores of various sizes in DOE (NI).

I am keen to ensure, as is my Ministerial colleague David Mitchell who has direct responsibility for DOE (NI), that the stores system in DOE (NI) is really providing value for money in all its aspects and that the level of public expenditure can be fully justified.

I propose the following terms of reference:

> "To review the management, organisation, procedures, efficiency and cost-effectiveness of all stores in the Department of the Environment for Northern Ireland."

I would be grateful for your agreement to the proposed Terms of Reference.

STORMONT
BELFAST
BT4 3SW

I propose that the study should commence in early January 1983. My team for the study will be led by Mr G Hannigan, a Principal in the Department of Finance and Personnel and he will be assisted by a Deputy Principal and two Higher Executive Officers. The team is somewhat larger than usual but the extent of the fact finding and the number and geographical spread of locations involved make this necessary in this case.

I am sending a copy of this letter to the Prime Minister and to my Ministerial colleagues in Northern Ireland.

Yours,

Greg

LORD GOWRIE

A

Mr FLESHER

FINANCIAL MANAGEMENT IN THE MINISTRY OF DEFENCE

with TF?

1. I attach a draft minute for you to send to Mr Nott's private secretary in response to his minute (reference MO 24) to the Prime Minister, which was copied to Sir Derek Rayner.

2. I have the impression that the implementation of the Reeves II recommendations is well in hand, as the minute claims, despite the complexity of the issues, but Sir Derek will be concerned that the momentum should continue. Both the Treasury and I have written to the MOD's PFO to encourage him in the process of implementation.

C Priestley

p.p. C PRIESTLEY
18 November 1982

Enc

DRAFT OF 18 NOVEMBER 1982

DRAFT MINUTE FROM PS/PRIME MINISTER

PS/SECRETARY OF STATE FOR DEFENCE

FINANCIAL MANAGEMENT IN THE MINISTRY OF DEFENCE

The Prime Minister was grateful for the report by your Secretary of State on the second Reeves study, on financial responsibility and accountability. She strongly endorses the study's emphasis on personal accountability (to which the report draws attention) and the need to develop a suitable system for measuring and controlling the cost of activities.

2. The Prime Minister is pleased that your Ministry is giving a particularly high priority to the study's proposals for responsibility budgets and that a number of trials have been put in hand. The results of the trials should be of particular interest to other departments and Mrs Thatcher hopes that an opportunity will be found to associate the central departments with the trials so that the results of your experience may be disseminated as widely as possible.

3. The Prime Minister would be glad to be informed in due course what is being done (perhaps in the way of detailed scrutinies) to correct the weaknesses identified in the particular areas of Service training, supply and repair.

4. Mrs Thatcher fully supports the decision by your Secretary of State to publish a slightly edited version of the report as soon as possible. She believes its publication will provide strong evidence of the Ministry's (and the Government's) seriousness of intent in improving financial management through laying clear responsibility for resources on individuals.

5. I am copying this to the private secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Secretary of State for the Environment, the Chief Secretary and the Lord Privy Seal, and also Sir Derek Rayner and Sir Robert Armstrong.

Agreed MT

Govt Mach, Rayner, Alb

Mr FLESHER

Prime Minister: I thought you might be interested in Mr Priestley's comments on the FT article (attached) on management initiatives in DOI

TH 19/1

FINANCIAL TIMES ARTICLE ON DEPARTMENT OF INDUSTRY'S OBJECTIVE-SETTING EXERCISE

The article in Tuesday's FT is clearly based on an "on the record" interview with Mr Jenkin. It may have been inspired by a desire to show that Mr Heseltine is not the only Minister managing his department. Mr Nott, or MOD on his behalf, has been showing similar readiness. The spirit of competition is commendable, but it is a pity that Mr Jenkin has disparaged his predecessor in public.

2. The objective-setting exercise arises partly from Mr Jenkin's own predilections (witness his earlier work in the DHSS), but it is partly due to work commissioned in the DOI before his appointment as Secretary of State. The report on the Touche Ross study (which began in July 1981 and concluded in December 1981) found that the Department did not have "a comprehensive or formalised system for setting and communicating internally its objectives towards industry". It recommended that divisions' PES bids should be evaluated forecasts, based on established priorities following proper discussion with Ministers.

3. The extension of "management" from departments' administrative or running costs to their policy or programme expenditures is very much to be welcomed.

4. The FT article describes accurately what has been a very thorough and detailed exercise, and one that promises to be useful. But the process is not yet complete and the DOI has a rather patchy record on implementation. The Treasury and the MPO will be examining the DOI's programme of work under the Financial Management Initiative to ensure that the exercise is put forward to achieve its full potential. Meanwhile, it can, as far as it goes, be held up as an example to departments that claim not to be able to set objectives, and translate them into specific tasks and activities, as the DOI has been able to do.

5. The objective-setting exercise is not happening in isolation. There was initial concern that (unlike MAFF, which put a single official in charge of implementing their own Cooper Lybrand report's recommendations) the DOI had picked up the Touche Ross recommendations (covering such areas as cost centres, output measurement, and a management information system) piecemeal and had mounted various unco-ordinated implementation exercises. Now, however, they are regarded as coming together comfortably in a way that is mutally reinforcing, to such an extent that the DOI is perhaps ahead of MAFF. Certainly the DOI is shaping up to be one of the better departments in this field.

6. Nevertheless, the FT article probably exaggerates the degree of receptiveness in the department for the objective-setting exercise. The attitude of officials remains mixed.

7. The Prime Minister may be interested to know that the DOI has a good but not outstanding record in its Rayner scrutinies. Three of the four scrutinies in the 1979-81 period have yielded good results. A 1982 scrutiny on selective financial assistance is still under way.

8. On the other hand DOI has had difficulty in getting down to its manpower ceilings. The chancellor of the Exchequer has recently written to Mr Jenkin, pointing out various identified, but so-far unrealised manpower savings that would ease its difficulties if they were implemented.

9. To sum up, the DOI is definitely on the right lines, but some doubts remain on follow through. The MPO and the Treasury will need to encourage the department to implement its system in an effective way in the follow-up to the Financial Management Initiative. The inclusion of policy (as opposed to mere administration) in the department's programme of Rayner scrutinies is a logical part of the objective-setting exercise and Sir Derek Rayner will be pressing for it.

C J Mowbray

P.P. C PRIESTLEY
18 November 1982

S

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

T Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

16 November 1982

Dear Tim,

PT 16/12.

PUBLICATION AND FOLLOW-UP OF HMI REPORTS

Thank you for your letter of 12 November.

My Secretary of State was grateful for the Prime Minister's agreement that his announcement should go ahead. As you will see from the enclosed text of the Answer, which is being given today, the second paragraph has been amended to take account of the suggestion in your letter.

I am copying this letter to Adam Peat (Welsh Office), John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), David Heyhoe (Lord President's Office) and Elizabeth Thoms (Rayner Unit).

Yours ever,

Imogen Wilde

MRS I WILDE
Private Secretary

S

P AND ANSWER

QUESTION: To ask the Secretary of State for Education and Science, whether he will now make public the reports made to him by Her Majesty's Inspectorate on their formal inspections of educational institutions; what arrangements he proposes for following up such reports; and if he will make a statement.

ANSWER: The current practice of issuing such reports in confidence to the maintaining authority or the proprietor, the governors, and the head or principal of the institutions concerned, deprives parents and others of information which is of interest and concern to them. Knowledge of the strengths and weaknesses revealed in the Inspectorate's independent assessments is valuable to those institutions which are not for the time being the subject of such assessments, to the local authorities to maintain them, and to those working in the education system as teachers, governors, teacher trainers, and in other capacities, as a means of spreading good practice and fresh thinking and identifying and correcting short-comings. Citizens, including parents, those who pay for the inspected institutions through rates and taxes, and others who use them should also have the right to see these assessments. My rt hon Friend the Secretary of State for Wales and I have therefore decided to give public access to all reports on formal inspections which issue from January 1983 onwards.

We have also decided to introduce more systematic arrangements for ensuring that there is effective follow-up action in relation both to the institutions inspected and, where reports raise matters of wider general application, to other institutions maintained by the LEA. Action rests in the first instance with the LEA and governing body of the institutions concerned but we shall be ready to consider what we might appropriately do to assist the LEA in relation to such action and, in particular cases, to take up Ministerially with the LEA concerned matters raised by individual reports which are of exceptional concern or importance. These arrangements will apply in the first instance to reports of formal inspections of maintained schools and FE institutions providing full-time education for students aged 16-18 inclusive.

The procedures for giving effect to these decisions must take account of the formal position of those responsible for, and working in, the institutions reported on and of the fact that the reports are issued to specified persons. To this end we are consulting the local authority and teacher associations and other interested bodies about the procedural details.

Prime Minister:

The Rayner Unit's comments are at flag A. Should I respond on your behalf as proposed by Mr Prestley?

19/11

MO 24

PRIME MINISTER

FINANCIAL MANAGEMENT IN THE MINISTRY OF DEFENCE

Francis Pym informed you, on 31 December 1980, that the Ministry of Defence had commissioned two studies on financial management, one on financial control procedures and the other on financial responsibility and accountability. I have already reported the outcome of the first study, on 14 September 1981, and I think it would now be appropriate to let you know the current position on the second study.

2. This latter study was undertaken by a team headed by a Ministry of Defence Assistant Secretary and including representatives of the Treasury and of the firm of Arthur Andersen. As you specifically requested, Sir Derek Rayner has been associated with the study and his advice has been of great value.

3. The study team carried out a very thorough analysis of many aspects of financial management in the Ministry of Defence. Their recommendations are wide-ranging but are basically aimed at improving financial control and clarifying financial responsibilities and lines of accountability. The concept of personal accountability figures prominently and is reflected in proposals for the issue of individual charters. The study team identify as a major weakness "the unsuitability of the present system for measuring and controlling the cost of activities," particularly in such areas as Service training, supply and repair. This leads on to the most important proposal in the report which is the introduction of responsibility budgets. Under these arrangements a line manager would accept responsibility for achieving agreed performance targets within an annual financial budget. The cost information required would be provided by a new management accounting system (the ABC system) which we are already in the process of introducing. The study team

propose that responsibility budgets should initially be adopted in the fields of logistic support and Service training but consider that in the longer term the coverage of the system should be much more comprehensive.

4. The report is a valuable document which has obvious relevance to the financial management initiative. It will naturally take some time to consider all its 48 recommendations but the detailed processing is now well in hand and both the Treasury and the MPO have been consulted. In this follow-up work we are giving a particularly high priority to the responsibility budget proposals and have already decided to put in hand a number of trials with the object of assessing their value, practicability and resource implications. Once these trials have been completed it will be possible to take informed decisions on this important issue.

5. I have been giving very careful consideration to the question of publication. I have concluded that it would be preferable to publish the report now rather than wait until decisions have been taken on all its recommendations. I have also decided that it should be published in full, subject only to some very minor editing, and with a brief accompanying note which will indicate that we are going ahead with responsibility budget trials. Copies of this slightly edited version will shortly be placed in the House of Commons' and House of Lords' Libraries and will be sent to the Select Committee on Defence, the Public Accounts Committee and the House of Lords All Party Defence Study Group. In addition, we shall be depositing a number of copies in the Ministry of Defence Library with the intention that anyone interested will be allowed access.

6. I am sending copies of this minute to Geoffrey Howe, Francis Pym, Michael Heseltine, Leon Brittan and Janet Young. Copies also go to Sir Derek Rayner and Sir Robert Armstrong.

SN

Ministry of Defence
15th November 1982

MR FLESHER

PUBLICATION AND FOLLOW-UP OF REPORTS BY HM INSPECTORS OF SCHOOLS

Mrs Wilde's letter to you of yesterday attaches a revised draft of the inspired Question and Answer. I have marked the changes in the attached copy; they occur in paragraph 2.

2. You may now think that enough is enough, but if it is not intolerable to comment again I suggest that you might draw attention to the rather awkward difference between the active form of the first sentence in paragraph 2 and the somewhat inert form of the second.

3. If one actually follows the draft letter of consultation, as Mrs Wilde suggests, I would include a reference to the Ministers' action on reports which are of "exceptional concern or importance".

4. I attach a possible draft letter to Mrs Wilde.

5. I also attach a copy letter from Sir Keith Joseph to Sir Derek Rayner and the draft "policy statement", of which you may like to have advance warning.

CP

C PRIESTLEY

ENCS: Marked copy of Mrs Wilde's draft
Draft letter to Mrs Wilde
Copy letter from Sir Keith Joseph draft policy statement

12 November 1982

EVISED PQ AND ANSWER

QUESTION: To ask the Secretary of State for Education and Science, whether he will now make public the reports made to him by Her Majesty's Inspectorate on their formal inspections of educational institutions; what arrangements he proposes for following up such reports; and if he will make a statement.

ANSWER: The current practice of issuing such reports in confidence to the maintaining authority or the proprietor, the governors, and the head or principal of the institutions concerned, deprives parents and others of information which is of interest and concern to them. Knowledge of the strengths and weaknesses revealed in the Inspectorate' independent assessments is valuable to those institutions which are not for the time being the subject of such assessments, to the local authorities who maintain them, and to those working in the education system as teachers, governors, teacher trainers, and in other capacities, as a means of spreading good practice and fresh thinking and identifying and correcting short-comings. Citizens, including parents, those who pay for the inspected institutions through rates and taxes, and others who use them should also have the right to see these assessments. My rt hon Friend the Secretary of State for Wales and I have therefore decided to give public access to all reports on formal inspections which issue from January 1983 onwards.

We have also decided to introduce more systematic arrangements for ensuring that there is effective follow-up action in relation both to the institutions inspected and, where reports raise matters of wider general application, to other institutions maintained by the LEA. Action rests in the first instance with the LEA and governing body of the institutions concerned but we shall be ready to consider what we might appropriately do to assist the LEA in relation to such action. These arrangements will apply in the first instance to reports of formal inspections of maintained schools and FE institutions providing full-time education for students aged 16-18 inclusive.

The procedures for giving effect to these decisions must take account of the formal position of those responsible for, and working in, the institutions reported on and of the fact that the reports are issued to specified persons. To this end we are consulting the local authority and teacher associations and other interested bodies about the procedural details

DRAFT OF 12 NOVEMBER 1982

Mrs Imogen Wilde
Department of Education and Science

PUBLICATION AND FOLLOW-UP OF HMI REPORTS

Thank you for your further letter of yesterday.

/As I mentioned to you on the 'phone/, there is a slightly awkward change of tone between the first and second sentences of the revised paragraph. The Prime Minister also thinks that as the Answer is based on the letter of consultation it might as well include that letter's reference to action by the Secretaries' of State as follows (in which changes from your text are marked):

> "We have also decided to introduce more systematic arrangements for ensuring that there is effective follow-up action in relation both to the institutions inspected and, when reports raise matters of wider general application, to other institutions maintained by the LEA. The LEA and the governing body of the instititions concerned are in the first instance responsible for action but we shall be ready to consider what we might appropriately do to assist the LEA in relation to such action.

We shall ourselves take up with the LEA matters arising out of a report which are of exceptional concern or importance. These arrangements will apply in the first instance to reports of formal inspections of maintained schools and FE institutions providing full time education for students aged 16-18 inclusive."

I am copying this to Adam Peat/Welsh Office), John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), David Heyhoe (Lord President's Office) and Elizabeth Thoms (Rayner Unit).

TIMOTHY FLESHER

DRAFT WRITTEN ANSWER TO ACCOMPANY PUBLICATION OF DETAILED POLICY STATEMENT

1. My rt hon Friend the Secretary of State for Wales and I are today publishing a policy statement on the functions and future operations of HM Inspectorate. This follows the completion earlier this year of a Scrutiny of the Inspectorate within the programme coordinated by Sir Derek Rayner, the report of which will also be published. Copies of the statement and the Scrutiny report are available in the /Library/Vote Office/.

2. The prime functions of the Inspectorate are to assess by inspection standards and trends in schools (including the independent sector), teacher training and further education in all its forms, to advise the Secretaries of State on the state of the system nationally and to help all those concerned in or with education to improve its performance.

3. In order to advise me the Inspectorate has to keep an eye on the system as a whole. But its effectiveness depends in large part on the selection of priority targets for inspection to match current educational and policy concerns. Thus for example the Inspectorate is at present working closely with the Liverpool education authority. It is caught up with a whole range of activities concerned with the initial training of teachers and the subsequent experiences of new teachers. It is looking at the efficient education of ethnic minority pupils and of children with special educational needs. It is involved with the redirection of local authority higher education being undertaken by the National Advisory Body. It has a particular interest in the current proposals concerning the curriculum of less academically motivated pupils, examinations at 16+ and 17+, and the educational implications of the Youth Training Scheme. And it is concerned with the known problems of managing large schools and colleges.

4. In all its activities the Inspectorate's audit function will be more sharply focussed so as to ensure that all concerned with the provision of education have the clearest possible understanding of

the extent to which the education system on the ground matches the legitimate aspirations of the community and provides value formoney. The production of the Inspectorate's written reports and other publications, which, given its small size, are central to its effectiveness in influencing practices and standards in the education service at large, will be speeded up. Formal inspection will continue at the current rate, which results in the issue of some 260 reports each year in England and Wales.

5. Copies of the policy statement are being sent to each LEA and to the wide range of other bodies concerned with the provision of education.

FILE EDUCATION EMSW

10 DOWNING STREET

From the Private Secretary

12 November, 1982

Dear Imogen,

Thank you for your letter of 11 November, enclosing a draft Parliamentary statement on the publication and follow-up of HMI reports. The Prime Minister has agreed that the announcement should now go ahead. She has also suggested that the draft answer might be amended to take account of the reference in the letter of consultation to follow-up action by the Secretaries of State in cases where reports raise matters which are "of exceptional concern or importance".

I am sending a copy of this to Adam Peat (Welsh Office), John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), David Heyhoe (Lord President's Office) and Elizabeth Thoms (Rayner Unit).

Yours ever,

Tim.

TIMOTHY FLESHER

Mrs. Imogen Wilde,
Department of Education and Science

KM

Govt March

DRAFT WRITTEN PARLIAMENTARY QUESTION AND ANSWER FOR THE PRIME MINISTER

Ministerial Responsibilities

Q. To ask the Prime Minister which government department has responsibility for the Directorate of Overseas Surveys.

A. The Directorate of Overseas Surveys is at present a Special Unit of the Overseas Development Administration and is located at Tolworth. On 8 July 1981 my Right Honourable Friend the Minister for Overseas Development announced the acceptance of the main recommendations in the scrutiny report for the Directorate of Overseas Surveys. In implementing those decisions it has been decided that the functions and complement of the reduced Directorate will be transferred to the Ordnance Survey at Southampton. Some work will be contracted out to the private sector. The phased implementation of the move will commence on 2 April 1984 and will be completed by March 1985. This phasing will facilitate work at Tolworth on existing contract commitments.

I should like to pay tribute to the hard work of the Directorate. With the objective of assisting developing countries and British dependencies with survey and mapping needs, the Ordnance Survey will provide advice to the Overseas Development Administration, supervise overseas contracts with the private sector, conduct surveys and mapping of less straightforward projects, undertake training and be a source of information to overseas governments and the UK private sector. The costs of these activities as agreed by, and on behalf of, the Overseas Development Administration will be met on the basis of full costs from the aid programme. With effect from 2 April 1984 Ministerial responsibility for the staff to be transferred will pass from my Right Honourable Friend the Secretary of State for Foreign and Commonwealth Affairs to my Right Honourable Friend the Secretary of State for the Environment.

ct

2 PPS 1

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

1, Mr Ricketts 11/11
2, Prime Minister

Agree proposed announcement?

T Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

Yes - I assume we have co-ordinated with the Scottish Office

November 1982

11/11

Dear Tim,

PUBLICATION AND FOLLOW-UP OF HMI REPORTS

Thank you for your letter of 8 November.

The draft policy statement on the work of HM Inspectorate in England and Wales has now been agreed by Sir Keith Joseph and he has written to Sir Derek Rayner inviting his comments. He hopes to be in a position to put the policy statement forward to the Prime Minister very soon - certainly by the end of this month.

On that basis my Secretary of State is grateful for the Prime Minister's agreement to the proposed Parliamentary written statement which he would like to make early next week. I attach a revised text of the proposed answer. You will note that it fills out what is said about action on reports in line with the letter consulting the local authority and teacher associations which reflects the statutory position. The Secretary of State hopes that the revised text is acceptable.

On public access, we shall be amending the consultation letter to take account of the Prime Minister's points. The principle of open public access is of the essence of what my Secretary of State proposes and is not for negotiation with the education bodies. The purpose of consultation is to ensure that the detailed procedures we propose are practicable and will deliver.

I am copying this letter to the recipients of yours.

Yours ever,

Imogen Wilde

MRS I WILDE
Private Secretary

REVISED PQ AND ANSWER

QUESTION: To ask the Secretary of State for Education and Science, whether he will now make public the reports made to him by Her Majesty's Inspectorate on their formal inspections of educational institutions; what arrangements he proposes for following up such reports; and if he will make a statement.

ANSWER: The current practice of issuing such reports in confidence to the maintaining authority or the proprietor, the governors, and the head or principal of the institutions concerned, deprives parents and others of information which is of interest and concern to them. Knowledge of the strengths and weaknesses revealed in the Inspectorate's independent assessments is valuable to those institutions which are not for the time being the subject of such assessments, to the local authorities who maintain them, and to those working in the education system as teachers, governors, teacher trainers, and in other capacities, as a means of spreading good practice and fresh thinking and identifying and correcting short-comings. Citizens, including parents, those who pay for the inspected institutions through rates and taxes, and others who use them should also have the right to see these assessments. My rt hon Friend the Secretary of State for Wales and I have therefore decided to give public access to all reports on formal inspections which issue from January 1983 onwards.

We have also decided to introduce more systematic arrangements for ensuring that there is effective follow-up action in relation both to the institutions inspected and, where reports raise matters of wider general application, to other institutions maintained by the LEA. Action rests in the first instance with the LEA and governing body of the institutions concerned but we shall be ready to consider what we might appropriately do to assist the LEA in relation to such action. These arrangements will apply in the first instance to reports of formal inspections of maintained schools and FE institutions providing full-time education for students aged 16-18 inclusive.

The procedures for giving effect to these decisions must take account of the formal position of those responsible for, and working in, the institutions reported on and of the fact that the reports are issued to specified persons. To this end we are consulting the local authority and teacher associations and other interested bodies about the procedural details.

EDUCATION: POLICY ON EDUCATION EXPENDITURE
HM INSPECTORATES OF SCHOOLS

PT 3.

Copy also to:
Sir Derek Rayner
Miss Kelly (HMT)
Miss Morley (CPRS)

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Sir Derek Rayner
Management and Personnel Office
Old Admiralty Building
Whitehall
LONDON SW1A 2AZ

9 November 1982

Dear Derek,

SCRUTINY OF HM INSPECTORATE OF SCHOOLS

... I can now let you see a draft (copy enclosed) of the policy statement which Nicholas Edwards and I propose to make on the functions and future work of HM Inspectorate.

As I explained to you before, the statement is not an action document of the kind conventionally prepared following a Scrutiny but it contains many references to action already taken or now being taken. It addresses the recommendations in the Scrutiny Report, save those which have been overtaken by events. We see the document as providing a permanent point of reference about the nature and functions of the Inspectorate. Some of the important points which the Prime Minister in particular wished to see given emphasis are more in the nature of immediate priorities than continuing functions and I therefore propose to refer to them in my announcement to Parliament when the policy statement is published. By this means I can give them greater emphasis than if they were included in the document
... itself: a draft of what I propose to say is enclosed.

I should like to send the draft statement to the Prime Minister as soon as possible with the aim of then consulting the Trade Union Side before publishing the document at the end of November. I should therefore be glad if you would let me have your reactions in the next few days.

I am copying this letter to Nicholas Edwards.

Yours Keith

A POLICY STATEMENT BY THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE AND THE SECRETARY OF STATE FOR WALES ON THE WORK OF HM INSPECTORATE IN ENGLAND AND WALES

1. This policy statement follows a scrutiny of the Inspectorate within the programme co-ordinated by Sir Derek Rayner completed in July 1981 and published in 1982. It describes the functions of the Inspectorate and sets out the ways in which the Inspectorate's work will develop. The Scrutiny largely reflected developments in progress within the Inspectorate. Other developments were stimulated by the process of scrutiny or followed the report. Yet others have arisen and will arise from the need for the Inspectorate to adapt its work to current needs in education and government. This statement is not concerned with the work undertaken by the Inspectorate in the European Schools, abroad or in the Channel Islands and the Isle of Man, or in establishments or services for which the Home Office, the Ministry of Defence, the Department of Health and Social Security or the Department of Employment are responsible.

THE FUNCTIONS OF THE INSPECTORATE

2. The Inspectorate's work relates to the whole of the education system in England and Wales, and includes the independent as well as the maintained sector, except for the universities (other than parts of the adult education and teacher training undertaken by them) and independent further education colleges. From its origins in 1839 the function of the Inspectorate has been to inspect and report in order to assist the Government in the exercise of its responsibilities in relation to education, including the financial aspects, and in the process to contribute to the improvement of what lies within the purview of such inspection. The Inspectorate has an unfettered right of access to any institution which it may inspect.

Purpose language

The present statutory basis for the Inspectorate's work is section 77 of the Education Act 1944. This requires the Secretary of State to cause inspections to be made of primary, secondary, special and independent schools, establishments of further and higher education and of teacher training and adult education; and provides that the inspections should be carried out by inspectors appointed by HM The Queen for this purpose.

4. Thus the Inspectorate's work derives from the service it gives to the Secretary of State in connection with his statutory responsibilities for the education system. It provides an informed and independent basis of evidence and judgement upon which the Secretary of State, and local education authorities, teachers, governors, teacher trainers, parents, students and others can base policies and decisions. On the basis of inspection throughout the system by Inspectors each working across the whole country the Inspectorate:

a. assesses standards and trends and advises the Secretary of State on the performance of the system nationally;

b. identifies and makes known more widely good practice and promising developments and draws attention to weaknesses requiring attention;

c. provides advice and assistance to those with responsibilities for or in the institutions in the system through its day-to-day contacts, its contributions to training and its publications.

In discharging these functions the Inspectorate pays special attention to the needs of the teacher training system, since the Secretary of State has a statutory responsibility for the supply of an adequate teaching force.

5. The Inspectorate has no executive power. But it exercises a control function, delegated to it by the Secretary of State, in respect of advanced (ie higher education) courses in further education; and advises the Secretary of State in the exercise of his supervisory functions in relation to independent schools. The Scrutiny noted developments in the overall management of public sector higher education and advised reduction in the involvement of the Inspectorate in the (1) detailed administration of course approval. First steps have been taken to this end. Further progress depends on policy decisions and the working of the National Advisory Body for Local Authority Higher Education. But, whatever the changes, as the (2) Scrutiny records, the continuing responsibility of central government needs to be underpinned by the independent professional advice based upon detailed acquaintance with the system which the Inspectorate provides.

6. The Management Review of the Department of Education and Science, published in 1979, noted the importance attached throughout the education system to the independence of the Inspectorate; and the extent to which its effectiveness was bound up with (3) this. The Scrutiny recommended that the Inspectorate's professional independence of judgement was essential and must be preserved and protected. The Secretaries of State endorse this recommendation and the present arrangements for securing the independence of the Inspectorate. The Inspectorate forms a hierarchy under the Senior Chief Inspector which is within the Department of Education and Science but parallel to the rest of it, and has in practice been allowed substantial freedom to develop and manage its professional response to the needs of the Secretary of State and the services it offers to the rest of the system. The Senior Chief Inspector has the right of direct access to the Secretary of State. HMI in Wales are seconded to the Welsh Office from the Inspectorate. The Welsh Inspectorate is under the direction of the Chief Inspector for Wales, who has direct access to the Secretary of State for Wales. While the decision to publish what HM Inspectors write rests with the Secretaries of State, any of their work which the Secretaries of State decide should be published is published as the Inspectorate wrote it.

Cost? And effectiveness?

7. The Secretary of State for Education and Science has reviewed the size of the Inspectorate in England in the light of the Scrutiny. He has concluded that having regard to both the Government's manpower policy and to the effective discharge of the Inspectorate's essential functions the present complement of 430 should be sustained. Numbers in post will be brought up to complement as a matter of urgency. The Secretary of State for Wales is considering the size of the Inspectorate in Wales in the context of reviews of staffing within the Welsh Office.

(4)

INSPECTION AND AUDIT

8. Inspection, which takes a variety of forms according to its target and purpose, is the tool by which the Inspectorate audits the system to assess the extent to which nationally, locally or in individual institutions it offers an adequate service and secures value for money. In particular, inspection seeks to reduce the element of local chance which can put parents and pupils at a disadvantage within the national education service. Inspection is also the means for assessing the capacity of the system at any given time to undertake new tasks which the Secretaries of State may require. By inspection the Inspectorate builds up a national view of what is possible and what is commonly achieved. In its assessments, it takes account of the range of current expectations of the Government, employers, parents, students and the public as to what the system should be achieving, and has regard to the system's professional vitality and commitment.

9. The Inspectorate's remit extends to over 32,000 maintained and independent schools, some 580 establishments of further and higher education, about 5,400 evening institutions and some 14,000 courses run by Responsible Bodies in adult education, and the youth service (as well as the education provision made by the education service in over 100 penal establishments, together with a range of community facilities with an education component). In choosing targets for inspection the

nspectorate has to give priority to those matters which by reason of performance or policy are of most urgent concern, and at the same time achieve a coverage sufficient to keep the Inspectorate informed of the state of all parts of the system and allow prompt advice to be given to the Secretaries of State on any aspect of it. The rebuilding of the Inspectorate's audit function in recent years has led to a scale of inspection visits which, with the present complement, enables one-fifth of primary schools, three-quarters of secondary schools and one-fifth of independent schools to be visited in the course of a year; and the great majority of FHE institutions and all initial teacher training establishments to be visited each year. The Scrutiny identified apparent differences between the conduct of inspection visits in schools and those in FHE. In line with its findings, it is now a clear requirement that general inspectors of FHE colleges assemble and act upon the various reports of specialist inspectors as they affect either the individual institution or its role within the authority. The practice of assessment is common to schools and FHE. After every inspection visit the Inspectorate discusses its assessments of what it has seen with those concerned with the institution and, where appropriate, the LEA or other providing body, and records them for the Inspectorate's file on the institution.

Meaning?

(5)

10. A proportion of inspection time leads to reports to the Secretaries of State which are issued to the institutions and LEAs concerned, thus providing a formal record of the Inspectorate's findings and an agenda for action. This formal reporting is necessarily time-consuming and therefore used particularly either where institutions provide an exemplar of type, style or achievement, or where the written record is judged the best means of achieving change of direction or improvement. Some 260 such reports (over 200 on schools) were issued in England and Wales in 1981. This level of productivity is planned to continue and, as the Scrutiny suggested, the time of Inspectors working mainly in further and higher education will be shifted towards this type of formal inspection.

Paper only?

(6)

Each LEA has a general responsibility for the delivery of educational services to its population. The Inspectorate has recently reported on all aspects of education in two LEAs and on one district of another. The reports were based on recent inspections of all kinds in the LEAs' institutions. Further reports of this (7) kind will be on whole LEAs or some part, as appropriate to the individual case. Full reports on three LEAs will be completed during the academic year 1982-3. This approach, which accords with the Scrutiny's recommendations, will demonstrate the Hows? extent to which this is the best use of scarce resources. As in the case of inspection leading to formal reports on institutions, authorities will be chosen for report on a basis of perceived need or exemplification.

USE OF THE FINDINGS OF INSPECTIONS

12. The value of the Inspectorate's work to the nation depends in large part on the use the Government and the rest of the education system make of its findings, communicated both formally and informally. The Secretaries of State regard the Inspectorate's work as indispensable to the process of making educational policy. The Inspectorate's findings are of immediate interest to those responsible for the work of the institution inspected. They are also relevant to others in the system whose tasks are similar, and are likely to interest many others in education and those who are its clients or interested in its standards.

13. To meet this range of interest a variety of publications based on inspection has, as the Scrutiny recorded, been put on the market. But the potential benefit of issued reports on formal inspections of institutions has been limited by the fact that, for the last 30 years or so, they have normally been made available to the LEA, governors, and head or principal of the institution concerned (and through them to other staff) on an "in confidence" basis. The Secretaries of State announced [on] that from [1 January 1983] such (8) reports, written on the same basis as at present, would be publicly available.

In the majority of cases action on reports of formal inspections is taken by the institutions and LEAs directly concerned. The Secretaries of State consider that still more effective use could be made of such reports. They announced [on] that from [1 January 1983] the Department would ask LEAs to indicate to (9) him within three months of the issue of reports of formal inspections of maintained schools or further education institutions providing for full-time students aged 16-18 inclusive the action to be taken in the light of the report's findings. This procedure will shortly be extended to reports on other institutions. There may be (10) occasions when the Secretary of State will himself wish to call the attention of LEAs to matters of particular concern or of wider national interest which are revealed through such a report.

(11) 15. The Inspectorate will continue to publish consolidated inspection reports on national aspects of the system, to enable those within it to see how their work measures up against what is done elsewhere; to spread good practice; to promote a better understanding of problems and weaknesses; to stimulate the discussion and implementation of remedies; and to encourage fresh thinking and development.

(12) 16. The Inspectorate will also continue to play a part in securing an appropriate response from the system to its reports and publications to the extent compatible with the need for further inspections elsewhere. Its programmes reflect the Scrutiny's recommendation that the need in particular is to fuel and prime LEAs and their advisory services and to focus as clearly as possible the Inspectorate's various contributions to in-service training. Going beyond the Scrutiny, the Inspectorate will give particular attention to discussing with institutions providing initial teacher training the relevance to their work of its findings. In all some 10% of inspection visits will continue to be follow-up visits. Time will also be allocated to discussing the implication of reports with the examining and validating bodies and key professional associations.

Will what include effect?

.. In order to increase the impact of publications by the Inspectorate, more copies will, as the Scrutiny recommended, in future be distributed free in appropriate cases. The Inspectorate will also take suitable opportunities to work alongside local authorities, their advisers, institutions and teachers on selected and pressing development work, as currently for example in respect of the secondary curriculum or the implementation of the 1981 Act.

(13)

(14)

Meaning?

MANAGEMENT AND USE OF INSPECTORS' TIME

18. The Secretaries of State agree with the Scrutiny on the nature of the problem of managing and using Inspectors' time to the best advantage, and on what the arrangements to this end should achieve. It is this desired outcome which will determine the further action to be taken and the use made of the detailed suggestions offered by the Scrutiny, all of which have been considered and are being kept under review. The effectiveness of the Inspectorate requires a timely, selective programme of inspection consistent with policy needs and the skills of the Inspectors in post; clear and speedy communication within the Inspectorate, with the education system and with its clients; and efficient relationships with the rest of DES and the Welsh Office, with the LEAs and other providers, with the teacher training system and the many validating and change agencies. All these require time, as does the regular review of the Inspectorate's effectiveness. But inspection will continue to take the largest share of all. In particular the Inspectorate will, as the Scrutiny suggests, keep its committee structure under review to reduce the time spent in meetings, while preserving their role in communication and management within a field force. The size and mode of operation of the recently formed Policy Group for Inspection, criticised for unwieldiness by the Scrutiny, will be kept under review by its chairman and the Policy Steering Group.

!

Yes!

Indicators?

(14)

!

. As education and the demands made on it change, so must inspection targets; and not only the management of time but also the staffing of the Inspectorate must continually adapt without putting at risk the values for which the Inspectorate must stand. The education system requires of Inspectors, whatever their position in the Inspectorate, credibility based on qualification, experience and performance. It follows that Inspectors must have opportunities for specific personal achievement and these will be provided, subject to the needs of the Inspectorate's total programme of work. It is particularly important that the Inspectorate is flexible enough to bring in teachers and others who are leaders in their field, not only as now for half a lifetime's service, but for shorter periods. Within its present complement, the Inspectorate cannot cover all aspects of the education system in equal depth, and uses occasional professional assistance for single inspections or longer periods. Experience of inspection can be shown to have been of value to those so attached when they return to their jobs. It is proposed, as the Scrutiny suggests, to increase the number of such short-term attachments for specific tasks, particularly in areas of rapid obsolescence like information technology or to match an initial spurt of development or to tackle an acute problem. The aim is to arrange within the next six months for perhaps six such attachments for periods of up to three years. Either secondment of, or exchange of post with, teachers, advisers or educational administrators might be the means used and these will be discussed with the local authority associations.

(15) Fine, but what does it mean?

(16)

(17) But decisions are for Ministers.

20. The planning of the necessary programmes of inspection, in-service training of teachers and foreign travel is the collective responsibility of the six Chief Inspectors under the Senior Chief Inspector in England and of the seven Staff Inspectors with the Chief Inspector in Wales. Decisions about each term's programme, the continuation or cessation of existing elements and the introduction of new ones, together with longer-term planning, will continue to reflect:

How kind!

i. Government policy and the routine needs of DES and the Welsh Office, whether transmitted through existing planning mechanisms or through day-to-day contact with the Secretaries of State and their other advisers.

ii. The Inspectorate's knowledge (from inspection and contact with the LEAs) of performance on the ground which identifies growth points and areas of concern.

The implementation of these decisions falls to Divisional Inspectors, Staff Inspectors and individual HMI, who have both specific assignments and interlocking responsibilities. Individual inspectors are kept informed of priorities within their special assignments. HMI check with administrators, and their other direct clients, the value to them and to the system of different programmed activities. Various means of making such checks are likely to be appropriate.

21. All inspection informs the providers. As the Scrutiny suggests, the two Inspectors who in each LEA form the link with that Authority have a special importance in creating relationships of confidence and respect which enable inspection to bear fruit. Account will be taken of this in planning future programmes and assignments, due allowance made for each Inspector's limitations of time and expertise and the overall demand for Inspectors' time.

22. As the Scrutiny suggests, one of the six Chief Inspectors has the responsibility of overseeing the central programmes and the load on the Inspectorate and individuals within it. When the outcome of present developments in the education and training of 16-19 year olds is clearer, fresh consideration will be given to the Scrutiny's recommendation that a Chief Inspector should be appointed to co-ordinate inspection in this important area, now shared by the Chief Inspectors for Further Education and Secondary Education, and, where necessary, co-ordinated by the Senior Chief Inspector. As regards the Scrutiny's recommendation about increased cross-border

spection in England and Wales, every attempt will be made to extend present working arrangements to the advantage of both parts of the Inspectorate.

23. Procedures for publishing inspectors' findings and ordering their information in a readily accessible way are, as the Scrutiny suggests, less well advanced, particularly for further and higher education, than those for planning inspection.
(19) The Inspectorate's aim will be to issue reports on individual institutions within six months of the inspection and to accelerate procedures for the bringing together of information and for publication. To facilitate this, it will be essential to
(20) maintain adequate levels of support staff, though no increase can currently be
(21) contemplated. Further analysis will be made by HMI and the Department's Establishments Branch of the benefits of electronic typewriters, distant conference facilities, facsimile transmission and word processors. There is scope for the introduction of modern technology into the work of the Inspectorate and a modest start will shortly be permitted with the computerised register of visits, which was planned at the time of the Scrutiny. With Inspectors a high-cost, scarce resource and no immediate prospect of increasing either support services or the data support unit, special
(22) consideration will be given to the supply of efficient modern equipment for essential tasks such as the standing record of inspectors' qualifications and experience and the construction of the inspection programme. In the light of such developments
(23) attention will be given to the Scrutiny's recommendation that the Inspectorate and the Department should jointly consider the division of tasks between Inspectors and support staff with a view to providing more guidance and training for both groups on what is expected of them.

24. Such innovations would enable Inspectors to spend more time on tasks which make
Example? best use of their professional skills and build relationships which lead to action on the ground. If the Inspectorate's findings are to have an impact upon policy formation and execution, sufficient time must be given to good liaison with the

Secretaries of States' other advisers. The Inspectorate's impact on the rest of the stem similarly requires sufficient time. There is no set formula for the effective use of time for either purpose. As regards the former, the Inspectorate will continue to participate in both the permanent and the ad hoc machinery set up within the DES and Welsh Office for the consideration and formulation of policy advice to the Secretaries of State; and its members, like their generalist and specialist colleagues in the DES and Welsh Office, will continue to foster the good informal working relationships which are the Inspectors' most effective tool in this context. As regards relations with those outside the DES and Welsh Office and the LEAs, the Inspectorate must, within the limits of available time, maintain links with a wide range of validating and advisory bodies, educational agencies and representative groups with great collective power to shape education. Priority will be given to those organisations, like the National Advisory Body for Local Authority Higher Education and the Manpower Services Commission and the validating and examining bodies, who are most actively involved in the development and implementation of the Government's current policies.

(24) !!

(25)

LEA ADVISERS AND INSPECTORS

25. The agency best placed to influence the institutions maintained by a LEA is the local advisory service which it appoints. All LEAs appoint a number of advisers, mainly in relation to schools, who in some cases act also as inspectors. The functions of local advisers or inspectors vary widely, as do the scale and scope of their work; they may include administrative tasks concerned with such matters as the employment, redeployment and promotion of teachers. A local advisory service which inspects helps its LEA to be well informed about the institutions it maintains and to devise sound policies for assisting it in the discharge of its responsibilities; it also helps those who work in the institutions to improve their professional performance. This locally based work is complemented by that of HM Inspectorate in

i[illegible]national role. Whatever their locally assigned duties, a strong cadre of advisers and inspectors greatly enhances the contribution which the work of the Inspectorate makes in any local authority. The Secretaries of State intend shortly to explore with the local authority associations whether there is a need for them to offer guidance on the role of local advisory services and the most effective co-operation between them and the Inspectorate. The recommendations of the Scrutiny will form part of the agenda.

(26) Weak.

CONCLUSION

26. The policy set out in this statement preserves the essential attributes of the Inspectorate which have stood the test of time but strengthens and sharpens its capacity to serve the education system. It is the continuing duty of those with responsibility for the education system - Government, LEAs, individual institutions and those who work in them - to assess the adequacy of the educational standards achieved and the effectiveness and efficiency with which resources are being used. The new policy of wider publication of HMI's evidence will make the education system and its clients better informed and enable both to play their proper part in achieving effectiveness.

Really?

Education, Policy on Expenditure, PTS

FILE SW

10 DOWNING STREET

From the Private Secretary

10 November, 1982

The Prime Minister has seen the Lord Privy Seal's letter of 4 November to the Secretary of State for Social Services about the latter's proposal to run a pilot scheme to give qualifying managers an annual sum of £500, to be deployed at their discretion to improve the office as a place in which to work. Like the Chancellor of the Exchequer and the Lord Privy Seal the Prime Minister is very much in favour of the scheme and her only comment is that £500 seems rather a small sum; £1,000 would be better.

I am sending a copy of this letter to Jill Rutter (Treasury), Jane Ridley (Ministry of Defence), Toby Johns (Department of Transport) and Felicity Everiss (Department of Employment). Copies of this letter also go to the Private Secretaries to the other members of the Cabinet and to Richard Hatfield (Cabinet Office).

TIMOTHY FLESHER

Mrs. Mary Brown,
Lord Privy Seal's Office

RM

MR RICKETT

cc Mr Board
Miss Bacon
Mr Hatfield

TRANSFER OF MINISTERIAL RESPONSIBILITY FOR STAFF OF THE DIRECTORATE OF OVERSEAS SURVEYS

We spoke about the draft arranged PQ suggested by the Foreign Secretary in his minute of 4 November. I would like to propose two small changes in the answer:

(1) Amend line 6 to read:

"... of the reduced Directorate will be established as an Overseas Directorate of the Ordnance Survey at Southampton."
(This to underline the continuation of an identifiable unit.)

(2) Break line 9 after "... contract commitments." and start a new paragraph with: "I should like to pay tribute to the hard work by the staff of the Directorate. With the objective ..."
(This to give proper recognition that their work is valued even though the Directorate is to be somewhat smaller.)

IB

IAN B BEESLEY

9 November 1982

GOVERNMENT MACH

10 DOWNING STREET

From the Private Secretary

Mr. Hatfield

Thank you for your minute of 8 November to Robin Butler about the transfer of Ministerial responsibility for the staff of the Directorate of Overseas Surveys. The Prime Minister has agreed to the Foreign and Commonwealth Secretary's proposal, and I have written to his Office accordingly.

TF

9 November, 1982.

File

10 DOWNING STREET

From the Private Secretary

8 November 1982

The Prime Minister has now seen the Foreign and Commonwealth Secretary's minute of 4 November about Ministerial responsibility for the staff of the Directorate of Overseas Surveys. She has agreed to Mr. Pym's proposal that the staff complement of the DOS should be transfered to form a new Overseas Directorate of the Ordnance Survey at Southampton on the timescale proposed. She has further agreed that this transfer of Ministerial responsibility should be announced by means of an arranged Parliamentary Question along the lines proposed.

I am sending copies of this letter to David Edmonds (Department of the Environment) and Mary Brown (Lord Privy Seal's Office).

Timothy Flesher

John Holmes, Esq.,
Foreign and Commonwealth Office.

Ref. A082/0032

MR BUTLER

Transfer of Ministerial Responsibility for Staff of Directorate of Overseas Surveys

Sir Robert Armstrong has seen the minute of 4 November from the Foreign and Commonwealth Secretary proposing the transfer of the Directorate of Overseas Surveys from the Overseas Development Administration to the Ordnance Survey.

2. Sir Robert notes that this implements a recommendation of a Rayner Review, and considers that it is also sensible in machinery of Government terms in allowing the concentration of civilian surveying expertise into one Department. He therefore recommends to the Prime Minister that she should approve this proposal.

R P HATFIELD

8 November 1982

Govt Mach, Rayner, Pt 12

PERSONAL

Mr RICKETT

You may like to be aware of the attached exchange of letters between Mr du Cann and Sir Derek Rayner; and also that Sir Derek is giving Mr Joel Barnett lunch on 9 November.

C PRIESTLEY
5 November 1982

Encs: As indicated

PRIME MINISTER

HMI Reports

You will remember that Department of Education wished to announce their proposed arrangements for the publication of HMI reports ahead of producing their general policy statement in response to the Rayner scrutiny. You said that you would prefer to see the whole package. Education have now returned to the question (see their submission at Flag A and their letter to Sir Derek Rayner at Flag B).

I have spoken to Mr. Priestley about this and the advice of the Rayner Unit is that if Education feel strongly about the need to make an announcement about HMI reports in advance of the general policy statement, there is insufficient cause to continue to hold them back. Mr. Priestley's advice is at Flag C; it is to the effect that substance of the DES announcement about publication should go ahead but that Education should be encouraged to produce their general policy statement as quickly as possible.

Do you agree that we should reply as Mr. Priestley proposes?

Yes mt TH

4 November 1982

C

Mr FLESHER

PUBLICATION AND FOLLOW-UP OF REPORTS BY HMI INSPECTORS OF SCHOOLS

1. We had a word on the phone this morning about the letters from Mrs Wilde to you of ~~2~~ November and Sir Keith Joseph to Sir Derek Rayner of ~~27~~ October.

with TF
TPM

2. I attach a draft letter for you to send to Mrs Wilde which, I hope, catches the flavour we had in mind.

3. The letter is self-explanatory but you may find it helpful to be reminded that

(1) The start date of January 1983 is given at the end of para. 1 of the draft Answer; and

(2) the "public access procedures" are set out in paras. 5 - 7 of the note on "Procedures for making public reports of formal inspections" annexed to the draft PQ enclosed with Mrs Wilde's original letter of 21 October to Mr Peat (Welsh Office).

4. Incidentally, if you wanted to end your letter to Mrs Wilde on an up-beat, you might add, as a new para. 5, that the PM is pleased that copies of the issued reports will be sent to the press and media (see para. 5 of the note on procedures). The fact is that, if we stick to our guns and get these proposals past the massed bands of the education stage army, we shall have struck a real blow for the rights of parents and pupils, far too long neglected and over-borne. Some such words as the following might do:

"5. Finally, [in which case delete "Finally" from para. 4], the Prime Minister has asked me to say that she welcomes the emphasis given in the intended new proposals to public access, including providing the press and media with copies of reports. She thinks this a most timely and welcome strengthening of the rights of families. She very much hopes that the Education Departments will stand firmly to this point of principle in discussing the intended procedures with the local authority and teacher associations and others."

CP

C PRIESTLEY
4 November 1982

Enc: Draft letter as indicated

DRAFT OF 4 NOVEMBER 1982

Mrs Imogen Wilde
Department of Education
and Science

PUBLICATION AND FOLLOW-UP OF HMI REPORTS

1. Thank you for your letter of 2 November, which I have shown to the Prime Minister, together with your Secretary of State's letter of 27 October to Sir Derek Rayner. ~~This answer covers both letters, as it is the Prime Minister who has raised the question of timing and (in part) of content.~~

2. To avoid further misunderstanding, I should repeat that the Prime Minister would very much prefer to consider the Government's position on the inspection of schools and other establishments in the round. The scrutinies were commissioned as long ago as October 1980 and the Prime Minister was promised a draft policy statement over four months ago. ~~The Prime Minister hopes that this long drawn-out story can now be brought to an early conclusion.~~

3. Mrs Thatcher has considered your Secretary of State's arguments for going ahead with a statement to Parliament so as to protect the intended start date of January 1983. She favours making early progress on this issue, although she would have preferred to see it dealt with as part of the whole, and is prepared to agree that the statement may be made, provided you can assure me that she will receive the draft policy statement by the end of this month.

4. ~~Finally,~~ On two points of detail

- The Prime Minister sympathises with what you say about action on reports (para. 2 of the revised Answer) but she thinks that the draft should be filled out, using the words of your letter, as follows:

  "We have also decided to introduce more systematic arrangements for ensuring that there is effective action, in relation to the institutions inspected and to the local authority's other institutions, both by the local authority and as appropriate by the Education Departments."

- On public access, the Prime Minister's agrees that copies of reports should be obtainable through both the local authority and the Education Departments as their point of origin. There should be a clear presumption that the local authority would make copies available and a number of additional copies should be supplied automatically to the local authority for deposit in the institution, public libraries etc. And it should be known that copies would be available from the Education Departments' head and appropriate local offices.

Take in suggested paras 5 ~~overleaf~~ on page 2 of C. Prestrey's minute.

5. I am copying this letter to Adam Peat (Welsh Office), John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), David Heyhoe (Lord President's Office) and Elizabeth Thoms (Rayner Unit).

T FLESHER

Govt. Mach : Rajiv Prog Pt 12

cc JV

Management and Personnel Office
Whitehall London SW1A 2AZ
Telephone 01-273 / GTN 273 } 4400

4 November 1982

The Rt Hon Norman Fowler, MP
Secretary of State for Social Services
Alexander Fleming House
Elephant and Castle
LONDON SE1 6BY

£500 is very small - would £1000 be better? MT

Prime Minister (2)

MCS 9/11

Dear Norman,

INCENTIVES TO IMPROVE EFFICIENCY

Your officials have been in touch with my Department about your proposal to run a pilot scheme to give to qualifying managers an annual sum of £500, to be deployed at their discretion to improve the office as a place in which to work. Geoffrey Howe and I would like to lend our fullest support to your scheme, and to invite colleagues to whom I am copying this letter to develop other pilot schemes as appropriate to their circumstances. As you know, in the White Paper "Efficiency and Effectiveness in the Civil Service" which we published in September we said

> "[The Government] is considering ways in which staff can gain some benefit from efficiency savings - for example by investing a proportion of such savings to improve output and enhance the working environment" (Cmnd 8616, paragraph 11)

And in Sir Derek Rayner's report to the Prime Minister in June on support services in Government R & D establishments, he recommended that we should consider

> "how arrangements can be made to encourage Departments to reinvest more from savings achieved by greater efficiency, to further increase efficiency and effectiveness, reduce running costs, and improve staff motivation eg in accommodation, computerising administrative systems, and other office machinery" (Recommendation 11).

Geoffrey and I believe that there is a place for separate pilot schemes to encourage greater efficiency, limited initially to particular locations for a specific time, within the context of the broader reforms we are now pursuing through the Financial Management Initiative and the programme of scrutinies. Such schemes would signal the firmness of our intentions to continue to improve efficiency, to delegate authority, and to recognise staff commitment. They would also yield valuable practical experience of many of the issues we shall need to consider against the broader canvas. This experience would be maximised by encouraging a range of rather different schemes in different Departments, and by associating the MPO in an appropriate way with their design and development.

The general basis of such schemes would be to give discretion to line managers to recognise, by an appropriate expenditure of funds, the contribution of subordinate managers and staff to improving efficiency. Such expenditures might or might not be linked proportionately to the efficiency savings gained; at least for the modest pilot schemes we envisage, we would expect the expenditure to be financed from existing allocations. It would be open to each department to decide the precise form of such expenditure; but possibilities might include office improvement over and above the basic standard, or conceivably some group bonus shared out equally among all staff concerned.

The essence of the pilot schemes would be that they provide an incentive to improve efficiency through the knowledge that line managers, rather than a remote "centre", have discretion to give such improvement material recognition.

This means that the purpose of the pilot schemes is not to bring accommodation up to an acceptable minimum standard, which is a duty on every employer and for which funds are provided through the PSA. Nor, I suggest, at this stage should they provide for differential payments to individual members of staff; Megaw has proposed a general system of merit pay, and it seems best to take decisions on that before we see whether there is scope for rewards to individuals over and above what it produces. The pilot schemes need not be linked directly to the development of budgetary systems (although my own view is that any continuing scheme will need ultimately to be a part of a Department's system of financial management). And the emphasis on line management discretion, and on efficiency improvement rather than on technical innovation, separates such schemes from staff suggestion schemes, though here too there may be scope for improvement and the Customs and Excise are considering an experiment for that purpose.

Geoffrey and I are of course examining the possibility of developing pilot schemes for our own Departments; I intend to start one in the Civil Service Commission. I hope that you and colleagues to whom I am copying this letter will feel able to move forward with schemes serving similar intentions. We need to aim to run any such schemes through the year 1983-84, and see how far we can begin to draw general lessons towards the end of that year. Brian Morris will be the official concerned in my Department; I am asking him to make contact with your officials to ensure that those Departments which decide to develop schemes are kept in touch with each other as they go along. The Treasury would also like to be kept informed; Miss M P Brown is their point of contact.

Copies of this letter go to Geoffrey Howe, John Nott, David Howell and Norman Tebbit and - for information - to the Prime Minister and other Cabinet colleagues.

Yours ever

Dorothy

BARONESS YOUNG

CONFIDENTIAL

Prime Minister

Agree to Mr Pym's proposal?

TJ
5/11

PM/82/95

THE PRIME MINISTER

Yes mt

Transfer of Ministerial Responsibility for Staff of the Directorate of Overseas Surveys

1. Following the recommendations of the Rayner Scrutiny of the Directorate of Overseas Surveys (DOS), Michael Heseltine and I have agreed, subject to your approval, that the reduced staff complement of the ODS should be transferred to form a new Overseas Directorate of the Ordnance Survey at Southampton and that there should be phased implementation of the move commencing 2 April 1984 with completion by March 1985. The Directorate of Overseas Surveys, as such, will cease to exist in March 1985. Details of the arrangements are summarised in the attached background note.

2. If you agree, I suggest that the transfer of Minsterial responsibility could be announced by means of an arranged Parliamentary Answer, on the lines of the attached draft.

3. I am sending copies of this minute and the attachments to Michael Heseltine and Janet Young.

(FRANCIS PYM)

Foreign and Commonwealth Office
4 November 1982

CONFIDENTIAL

BACKGROUND NOTE ON DOS

The Directorate of Overseas Surveys (DOS) was the subject of a detailed scrutiny under the guidance of Sir Derek Rayner in 1980. The main recommendations of the Scrutiny Report were that

a. the separate existence of DOS should be brought to an end and that its functions and staff complement should be reduced, and

b. that a smaller-scale mapping service for developing countries should be retained within the public sector, ideally as a new Overseas Directorate of the Ordnance Survey (OS) at Southampton, with the more standard aid financed map production contracted out to the private sector, the contracts prepared and supervised by the new Overseas Directorate.

2. The Minister for Overseas Development subsequently proposed, subject to the agreement of the Secretary of State for the Environment, to establish an Overseas Directorate within the OS at Southampton by April 1984 with a phased implementation leading to a final closedown of DOS operations at Tolworth by March 1985. This proposal was endorsed by Sir Derek Rayner. An earlier implementation date would lead to extra expense because of existing DOS contract commitments. (If DOS staff were prevented from completing this work there could well be criticism on the grounds that the Government would effectively be paying for work twice via redundancy payments to DOS staff and to private contractors.)

3. The Secretary of State for the Environment has now approved the proposed merger and the transfer to OS on 2 April 1984 of all the DOS manpower, including some temporarily working at Tolworth, who are to form the final agreed complement of the new Overseas Directorate. The precise number of staff to be transferred to the OS has yet to be decided but it will certainly not exceed the estimate of about 130 envisaged in the Scrutiny Report. The work done by OS for ODA will be on the basis of full cost recovery from the aid programme. It should be noted that some residual DOS staff will remain on ODA's complement in 1984-85: they will be working on contracts for ODA and by April 1985 these posts will be given up.

4. An action Plan for the implementation of the Scrutiny recommendations has been prepared and a copy sent to Sir Derek Rayner.

DRAFT WRITTEN PARLIAMENTARY QUESTION AND ANSWER FOR THE PRIME MINISTER

Ministerial Responsibilities

Q. To ask the Prime Minister which government department has responsibility for the Directorate of Overseas Surveys.

A. The Directorate of Overseas Surveys is at present a Special Unit of the Overseas Development Administration and is located at Tolworth. On 8 July 1981 my Right Honourable Friend the Minister for Overseas Development announced the acceptance of the main recommendations in the scrutiny report for the Directorate of Overseas Surveys. In implementing those decisions it has been decided that the functions and complement of the reduced Directorate will be ~~transferred to~~ ~~will be established as an Overseas Directorate~~ Directorate of the Ordnance Survey at Southampton. Some work will be contracted out to the private sector. The phased implementation of the move will commence on 2 April 1984 and will be completed by March 1985. This phasing will facilitate work at Tolworth on existing contract commitments. With the objective of assisting developing countries and British dependencies with survey and mapping needs, the Ordnance Survey will provide advice to the Overseas Development Administration, supervise overseas contracts with the private sector, conduct surveys and mapping of less straightforward projects, undertake training and be a source of information to overseas governments and the UK private sector. The costs of these activities as agreed by, and on behalf of, the Overseas Development Administration will be met on the basis of full costs from the aid programme. With effect from 2 April 1984 Ministerial responsibility for the staff to be transferred will pass from my Right Honourable Friend the Secretary of State for Foreign and Commonwealth Affairs to my Right Honourable Friend the Secretary of State for the Environment.

Stet

* I should like to pay tribute to the hard work of the Directorate

Govt Mach, Ranger, Pt 12

3 November 1982

Dear Edward,

How kind of you to write following our lunch yesterday and with such a flattering account of my efforts over the last three years. I can only reciprocate the points I made over lunch that much of the work of the Committee has been of great help to me in making sure that necessary reforms, particularly in important areas such as Financial Management and Audit, are pursued with vigour.

I regret that I shall have to cut back substantially the amount of time which I have recently given to work in Whitehall. I shall ensure, however, that I keep sufficiently in touch to make sure that some of the more important aspects of change which have begun are taken forward.

Yours ever

Derek

The Rt Hon Edward du Cann MP
Cheapside House
LONDON EC2V 6BL

TELEPHONE:
01-606 9898

Cheapside House,
London,
EC2V 6BL

November 2, 1982.

Dear Derek.

Thank you so much for your most kindly hospitality at lunchtime today. I was delighted to have the opportunity for a talk.

You have achieved a great deal for us all during the last three years and I am very glad that we have been working very much to the same ends. What matters is that the work you have begun should be continued and pursued with vigour and I hope this will be the case.

Best wishes

Edward du Cann

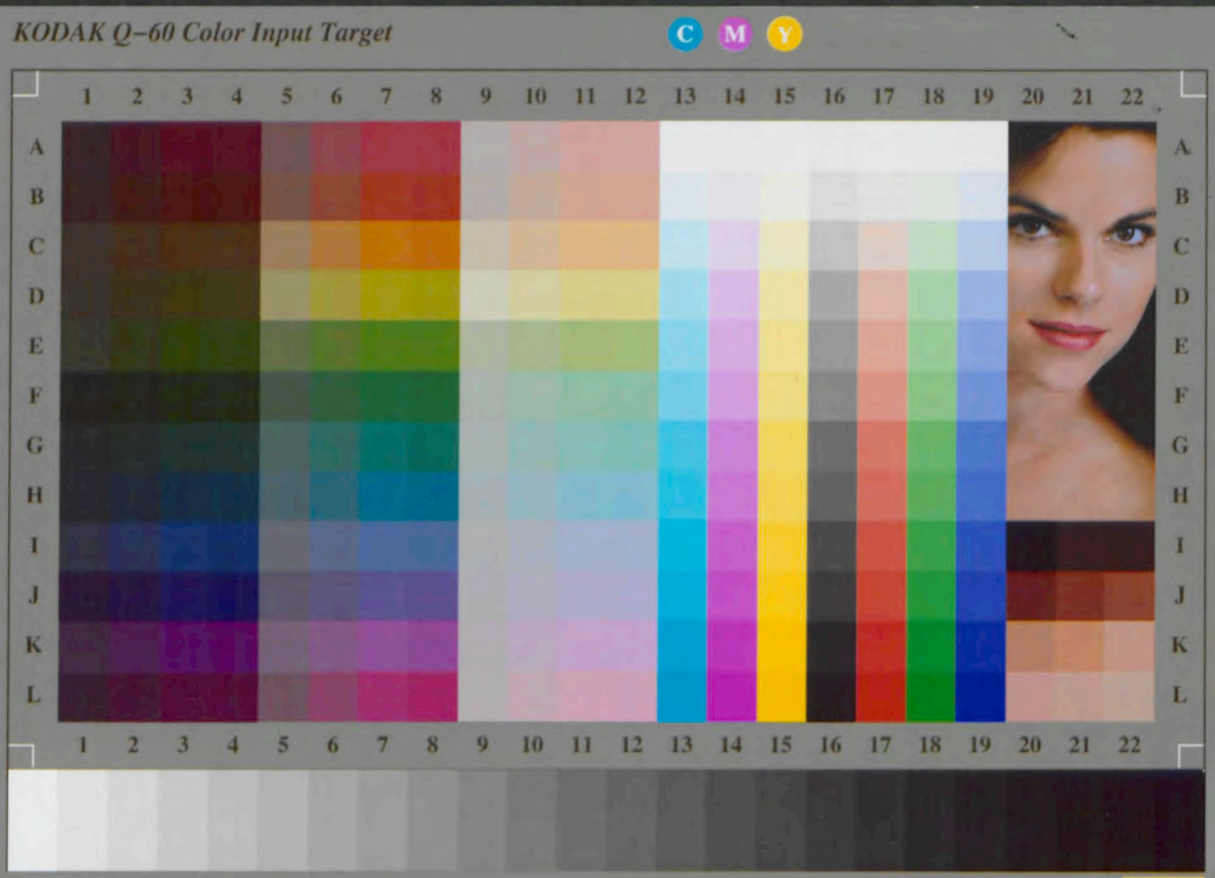
Sir Derek Rayner
Marks & Spencer Plc,
Michael House,
57 Baker Street,
London W1

PART 12 ends:-

H (82) 44 8/10/82

PART 13 begins:-

E. Duncan to Rayner 2/11/82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