

PREM 19/1250

PART 14

MI

CONFIDENTIAL FILING

The Rayer Programme
Promotion of Efficiency and Waste

The 1982/83 Scrutiny Programme

GOVERNMENT
MACHINERY

PART 1: May 1979

PART 14: March 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
28.3.83		4/2/84					
4.4.83		11.2.84					
18.4.83		20.2.84					
20.4.83		21/2/84					
3.5.83		1.3.84					
7.5.83		13.3.84					
16.5.83		13.3.84					
21.5.83							
13.7.83		28.2.84					
25.7.83							
7.8.83							
27.8.83							
5.9.83							
20.9.83		<u>PART ENDS</u>					
23.9.83							
29.9.83							
6.10.83							
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4.11.83							
30.11.83							
17.12.83							
21.12.83							

PREM 19/1250

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● PART 14 ends:-

n/s MPO to Home Sec.
28.2.84

PART 15 begins:-

DB to MPO 1.3.84

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

*Review of Personnel Work in the
Civil Service: Report to the Prime Minister
by J S Cassels
HMSO, July 1983*

Signed *Wayland* Date *1 October 2013*

PREM Records Team



Dg
DMS

CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Leon Brittan QC MP
Secretary of State for Home Affairs
Home Office
Queen Anne's Gate
London SW1H 9AT

28 February 1984

ms

Prime Minister (2)

To be aware of these studies of support services. The potential savings are large.

DMS
29/2

Dear Leon,

EFFICIENCY STUDIES OF COMMON ACTIVITIES

I am writing to seek your help and that of copy addressees with a continuing programme of efficiency work focussed on support activities common to a number of departments.

I attach considerable importance to keeping up the momentum for better value from these types of spending. The work to date has been successful in identifying scope for savings in both manpower and costs. For example, studies of stores management have identified savings in operating costs of about £13 million, including staff reductions of about 600. Studies of messenger services have identified savings of about £12 million (1600 posts). The lessons learned from detailed studies of these and some other activities have been brought together in 'Management Guidelines' statements of best management practice. They have been promulgated widely in departments (and copies have been asked for from a wide range of commercial organisations). My officials are beginning now to audit the first guidelines by visiting departments to see how they have been received and what effect they have had.

I would like to ensure that the impetus is sustained in 1984/85. My approach is either to encourage departments to set up joint studies with MPO of the various activities, or for MPO staff to join departmental studies already planned. The areas to be covered are set out in the annex to this letter; column 4 shows where I would particularly value your co-operation. On the whole departmental co-operation with the work so far has been good but I am sure that your active support will help speed up progress and maximise the benefits being achieved.

I am copying this letter to the Prime Minister, Ministers responsible for the departments listed in the annex, and to Sir Robert Armstrong.

y
Lans.
e/mg.
-

LORD GOWRIE

Annex

CABINET OFFICE - MPO: MANAGEMENT AND EFFICIENCY DIVISION 2
 EFFICIENCY STUDIES OF COMMON ACTIVITIES 1984/85

1. Subjects to be covered	2. Departments where studies have been	3. Departments where studies are firmly planned	4. Departments where studies are sought	
Stocktaking	MOD (various)	Home Office	DHSS DTI GCHQ Met Officer	
Productivity Schemes	MOD (various)		Forest Commission HMSO Crown Suppliers	
Domestic Travel	Inland Revenue	Welsh Office Customs & Excise DHSS	DTI Scottish Office MSC MAFF	
Training Management	C&E ODA ECGD GCHQ Met Office Home Office Scottish Courts Service OPCS	MSC Inland Revenue	MPO (Civil Service College) DNS MAFF	
Office Services Management and Control	DHSS	D. Employment	DTI HO MAFF Inland Revenue	
Reprograhics	DTI MSC MPO	HM Treasury D. Employment	Inland Revenue Home Office DHSS MOD	
Accommodation Utilisation and Management	MSC	D. Employment	DHSS DOE MOD C&E DTI	HO DEn MAFF HMSO IR
Registries and Registry Management	DHSS DOE Law Officers Department		C&E British Council Ordnance Survey HMSO	

1. Subject to be covered	2. Departments where studies have been	3. Departments where studies are firmly planned	4. Departments where studies are sought
Implementing Office Technology Systems including information needs and strategies	MPO MOD(N) D. Energy Lord Chancellor's Department	DOE/D. Tpt	
Post			HMSO C&E Inland Revenue D. Employment
Workshops			MOD(various) DOE MAFF DTI
Stores	MOD(various) ODA DIT DOE MET Office MSC DOE(NI)	FCO MAFF DHSS DES GCHQ	Crown Suppliers MOD - PE Establishments - central stores depots

010
SIR ROBIN IBBS

DMB
23/2

"TIMES" ARTICLE ON NHS SCRUTINIES

I have now been told that Nicholas Timmins' article which appeared on 20 February was based on factual briefing by the DHSS press office about the scrutinies and subsequent discussions he had with at least one of the NHS administrators who worked on the scrutinies. It was coincidence that it appeared shortly after I had minuted Mr Barclay in response to the Prime Minister's request for information about unimplemented scrutiny recommendations.

I am also told that the Secretary of State will be writing to colleagues very shortly with new ideas on how to move ahead on the five scrutinies that have reported. He is planning to publish two next week (advertising and transport) and two the week after (road traffic accidents and ambulances). Accommodation will be released after pilot studies to test its validity (even so probably by Easter).

Only a small number of recommendations require action at the centre; the others will be put back into the hands of the Regional and District Chairmen who will be expected to build the savings into their improvement programmes and will be required to identify in general terms what they have achieved as part of the annual planning process. You will receive the Secretary of State's proposals in draft for comment and I will brief you then about what will be necessary to ensure this is real cash and not just paper savings.

I am copying this to David Barclay (No 10) Christopher Monkton (Policy Unit) and Richard Hatfield.

IB

IAN B BEESLEY
22 February 1984

23 JAN 1984



CONFIDENTIAL



FUE

W

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 19 February (A084/566) in which you seek the Prime Minister's approval to amend the interdepartmental security procedures so as to allow the use of commercial guard forces to protect classified information. The Prime Minister agrees, on balance, to accept these recommendations.

E. E. R. BUTLER

21 February, 1984

CONFIDENTIAL

070
CONFIDENTIAL

1
Prime Minister
Agree this
Recommendation?

Ref. A084/566

MR BUTLER

FERB

20.2.

This minute seeks the Prime Minister's approval to amend the interdepartmental security procedures so as to allow the use of commercial guard forces to protect classified information. The changes envisaged would meet the Government's wish to pursue policies leading to privatisation where feasible, whilst maintaining adequate protection of classified information, by providing a more flexible framework within which Departments can operate using Government guards or commercial guards depending upon the classification of the material to be guarded and each Department's needs and circumstances.

2. In 1981 the Rayner Scrutiny of the Property Services Agency (PSA) Custody Service included a brief examination of the advantages and disadvantages of employing private firms for security guarding and, in its report, was somewhat sceptical about the security objections to using private firms. In late 1982 the then Lord Privy Seal (Baroness Young), bearing in mind the Rayner Scrutiny and the Government's commitments to reduce the size of the Civil Service and to "privatise" where feasible, directed that the use of private security guards should be re-examined. This re-examination was undertaken jointly by the Personnel Security Committee and the Security Policy and Methods Committee during 1983.

3. The Committees have recommended a change of policy which would allow the use of commercial guards for the protection of material classified up to and including SECRET, provided that the firm is subject to adequate security checks and its employees to NV clearance. With these safeguards, the risk to security should not be significantly greater than at present and would be acceptable on security grounds. The Committees were emphatic, however, that commercial guards should in no circumstances be used for the protection of TOP SECRET material and that Departments should retain the discretion to exclude certain

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categories of SECRET material, for example, SECRET ATOMIC. For these categories the risks to security and of potential political embarrassment (see paragraph 4(c) below), though small, were considered to be too great to justify this further extension of commercial guarding.

4. Implementation of this recommendation will raise some areas of potential concern which will need to be carefully monitored:-

- (a) The implications for NV. Care will need to be taken to minimise the risk to the covert nature of this process.
- (b) Firms might seek to take advantage of Government contracts either to publicise and promote their businesses or to make use of our vetting process to have larger numbers of their employees checked.
- (c) There is a risk of potential political embarrassment if, following implementation of the recommendation, a major security breach were to occur involving commercial guards. The media reaction to such a breach could be severe and present this as a direct consequence of the Government's policy on privatisation. The use of commercial guards would have to be defended on the grounds that it involves no significantly greater security risk than the use of Civil Service guards and this might be difficult to justify convincingly given that the use of NV (which we would expect to weed out the criminal elements which it is known commercial security firms can attract) could not be publicly avowed.

I think that it would be sensible, and would accord with the Government's general policies of reducing the size of the Civil Service and of privatising, to accept these recommendations. In view, however, of the possibility of political embarrassment, I should be grateful to know that the Prime Minister is content before arrangements are made for the promulgation of new guidance to Departments.

RIA

ROBERT ARMSTRONG

19 February 1984

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FILE

84

10 DOWNING STREET

*From the Private Secretary*MR. BEESLEY
Efficiency UnitOverdue Scrutiny Decisions

Thank you for your minutes of 6 and 16 February about important scrutinies which have not yet been implemented.

BE

The Prime Minister agrees with the suggestion in Sir Robert Armstrong's minute to me of 15 February that I should write on her behalf to Departments to press for speedier implementation, or earlier decisions, as appropriate. I should be most grateful if you could supply draft letters for this purpose, which the Prime Minister has asked should be cleared with Sir Robin Ibbs personally.

I am sending a copy of this minute to Mr. Hatfield (Cabinet Office).

MR. D. FARCLAY

20 February, 1984CONFIDENTIAL



Prime Minister⁽⁴⁾

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RTA recommends that I should write to Departments on your behalf, to press for speedier implementation, or earlier decisions, as appropriate.

Agree I should do this, clearing the drafts with Sir Robin Ibbes?

MR BARCLAY

Yes please

OVERDUE SCRUTINY DECISIONS

*DMB
17/2*

When the Prime Minister saw Sir Robin Ibbes on 1 February she asked me for a list of important scrutinies where recommendations have not been implemented.

From 1979 to 1983 there were 208 central government scrutinies and studies in multi-department reviews. In the National Health Service an experimental programme of 10 scrutinies started in 1982.

In summary the results are:

** For further details, see note at flag A.*

	CENTRAL GOVERNMENT		NHS	
	(annual)	(once-for-all)	(annual)	(once-for-all)
potential savings	440*	50	60	200-800
accepted savings	320	35	No decisions taken	
implemented by 1 April 1984	230	9	No decisions taken	
no firm dates to implement	170	36	60	200-800

The interest payments alone on these amounts of money amount to at least £1 million for every week of delay in implementation.

The attached table describes the most important examples. The most urgent are those in the NHS - not just because of the sums involved but also because of their importance as a signal to NHS employees that obtaining better value for money matters.

In commenting to Ministers on their targets for improved value for money in 1984/85 Sir Robin Ibbes is drawing attention to lack of urgency as a serious problem.

I hope this will be helpful. A copy goes also to Sir Robert Armstrong.

IB

IAN B BEESLEY
6 February 1984

A. MAJOR RECOMMENDATIONS ACCEPTED IN PRINCIPLE BUT IMPLEMENTATION INSUFFICIENTLY URGENT

Department	Scrutiny	Date of Report	Amount at stake	Comment
Defence	RAF Support	Aug 82	£16m	MOD are still examining the proposal to contract-out major, non-front-line, aircraft repair.
	Service and Civilian Pay	Mar 83	£19m	Savings would come from bringing Army and Royal Navy up to RAF levels of productivity. Other recommendations (worth £11.3m) for specific improvements have been accepted for implementation within stated times.
Foreign Office	Generation and Transmission of Information	Dec 81	£1m	Final implementation scheduled for 1985-86
Health and Social Security	Payment Methods	Oct 79	£15m	£10m of this is expected in 1985-86; the balance beyond 1986.
Property Services Agency	District Works Offices	Nov 82	£25m	Although the main recommendations to reduce inspections (save £14m a year) and to plan maintenance better (save £8m a year) have been accepted 'in principle', Ministers have yet to indicate how much will be saved, or by when.
Trade and Industry	Patent Office	Aug 80	£4m	Savings would come from computerisation. No progress yet.

B. SIGNIFICANT DECISIONS NOT YET TAKEN

Department	Scrutiny	Date of Report	Amount at stake	Comment
Customs	Import Entries	Dec 82	£4m	
Defence	Research and Development Supporting Services	Jan 82	£2m	All the other savings (£6.8m) have already been accepted.
	Meteorological Office	Jul 83	£7m	An action document has been submitted to Ministers, but the main recommendations are to be examined further.
Employment	Payment of Benefits to the Unemployed	Nov 80	£22m	Substantial savings already implemented; remaining decisions are for DHSS as well as DEM.

(continued overleaf)

B. SIGNIFICANT DECISIONS NOT YET TAKEN

(continued)

Department	Scrutiny	Date of Report	Amount at stake	Comment
Health and Social Security	Validation of National Insurance Contribution Records	Mar 81	£25m	Savings are said to be likely to be achieved, but no commitment yet.
	Payment of benefits to people in hospital	Jan 83	£3m	DHSS Ministers received proposals for action in October.
	NHS Collection of Road Traffic Act payments	Sept 82		Removal of an anomaly left over from when local hospitals were locally financed would mean slightly lower funds in total for the NHS. But acceptance would be popular in the NHS and signal the will to clear out the jungle of administration. No decisions. Unpublished.
	NHS Advertising for staff	July 83	£7m	Full savings (88% of the £8m now spent) depend on substituting an NHS broadsheet with jobs and could have serious consequences for some of the privately published professional journals. No decisions. Unpublished.
	NHS Management of residential property	Oct 83	£50m a year plus £200m-£800m once for all.	Surplus residential accommodation could be as high as 20%. NHS shows little inclination to manage these assets positively. Action document only just overdue, but with this size of potential gain urgent action would have been a powerful signal of intent. Unpublished.
	NHS Documentation and procedures in the ambulance service	Nov 83	£9m	At least 5% of non-emergency journeys wasted because of poor liaison between hospitals and ambulance centres. Action document due this month. Unpublished.
Home Office	Prisons	Aug 82	£2m plus major economies in the building programme.	No decisions have yet been taken. Further improvements worth £26m a year or more, plus further opportunities for economy in building/refurbishment were identified in Stages 2 (March 1983) and 3 (December 1983). No decisions yet on these either.
Inland Revenue	Visits to the Public	Sep 82	£4m	
	Rating Procedures	May 80	£2m	Shelved until the future of rates is clear.
	Schedule D	Jun 81	£1m	£10.8m out of £16.2m has been accepted.
Arts and Libraries	V&A and Science Museums	May 82	£11m	Decisions deferred until trustees have settled in. Acceptance of charges unlikely.
Transport	Goods Vehicle Operator Licensing	Mar 83	£2m	

MR BARCLAY

OVERDUE SCRUTINY DECISIONS

1. You asked for a further note showing how the £440m a year potential savings in central government are divided. The information is as follows:

(1) Accepted and implemented savings by 1 April 1984.	£230m	
(2) Accepted savings for implementation by firm dates between 1984 and 1987.	£37m	
(3) <u>Table A</u> : Scrutinies where the recommendations have been accepted and the magnitude of the savings in principle, but no firm dates have been fixed. (All except PSA.)	£ 55m)	
(4) <u>Table A</u> : Scrutinies where the recommendations have been accepted in principle but the magnitude of the potential savings has not been agreed. (PSA District Works Offices))) £ 25m)	£ 80m
(5) <u>Table B</u> : Significant decisions not yet taken on Central Government scrutinies	£ 85m	
(NHS scrutinies: £66m less cost of £3m from Road Accident costs scrutiny; counted separately).		
(6) 1983 Scrutinies: reported savings so far, all pending.	£ 8m	
TOTAL	£440m	

2. Of this total

- firm dates have been set for implementing about £270 million (Items (1) and (2))
- no firm dates have been set for about £170 million (Items (3) - (6))
- savings valued at about £320 million have been accepted (Items (1) - (3)).

3. The tables attached to my minute of 6 February covered the scrutinies where significant amounts of recurrent expenditure are at issue. The bulk of the outstanding once-and-for-all (capital) savings come from the 1979 MSC Skillcentre scrutiny, where a restructuring of provision has been agreed but is taking a long time to implement.

13
IAN B BEESLEY
16 February 1984

Govt. Mach:



17 JAN 1984



CONFIDENTIAL



Ref. A084/535

MR BARCLAY

*Bf to me
20 Feb pra**Dub
16/2*

Mr Ian Beesley sent me a copy of his minute of ~~6~~ February about overdue scrutiny decisions.

2. I suggest that, on each of the scrutinies listed in the annex to Mr Beesley's minute, it would be useful if you were to write on the Prime Minister's behalf to the appropriate Private Office, to ask politely, in the case of the scrutinies listed in annex A, what scope there is for expediting implementation, and in the case of those listed in annex B, when decisions can be expected. I suspect that the terms in which you write will need to be different in each case, to take account of differing circumstances; and I therefore suggest that you should invite Mr Beesley to provide you with draft letters for this purpose.

3. I am sending a copy of this minute to Mr Beesley.

REA

ROBERT ARMSTRONG

15 February 1984



FILE
da
c Mr. Beesley

10 DOWNING STREET

From the Private Secretary

MISS WILKINSON
CABINET OFFICE

You will have received separately a copy of my minute of 2 February to Sir Robin Ibbs recording the meeting with him and others held on 1 February to discuss efficiency. It was agreed that Sir Robin Ibbs should make a presentation on this subject to the full Cabinet on a day between the Budget and the start of the Easter Recess.

This minute is to confirm that we should like the presentation to take place on Thursday 29 March. We should aim to start at about 1100, so - depending on business - Cabinet would need to start at 1000 or even 0930.

David Barclay

3 February 1984

2



file Kb

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 31 January (A084/350) informing the Prime Minister that the Comptroller and Auditor General proposes to start a review by the National Audit Office of efficiency reviews conducted since 1979. The Prime Minister has seen and noted your minute.

E. E. R. BUTLER

2 February 1984

010



Prime Minister

2

[Handwritten signature]

Ref. A084/350

MR BUTLER

The Prime Minister will wish to know that the Comptroller and Auditor General proposes to start a study by the National Audit Office of the reviews conducted since 1979, at first under the guidance of Sir Derek Rayner and more recently under Sir Robin Ibbs. The study will cover both interdepartmental studies and multi-Department reviews. The Comptroller and Auditor General's intention is to give Parliament an independent account of the contribution which the scrutinies and reviews have made to value for money, their strengths and weaknesses, the extent to which their recommendations have been accepted and implemented, and what in general has resulted from them.

[Handwritten signature: RIA]

ROBERT ARMSTRONG

31 January 1984

SUBJECT

CONFIDENTIAL

29 March

CC MASTER



DAVID - fraction

10 DOWNING STREET

From the Private Secretary

SIR ROBIN IBBS

The Prime Minister held a meeting on 1 February to discuss your minute to her of 30 January which reviewed progress on improving efficiency and effectiveness in the public sector. Sir Robert Armstrong, Mr. Beesley, Mr. Redwood and Mr. Butler were also present.

The Prime Minister said that she was grateful to you and your team for all the work you were putting in on this important subject. It was essential to maintain the impetus towards greater efficiency throughout the public sector.

Your view was that Ministerial commitment was the key to implementation. Experience so far showed that a variety of sensible scrutiny recommendations were not being followed up with sufficient vigour. Mr. Beesley cited examples in the PSA (abandonment of "planned maintenance" for certain equipment) and the Patent Office (revised procedures stemming from computerisation). The Prime Minister asked to see a list of those scrutinies and recommendations which had not been implemented.

You proposed that the Prime Minister should hold regular meetings with Ministers to review progress in improving efficiency in their Departments. This would provide an opportunity to offer praise as well as blame. Sir Robert Armstrong suggested that it might also be helpful for you to give a presentation to members of the Cabinet, say every six months. The Prime Minister agreed to this idea. The first presentation should take place after Cabinet on a Thursday between the Budget and the start of the Easter Recess. The first bilateral or trilateral with Departmental Ministers would follow in the early summer, with a further presentation in October and a further bilateral or trilateral at the end of the year. It was agreed that this series of meetings should cover value for money and accountability in programme expenditure as well as in direct administrative expenditure. The Prime Minister said that she was acutely aware, in particular, of complaints about inefficiency in the health service. She had made clear her own reservations about the Griffiths Report. You felt that the report was on the right lines, but that it would be difficult to find managers of the right calibre, and difficult to persuade clinical staff to accept them. The fact was however that, although medical practitioners clearly had to be in charge of clinical matters, a great deal of health service administration was simply general management.

/ The meeting

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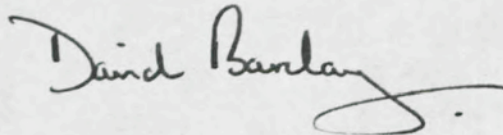
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- 2 -

The meeting then considered the examples of Departmental plans attached to your minute of 30 January. The major weakness in these was the lack of specific quantified targets related to output. The Prime Minister wondered whether Departments were in fact capable of setting such targets. Your view was that they were, but that they were reluctant to offer up hostages to fortune. You agreed to consider the possibility of setting a deadline for the introduction of quantified targets.

In discussion of motivation, the Prime Minister strongly supported the principle of merit pay, and welcomed Sir Robert Armstrong's statement that proposals on merit pay for Under Secretaries would be coming forward shortly. She had also agreed to the proposed early retirement scheme for senior staff, on the basis that although small it was at least a start. The Prime Minister said that she hoped it would be possible for some element of efficiency savings to find its way back to the staff involved in the form of improved working surroundings.

I am sending a copy of this minute to those who attended the meeting.



David Barclay

2 February 1984

CONFIDENTIAL

CONFIDENTIAL

31 January 1984
Policy Unit

Prime Minister

PRIME MINISTER

JMS
31/1

VALUE FOR MONEY - THE IBBS INITIATIVE

The time for talking and general exhortation should be over. Everyone knows your commitment to greater value for money: your recent interview with Brian Walden reaffirmed this quite clearly. Talking to Permanent Secretaries in general terms will always produce the answer that there is a lack of Ministerial commitment; whilst talking to Ministers will always suggest that the Permanent Secretaries should be blamed.

You can, of course, reassure Robin Ibbs that at every conceivable opportunity you will remind your Ministers of the general need to seek value for money. Robert Armstrong should constantly remind his Permanent Secretaries of the importance of this task. What we now need is a detailed system of monitoring and reporting.

Robin Ibbs, with your backing, could set immediate standards for the collection of information about objectives, about the use of money and manpower and the way in which improvements are going to be monitored. A programme for fixing targets for cost reduction and/or service improvement could be established, and the Efficiency Unit's main task should be to monitor the work going on in all the departments. They do not have the resources or the knowledge to do the work themselves: they should be a stimulus and a prod, and a source of expertise in the techniques of management. This function could replace the scrutinies which are expensive to mount, operate on a narrow area of government, and may not carry the department with them. A series of scrutinies may save the odd £100 million or so: what we need is more like a 1-2% across-the-board improvement which would be £0.75-1.5 billion (excluding the main welfare benefits).

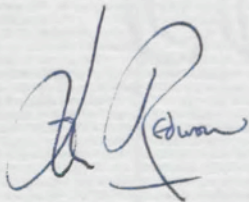
The summaries submitted with Robin Ibbs' letter illustrate just how much work remains to be done. The probation service has no information system. The civil defence and fire services have no targets for performance. The prison service cannot make cost comparisons between prisons, and has a rudimentary system of output and performance indicators. No department of state should be in the position in 6 months' time where it is running a major service

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without targets for improvement, and without basic management information concerning the effectiveness and efficiency of its activities. Face people with the right information, and you will find that many of them start making better decisions.

Once the information is in front of people, you also need to have a monitoring system to make sure that managers are facing up to the facts before them and are taking the necessary action. Government is notoriously bad at setting targets and then following up to ensure they are hit. The Efficiency Unit could become a review body constantly reviewing, department by department, the targets set, the work set out, and the progress being made. They should report to you the exceptions, the departments that are failing to measure up to the tight timetable set for improvement.

The next quarterly meeting should produce a list of the savings achieved and a schedule of those departments and services that are failing to live up to the task before them.



JOHN REDWOOD



*Achievements in value for money
Actively implemented in previous*

CONFIDENTIAL

12 mth

PRIME MINISTER

We are to meet on 1st February to discuss progress with work on efficiency and effectiveness in the public sector.

Experience in recent months has convinced me that value for money is the most positive way of approaching this as it emphasises service to the customer and output from resources.

Since 11th November I have had meetings with sixteen Permanent Secretaries. I have also had replies from almost all Ministers in charge of Departments to whom I wrote seeking information about their targets for improvement for 1984/85.

As far as I am able to judge from this evidence, the backing for seeking greater value for money is quite strong, and in some Departments the plans for achieving it are encouraging. But overall I still feel there is insufficient sense of urgency. Intentions are too leisurely. Targets are rarely quantified or sufficiently precise to permit proper subsequent assessment of whether they have been adequately met.

The danger I see is that while everybody takes care to say the right things and even cautiously to do them, actual results are still likely to be too little and too late.

In my experience gradualism of the kind still prevalent in central government is not enough. The replies remind me very much of ICI about twelve years ago before the necessity for some radical changes had been appreciated. At that time we knew we had to improve and were already doing so but too slowly and complacently. Since then under the pressure of events our numbers in the UK have been halved and our competitiveness enormously improved. What made all the difference in ICI, and what is missing so far in the government response, is recognition that external pressures mean improve or go under. Yet surely there is a very similar political necessity to achieve major improvements? Permanent Secretaries are generally moving in the right direction; Ministers have the key role in determining rate of progress.



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I intend to submit to you later in February a summary of the plans for improvements under the FMI in 1984/85 that Ministers have sent me, together with my proposals about the areas in which you might ask me to take a special interest on your behalf in scrutinies. I attach two examples of summarised Departmental plans and targets.

However, on 1st February I should like primarily to discuss with you how to bring about fuller recognition by Ministers and their Permanent Secretaries of the urgency of the need to improve value for money in public services. There are substantial improvements that, given the will, must be within their grasp over the next four years. This would be so much better than having to rely on further major cuts in sensitive areas.

I am sending a copy of this to Sir Robert Armstrong.

ROBIN IBBS
30th January 1984

HOME OFFICE - SUMMARY BY BUSINESS

Business	Main Targets	Programme of Work	Comment	Action
Prisons	Increase efficiency to be able to (a) make do with 1650 less staff than expected (b) reduce use of overtime	(a) extend performance indicators and output measures (b) introduce local budgets (c) develop cost comparisons (d) define local objectives	Mainly system work to relate resources to outputs and force governors (ie local managers) to make choices No direct scrutiny of activities, but implementation work on resource control review will consume other available resources	Maintain association with Prison Department by taking an particular interest in (a) - "Stage 4 of the Resource Control Review" (d) - follow-up to RCR stage 3
Immigration and Nationality	Introduce delegated budgets for administrative expenditure	Due to go live on 1 April 1984; work will continue through year	Important element of Home Office FMI; no direct role for us and effectively bars other work	Support and monitor through FMI follow-up
Police Technical Services	(a) Improve accountability of D/Telecommunication (b) Improve management of research (c) Decide future of Police National Computer Unit before hardware needs replacing	Study involving consultants Review Review, request for Efficiency Unit participation	New Under Secretary known to consider major overhaul of management and accountability is needed. PNCU scrutiny a good opportunity - better than research again	Accept involvement in PNCU scrutiny; offer informal support to senior management on wider issues as necessary.
Police	Start improving police efficiency following recent circular Improve financial control of Met and introduce cash limit	(a) Equip Inspectorate with monitoring tools (b) Start investigation	These first steps on police efficiency are welcome and very important Continuation of HD "get tough" policy on Met - long overdue	Establish our interest to allow us to assess this work - offer presentation to Inspectorate?
Probation	Develop an information system		Some implementation work from Goldman study; not a high priority for us	Monitor implementation of Goldman
Fire	No main targets	Review of Standards in progress	Cost £500m a year, mainly by local authorities. HMT reckon this is a sleepy area overdue for a hard look. But more important target for us this year	None
Civil Defence	No main targets	Review in progress, HMT participating	No obvious opening for us.	None
Magistrates Courts	No main targets	Some implementation work from Goldman due	Recently sampled, implementation of existing findings the top priority	Monitor implementation of Goldman report

MINISTRY OF DEFENCE

Target Area	Business	Programme of Work	Comment	Action
<p>The Management Information and Budgetary Framework for Accountable Management</p>		<p>(1) Hold second round of MINIS starting in Feb 84.</p> <p>(2) Introduce Staff Responsibility Budgets for 90% of civilians by 1/4/84 and examine arrangements to apply SRBs to military staff</p> <p>(3) 'Crewe' study of manpower control and scrutiny</p> <p>(4) Improvements in Long Term Costing system</p> <p>(5) Work on budgetary framework of Dockyards</p>	<p>Moving ahead quickly with MINIS 2 is a good sign.</p> <p>The introduction of SRBs is happening in quick time but it is not yet clear when practical changes will result.</p> <p>The Crewe study is important: we have been offered involvement in it.</p>	<p>(2) Maintain contact through MOD/HMT/FMU/EU financial management improvement meetings.</p> <p>(3) Accept involvement in Crewe.</p>
<p>The Cost Effective Use of Resources</p>		<p>(1) Further examination of procurement work</p> <p>(2) Tri-service studies of engineer, music, language, ADP and PT training; of animals; of physiotherapy; and of feeding</p> <p>(3) Implementation of existing recommendations on Navy shore training</p> <p>(4) Productivity scheme at Clyde submarine base</p> <p>(5) Management Audit of Marine Services.</p> <p>(6) Implement Groom review of Army training</p> <p>(7) Review functions of Army education</p> <p>(8) "LEAN LOOK" exercise on Army support</p> <p>(9) Improve utilisation of Defence Estate by a Maintenance Economy Review in each district.</p> <p>(10) Follow-up action to SAERT.</p> <p>(11) Information Technology Strategy Study</p>	<p>(2) These arise from MINIS: each service maintains separate facilities at present. Lord Trefgarne chairs the steering committee, little extra pressure we can bring to bear.</p> <p>Feeding is particularly important, but probably too sensitive with the Services for our involvement to be productive.</p> <p>(3) 5 establishments will close, much of the work will be taken on by other establishments.</p> <p>(4) Good: target of 400 staff savings</p> <p>(5) About 3500 staff and £100m involved. The predisposition to savings is not clear since changes in RN practice may be required.</p> <p>We have been offered this as a scrutiny, and we do not have strong enough evidence to reject it.</p> <p>(6) Mainly organisational.</p> <p>(7) [details not yet known]</p> <p>(8) MH/CGS have compromised: if Army can save 4000 support posts, the numbers can be transferred to the front line. Some radical questions being examined, sensitive with Army.</p>	<p>(5) Accept Marine Services as a scrutiny.</p> <p>(8) Ask for a presentation when the work is further advanced.</p> <p>(11) Establish contact with team working to Chief Scientist.</p>

Target Area	Business	Programme of Work	Comment	Action
Further delegation of authority and responsibility to individual managers	MOD HQ	Civilian Personnel Management Study	Arising from MINIS. Targeted on greater delegation to the line. Considering cuts of 25%, 50% and 75% in central PM.	
	Navy	Work on delegation of responsibility to dockyard managers. Refinement of management of Portsmouth and Gibraltar bases.	Not much known.	
	Army	Establish a Commander of Training Establishments in UKLF with a budget (Groom recommendation).	Possibly a vehicle for carrying through streamlining of training identified elsewhere.	
	RAF	Examine possible creation of a maintenance executive.	[Not much known]	
Scrutinising the nature of work done in MOD and introducing new elements of competition. (1) Privatisation (2) Contracting Out (3) Introduce greater competition		Royal Ordnance Factories by 1.4.85 Examine scope for various schools		
		Examine prospects in Grounds maintenance (300 posts in Navy alone); catering (700-800); hostels and barracks; marine services; less sensitive security; movements.	Much of this ground has been examined before and rejected for "operational" reasons. It is not yet clear who, besides MH, is the driving force for positive action this time.	
	Navy/RAF	Contract out basic driver training early 1984	Most Army basic driver training is already contracted out.	
	Navy	Establish comparisons between dockyards and industry; consider some private sector refits	Programme of work is vague but potentially very important. Oddly MOD are resisting strongly HMT proposals to make dockyards a trading fund, which would ease comparisons.	
	Army	Commercialise certain medical stores by mid-1984	Not large.	
	RAF	Contract out servicing at certain flying/training schools	A SAERT recommendation.	
Clarifying and simplifying the roles of senior officers within Headquarters		(1) Introduce charters for officers with formal financial responsibilities (2) Review the top structure of CERN (3) "Operational Concepts work"	Not much known yet; some hints that a major reorganisation may be in the wind to meet the overall objectives.	



10 DOWNING STREET

Prime Minister

MEETINGS ON EFFICIENCY

Hereinthe briefing for your
meeting with Sir Robin
Ibbs:

A. Policy Unit advice

B. Report from Sir Robin Ibbs

C. Record of your last
meeting on this subject.

DMB

31/1



Treasury Chambers, Parliament Street, SW1P 3AG

B P Neale Esq
Private Secretary to the
Secretary of State for Defence
Main Building
Whitehall
SW1A 2HB

21 December 1983

*nb pm
Dus
22/12*

Dear Barry

REVIEW OF CIVIL SERVICE CATERING

My Minister of State is very grateful for the comments received on the draft statement on catering, and for the cooperation of Departments in dealing with this quickly and at short notice.

The amendments which you and others put forward have been incorporated in the attached revised statement which the Minister of State will be making by way of an Answer to a PQ before the House rises tomorrow. A copy of the statement will be sent to Principal Establishment Officers for circulation to all members of staff. The unions will be given a copy of the statement once it has been made.

In writing to PEOs, we will be letting them have background notes for management, and a copy of a detailed note which will then be discussed with Departmental Nominated Officers (DNOs). Departments have already raised a number of points of detail on how the new arrangements will operate, and we are anxious to follow these up as quickly as we can. Treasury and CISCO officials will, therefore, be in touch with individual DNOs early in the New Year.

In your letter, you commented that the £1.65m pa for the improvement programme should be spent as intended and that other funds earmarked for catering are not diverted to other uses. We share your view on this and it will be discussed further at the meetings with DNOs and with PSA. I should explain that £150,000 pa of the money will be devoted to providing a catering service where none exists at present.

✓ In their discussions, Treasury officials will be following up the Prime Minister's view that annual targets should be agreed with each Department for implementation of the new policies. Treasury will then be responsible for monitoring achievement against the individual targets.

I am copying this to David Barclay, to Mary Brown, to Private Secretaries to Ministers in charge of Departments, to Richard Hatfield (Cabinet Office), and to Ian Beesley.

Yours

Michael Corcoran

M E CORCORAN

Draft PQ for Written Answer

Q To ask the Chancellor of the Exchequer if the review of major issues considered by the Scrutiny of Civil Service Catering has been completed and, if so, will he make a statement?

A Following the report of the Scrutiny team which examined Civil Service Catering, the Government said on 1 February last that it intended to review the major issues raised by the Report in relation to the future role of the Civil Service Catering Organisation (CISCO), the scope for using more outside contractors and the subsidy arrangements. This review has now been carried out.

The Government's conclusion is that the responsibility for the provision of catering for the Civil Service is primarily that for Departments, who must themselves meet the costs involved. CISCO will retain central control to enable consistency of standards to be achieved across the whole range of Civil Service catering facilities. In carrying out their responsibilities Departments will normally rely on CISCO to provide advice and guidance on all aspects of catering.

Catering services will be open to competition. CISCO will provide such services where Departments wish to use them, but Departments will also be able to use contractors from outside the Civil Service, as indeed happens in a few cases at present. It is the intention that contractors and CISCO should compete for Departmental catering work on an equal footing.

Many Civil Service restaurants are currently run by Departmental Committees. As opportunity arises, Departments will be able to move to a more professional style of management, involving the use of CISCO or of outside contractors, as they may choose.

Draft PQ for Written Answer continued

CISCO will continue to charge Departments for services rendered in respect of advice and, where appropriate, for the actual provision of catering services. Plant and equipment required in the provision of catering services will normally be provided by the Department, whether for the use of CISCO or of a private contractor, as will accommodation, light and heat and cleaning.

In the interests of encouraging efficiency and accountability, it is proposed that CISCO should be established as a Trading Fund under the Government Trading Funds Act 1973. The Trading Fund will be set an appropriate financial target reflecting its own costs and income, plus other suitable non-financial indicators of performance.

The Scrutiny Report criticised the present subsidy arrangements as over-complicated. A new and simpler basis is proposed. An annual global sum will be determined based on the current level of subsidy. CISCO will prepare a framework tariff calculated on the basis of the global sum which is available and that tariff will be related to specifications of quality and quantity. The organisation providing the catering (whether CISCO, a Departmental Committee or a private contractor) will, where necessary, be paid by the Department for providing such a tariff on the basis of fixed price quotations settled in advance each financial year. Departments will have discretion, subject to normal Treasury financial controls, to vary the standard of service or tariff so determined. Where an enhanced service is provided it will be necessary for the Department to meet any additional costs involved.

In the statement of 1 February the Government said that up to £1 million in total would be made available to carry out and evaluate an overall programme of pilot projects looking at alternative ways of providing catering within the Civil Service. This programme is under way, and the results of the projects will be evaluated when each has run its course.

Continued

The statement of 1 February said that the Government accepted that more money needed to be spent on improving the provision of meals to its employees. In view of the criticisms in the Scrutiny Report of substandard facilities in some areas of Government catering, the Government therefore propose to provide a further sum of £1.65 million per annum over the five years beginning in 1984-85 in support of a special programme for the enhancement of catering facilities in Departments. Taken with increased departmental flexibility, the Government believes that this will improve accessibility and lead to greater usage by civil servants of the facilities provided.

Cent. Machinery : Raynes A 14.

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22 DEC 1965



10 DOWNING STREET

From the Private Secretary

20 December 1983

CATERING AT THE CIVIL SERVICE
COLLEGE, SUNNINGDALE

The Prime Minister was grateful for Lord Gowrie's minute of 15 December about catering at the Civil Service College, Sunningdale.

She has noted its contents.

(David Barclay)

Paul Cann, Esq.,
Privy Council Office

Bre



10 DOWNING STREET

From the Private Secretary

19 December 1983

Review of Civil Service Catering

Thank you for your letter of 9 December with which you enclosed a draft statement on the review of Civil Service catering.

The Prime Minister is content with the terms of the draft statement, and agrees that it should be issued before the Recess. The Prime Minister would also be grateful if your Minister of State could agree individual targets with Departments for implementation of the new policies, and then monitor their achievement, as proposed in paragraph 3 of Sir Robin Ibbs' minute to her of 14 December.

I am sending copies of this letter to Mary Brown (Lord Gowrie's Office), Richard Hatfield (Cabinet Office) and Ian Beesley (Efficiency Unit).

David Barclay

Mike Corcoran, Esq.,
Mr. Hayhoe's Office.

HL

cc NS, PCO
CO
EU

MR



JU243A

Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215) 5422

GTN 215)

(Switchboard) 215 7877

19 December 1983

M E Corcoran Esq
Private Secretary to the
Minister of State
HM Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

Dear Michael

*nbpm
DMS
19/12*

REVIEW OF CIVIL SERVICE CATERING

Thank you for copying to me your letter of 9 December to David Barclay. *with DB*

It would be helpful to give Ministers advance notice of the date of the PQ, when fixed, so that arrangements can be made to inform staff of the statement immediately it is made.

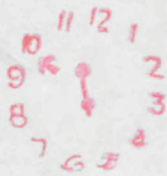
I am copying this letter to the recipients of yours.

*Yours ever
Steve*

STEPHEN NICKLEN
Private Secretary

Govt Mach.
Payner,
12/14

19 DEC 1983



Govt Mach: Paynel

cc ~~NO~~

nbpm
19/12



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~830 7932~~ 218 6169

MO 2/2/6

16th December 1983

Dear Michael,

REVIEW OF CIVIL SERVICE CATERING

You wrote on 9th December to David Barclay enclosing a draft Government statement on the Civil Service Catering review.

I have to record that this Department were somewhat surprised to find that, after a review lasting nearly a year, a draft statement should be prepared and circulated to Ministers at such short notice without discussions first taking place between Departments at Official level. I understand however that our officials have now had an opportunity to discuss the whole matter, and we have been provided with additional information.

We are in agreement with the main conclusions. We welcome the introduction of competition into the provision of Civil Service catering - but we reserve our position on whether we would rely on CISCO as the sole source for advice and guidance. To cover this point, and to bring out the role of CISCO as a central control authority, we propose that the second sentence of paragraph 2 be replaced by:

"CISCO will retain central control to enable consistency of catering standards to be achieved across the whole range of Civil Service catering facilities. In carrying out their responsibilities Departments will normally rely on CISCO to provide advice and guidance on all aspects of catering".

We also welcome the move towards a simpler subsidy system. Could I suggest that paragraph 7 should be amended from line 4 as follows:

".....apportionment to Departments. CISCO will prepare a framework tariff calculated on the basis of the global sum which is available and that tariff will be related to specifications of quality and quantity. The organisation providing the catering (whether CISCO, a Departmental Committee or a private contractor) will where necessary be subsidised by the Department for providing such a tariff....so determined. Where an enhanced service is provided it will be necessary for the Department to meet any additional costs involved".

M E Corcoran Esq



I understand that these amendments are acceptable to Treasury officials.

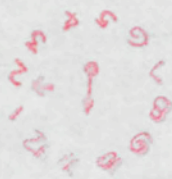
The conclusions or recommendations of the Scrutiny Report were aimed at improving the accessibility and usage of Civil Service catering facilities. The Statement now makes it clear that responsibility for the financing of catering will rest with Departments. There is thus a risk that catering will be competing for funds with defence operational requirements which could well lead to a curtailment in accessibility and usage. Indeed it is already such competition which led the Scrutiny team to recommend that funds for improvements to restaurants should be allocated and controlled quite separately from other works service monies. When discussing the new arrangements following the issue of the Statement, officials will need to ensure that the £1.65m pa to be spent on improving staff restaurants is spent as intended, and that other funds currently earmarked for catering are not diverted to other uses.

Copies of this letter go to the recipients of yours.

*Yours sincerely,
Barry Neale*

(B P NEALE)
Private Secretary

GOVT. MAIL; Raynes # 116



APR 15 1903

CF: Can I have the covering minute that came with B please?

20/12
19/12

PRIME MINISTER

REVIEW OF CIVIL SERVICE CATERING

Barney Hayhoe seeks your agreement to a statement on the Review of Civil Service Catering.

The main proposals he wants to announce are:-

- (i) A simplified subsidy system, which would make it easier for outside contractors to compete;
- (ii) conversion of CISCO into a trading fund;
- (iii) additional investment in catering equipment and premises of £1.65 million per year for five years.

No increase is proposed in the direct subsidy to Civil Service catering.

These proposals are very much in line with the views you expressed earlier. Sir Robin Ibbs welcomes them (see his note at A). He also suggests that to keep up the pressure on Departments you should ask Mr. Hayhoe to agree individual targets for implementing the proposals, and monitor them on your behalf.

There is bound to be some criticism that the £1.65 million annual addition to investment is an inadequate response to the Government's undertaking to make further money available for Civil Service catering. Mr. Hayhoe believes, however, that the response is defensible and that it would be unrealistic to promise more.

/Agree:-

Agree:-

- (i) terms of draft statement at B;
- (ii) ask Mr. Hayhoe to agree Departmental targets,
as suggested by Sir Robin Ibbs. ✓

DMB

Yes ms

16 December 1983



Foreign and Commonwealth Office

London SW1A 2AH

*nbpm
Sub
16/12*

16 December 1983

Dear Corcoran

Review of Civil Service Catering

TAM
Thank you for sending me a copy of your letter of 9 December to David Barclay.

We accept the logic of the devolution of responsibility for catering to Departments but are concerned about the financial implications. The lesson of Property Repayment Services (PRS) is that Departments must be fully consulted about such changes, particularly as regards the apportionment of PES transfers. These can often prove inadequate. We wonder whether an investment programme of £1.65 million a year for five years will be enough to provide Departments with going concerns from the outset. The modest basement canteen in the main FCO building, for example, is already in need of new kitchen equipment and our plans for a replacement on a top floor in 1989/90 will require comparatively large sums.

As to the level of subsidy, the scrutiny report indicated that Civil Service catering was substantially less subsidised than that of other major employers. The Unions will expect us to put sufficient money into a service that so directly affects staff and which, as the report recognised, is important for both morale and efficiency.

We accept that you should proceed on the understanding that there will be full discussions with ourselves and other interested departments before the new system is put into practice.

I am copying this letter to the recipients of yours.

G. J. P. Fall
[Signature]

(B J P Fall)
Private Secretary

M E Corcoran Esq
Private Secretary to Minister of State
HM Treasury

Sar. Mack,
Rayner Pt. 14



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

mf

Prime Minister
To note.

Dms

CONTRACTING OUT CATERING AT THE CIVIL SERVICE COLLEGE, SUNNINGDALE 19/12

As you know the Civil Service College at Sunningdale is residential and running it therefore involves a significant catering and hotel operation. We have been working for some time to contract out this part of the College's activities and I thought you would wish to know, as Minister for the Civil Service, that we are now placing a contract with Grandmet Services Ltd to come into operation on 1 April next. This particular bit of "privatisation" will save us about 45 directly employed staff and about £90,000 a year. There will be off-setting redundancy costs to be met but these will be more than covered by the first year's cash savings.

Grandmet regard the contract as a prestigious one and will be seeking publicity for it. We will of course help them in this.

g.g.

LORD GOWRIE
15 December 1983

19 DEC 1985



MINISTER OF STATE MEDIA CONTROL OFFICE



UCNO



PRIME MINISTER

REVIEW OF CIVIL SERVICE CATERING

The Private Secretary to the Minister of State, HM Treasury, wrote to your Private Secretary on 9 December about the follow up to the scrutiny done with the assistance of the head of catering at Marks & Spencer.

2. I welcome the Minister's proposals and I consider they provide a good framework for the future. They should enable departments to improve the value for money of their catering services and to make more use of the private sector. Making the Civil Service Catering Organisation a Trading Fund should also signal clearly that in-house provision must be business-like too.

3. Putting the new policies into practice is rightly a matter for departments: they are best placed to judge how to use the catering resources to meet the needs of their operations. However although the proposals would enable departments to improve the value obtained from their catering funds, they do not in themselves force them to do so. They need to be accompanied by clear targets for achievement. You might ask the Minister of State to agree with departments their targets year by year - particularly for introducing competition and for increasing usage - and to monitor achievement against them on your behalf.

4. I am copying this minute to Barney Hayhoe, Lord Gowrie and Sir Robert Armstrong.

Robin Ibbs

pp

Robin Ibbs

14 December 1983

(Approved by Sir Robin and signed in his absence.)

Gov Machinery
Rayner Pt 14.



1166 DEC 1983



CONDUCENT

11

DRAFT



GOVERNMENT STATEMENT ON THE REVIEW OF CIVIL SERVICE CATERING

Following the Report of the Scrutiny team which examined Civil Service Catering, the Government said on 1 February last that it intended to review the major issues raised by the Report in relation to the future role of the Civil Service Catering Organisation (CISCO), the scope for using more outside contractors and the subsidy arrangements. This review has now been carried out.

The Government's conclusion is that the responsibility for the provision of catering for the Civil Service is primarily that for Departments, who must themselves meet the costs involved. In carrying out their responsibilities, Departments will rely on CISCO to provide advice and guidance on all aspects of catering.

Catering services will be open to competition. CISCO will provide such services where Departments wish to use them, but Departments will also be able to use contractors from outside the Civil Service, as indeed happens in a few cases at present. It is the intention that contractors and CISCO should compete for Departmental catering work on an equal footing.

Many Civil Service restaurants are currently run by Departmental Committees. As opportunity arises, Departments will be able to move to a more professional style of management, involving the use of CISCO or of outside contractors as they may choose.

CISCO will continue to charge Departments for services rendered in respect of advice, and, where appropriate, for the actual provision of catering services. Plant and equipment required in the provision of catering services will normally be provided by the Department, whether for the use of CISCO or of a private contractor, as will accommodation, light and heat and cleaning.

In the interests of encouraging efficiency and accountability, it is proposed that CISCO should be established as a Trading Fund under the Government Trading Funds Act 1973. The Trading Fund will be set an appropriate financial target reflecting its own costs and income, plus other suitable non-financial indicators of performance.

The Scrutiny Report criticised the present subsidy arrangements as over-complicated. A new and simpler basis is proposed. An annual global sum will be determined based on the current level of subsidy and its current apportionment to Departments, which will be used by CISCO to prepare a framework tariff related to specifications of quality and quantity. The organisation providing the catering (whether CISCO, a Departmental Committee or a private contractor) will be paid by the Department for providing such a tariff on the basis of fixed price quotations settled in advance each financial year. Departments will have discretion, subject to normal Treasury financial controls, to vary the standard of service or tariff so determined, provided it is prepared to meet any additional costs involved.

In the statement of 1 February the Government said that up to £1 million in total would be made available to carry out and evaluate an overall programme of pilot projects looking at alternative ways of providing catering within the Civil Service. This programme is under-way, and the results of the projects will be evaluated when each has run its course.

The statement of 1 February said that the Government accepted that more money needs to be spent on improving the provision of meals to its employees. In view of the criticisms in the Scrutiny Report of substandard facilities in some areas of Government catering, the Government therefore propose to provide a further sum of £1.65 million per annum over the five years beginning in 1984-85 in support of a special programme for the enhancement of catering facilities in Departments. Taken with increased departmental flexibility, the Government believes that this will improve accessibility and lead to greater usage by civil servants of the facilities provided.

CIVIL SERVICE CATERING: NEW SYSTEM OF DIRECT SUBSIDYIntroduction

1. This paper covers the main points of proposed arrangements for a new direct subsidy system which would apply whether the caterer was CISCO, a departmental committee, or an outside contractor.

Key features of the proposed system

2. (i) The direct subsidy would be a global sum determined by the Government in relation to a particular time, eg 1 April. The figure would not, in practice, be an absolute control total, because it could be overtaken by such events as an increase in customer uptake of the catering service. CISCO would prepare a framework of tariff prices, based on this subsidy and related to specifications of quality and quantity, for the cost of provision of a mid-day meal in normal circumstances. The framework would cover the supply of all food items from any Civil Service catering outlet provider. Departments would pay to the provider their share of the subsidy for services to staff at the tariff prices.
- (ii) All catering services would be open to competition. CISCO, committees and contractors would respond to a tender invitation by quoting a net cost for the services required, supported by such detail as would be necessary to validate the quotations. Departments would evaluate the tenders by reference to alternative tenders or to previous figures, and would pay the subsidy to the provider on the basis of fixed price quotations, settled in advance for each financial year.

- (iii) Increases in food costs would be apportioned on a revised tariff between Government and customer. Increases in other costs would be reflected in the annual fixed price quotations.

- (iv) It would be for departments to determine, guided by a centrally agreed Scale of Provision, the extent to which they could fund staff catering. If a new service was required, whether for normal circumstances (perhaps in a new office) or as a special service (say, to cover 7 days a week in a remote location, for operational reasons) the department would decide (as it does at present) from the caterer's cost information whether the extra funding, for which it would be responsible, could be justified. Such additional cost would normally have to be met by savings made elsewhere in the department, but this must be subject to any wider public expenditure considerations prevailing at the time. A department might wish to offer restaurant prices or specifications different from the framework tariff; that would also be a decision to be taken after consulting CISCO, and in the light of departmental and general public expenditure, operational and welfare considerations.

Conclusion

- 3. The overall effect of the new system would be to:
 - (i) Allow the most cost effective staff catering facilities to be provided, according to the departmental funds available and the operational requirements.

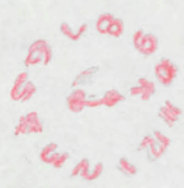
 - (ii) Provide a general subsidy based on standards applied equitably across the service.

- (iii) Ensure that contractors are treated equally with in-house suppliers.
- (iv) Continue to enable departments to exercise discretion in the provision of catering services with fore-knowledge of annual costs.
- (v) Initially involve no additional cost over current levels; if changes in the amount of subsidy were agreed the system could accommodate them without difficulty.

4. It would take some time to prepare the specifications and tariff and to calculate quotations for all departmental catering services. During 1984 CISCO would take the opportunity to dry run the system as far as possible. Departments would need to include amounts based on the new system in Estimates for the start of a new financial year, and some PES transfers would be necessary. Departments would be encouraged to explore the benefits of competition as soon as possible after the decision in principle on the system was given.

Govt. MARTI

Number 14



22 DEC 1985



Treasury Chambers, Parliament Street, SWIP 3AG

David Barclay Esq
10 Downing Street
LONDON SW1

9 December 1983

David Barclay

REVIEW OF CIVIL SERVICE CATERING

... The review of the major issues raised in the scrutiny report on Civil Service catering has been completed. My Minister of State proposes to issue the attached statement, by way of an Answer to a PQ, before the Recess.

The main developments to be announced are the introduction of a simplified subsidy system (among other things, this will open the way for outside contractors to compete for business); the conversion of the Civil Service Catering Organisation into a Trading Fund; and the launching of a five-year programme aimed at improving catering equipment and premises at an additional cost of £1.65m a year (there is PES provision).

see PB
X1
The money to be spent on improving facilities is in line with the Prime Minister's view that more investment in equipment is needed - Timothy Flesher's letter of 29 December 1982. The Prime Minister also mentioned managerial training: the change to a Trading Fund, increased competition, and the disciplines imposed by the new subsidy system should all contribute to this.

The new subsidy system (described at Annex 'A') is far simpler than the existing arrangements, which the Prime Minister regarded as being complicated. The important point is that the new system puts contractors on an equal footing with CISCO.

It is not proposed to increase the direct subsidy on Civil Service catering. That will, of course, be unwelcome news for the staff generally, but it would be unrealistic to promise more money when none is available. The Minister of State believes that the investment programme of £1.65m a year for five years can be said to meet the undertaking in the statement of 1 February that the Government is prepared to make further money available in support of Civil Service catering.

The programme of pilot projects, testing alternative catering strategies, will continue until all have been completed. The results will then be evaluated to see whether any of the strategies are worth adopting more widely.

Once the statement has been issued, discussions will be held with departments on the operation of the new subsidy system. The aim will be to move CISCO to a Trading Fund as soon as practicable next year.

The proposals are acceptable to the Minister of State, Privy Council Office, and to the Head of the Efficiency Unit, who have been consulted throughout.

I am copying this to Mary Brown, to Private Secretaries to Ministers in charge of Departments, to Richard Hatfield (Cabinet Office), and to Ian Beesley; and I should be grateful for comments by next Friday, 16 December.

James Swirely
Michael Bon

M E CORCORAN
Private Secretary



FILE

R57

10 DOWNING STREET

From the Private Secretary

30 November, 1983

The Prime Minister was grateful for your report on the scrutiny of the general employment service. She congratulates those in the Manpower Services Commission who have acted speedily on the report and implemented its proposals - saving some 7 per cent of the cost of the service within two years of the report's completion.

The Prime Minister hopes that further savings in administrative costs may prove possible when the new complementing scheme is agreed and the effects of ending compulsory registration are fully apparent.

I am copying this letter to the Chairman of the Manpower Services Commission and to Barnaby Shaw (Department of Employment).

(David Barclay)

Sir Robin Ibbs,
Efficiency Unit

to



Mr Barclay

MSC SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

I enclose a minute from Sir Robin Ibbs to the Prime Minister on the outcome of this efficiency scrutiny. You may like to reply on the following lines:

"The Prime Minister was grateful for your report on the scrutiny of the general employment service. She congratulates those in the Manpower Services Commission who have acted speedily on the report and implemented its proposals - saving some 7% of the cost of the service within two years of the report's completion.

The Prime Minister hopes that further savings in administrative costs may prove possible when the new complementing scheme is agreed and the effects of ending compulsory registration are fully apparent.

I am copying this to the Secretary of State for Employment and the Chairman of the Manpower Services Commission"

I B

I B Beesley

MS

24 November 1983



Prime Minister

Agree response at A?

PRIME MINISTER

Yes no

JMB
28/11

THE SCRUTINY PROGRAMME: THE GENERAL EMPLOYMENT SERVICE

This minute advises you of the outcome of the Manpower Services Commission's scrutiny of the general employment service, carried out last year. This is a scrutiny in which Lord Rayner took a particular interest on your behalf.

Background

2. The scrutiny examined the organisation, methods of work and deployment of resources of the MSC's general employment service. This service exists to help employers fill vacancies and jobseekers find employment; it also provides specific help to jobseekers at a disadvantage eg the long-term unemployed. About 6,800 staff are employed in 1000 local offices and in area, regional and head offices. The total cost in 1981/82 was £138 million.

3. The scrutiny was completed in May 1982 and implementation is now well-advanced.

Results

4. The main results of the scrutiny are:

- a) A desirable level of service to jobseekers has been defined for the first time. This involves heavier reliance on self-service displays of vacancies, and registering only those jobseekers who will benefit from the procedure of matching vacancies from the register.
- b) The number of area and regional offices is reduced.
- c) The local office network is being reviewed to save premises costs where possible.
- d) Measures are being taken to improve local office control of costs.



- e) A full work measurement exercise and grading review is being carried out to lead to a new complementing scheme.
- f) The 'marketing' approach for encouraging employers to notify vacancies has been changed to rely more on telephoning than visiting.
- g) Plans to expand the network of 'joblibraries' for providing occupational guidance have been dropped.

5. In total, 601 posts are to be saved as a result of the review and about £10 million a year. This is about 7% of the cost of the service. Implementation is well on target: about 400 posts have already been saved and the rest should be achieved by March next year.

Conclusion

6. This was a successful scrutiny, energetically followed up. The report cannot claim to be the last word in defining the role and activities of the general employment service. But the scrutiny was certainly a large step in tightening the organisation of the service. I recommend that you commend the vigour with which the Manpower Services Commission have followed up the scrutiny report and acted on its recommendations. My unit will make a final check on progress in March next year, but I believe that no further central action beyond this is necessary.

7. Copies of this minute go to the Chairman of the Manpower Services Commission and the Secretary of State for Employment.

Robin Ibbs

24 November 1983

CONFIDENTIAL



Ref. A083/3247

MR BARCLAY

*IBBS
15/11*

attached.

Thank you for your minute of 14 November, recording the Prime Minister's meeting on Friday 11 November to discuss Sir Robin Ibbs's proposals for achieving greater efficiency in the public sector.

2. The fourth paragraph of your minute records the Prime Minister as expressing the view that the public sector could benefit greatly from a combination of merit pay for good performance, and prompt removal of those whose performance failed to come up to standard, and then me as saying that a start on the latter would be made by Christmas. For the avoidance of doubt I ought to say that what I hope to deliver by Christmas is proposals addressed to the problem which the Prime Minister has once or twice mentioned in Cabinet, of doing more to provide promotion opportunities for high-fliers by facilitating (and even encouraging) premature retirement of those who are no longer performing as well as they used to perform, and for other means of dealing with the same problem - for instance, by special posting arrangements. This is a different matter from "prompt removal of those whose performance fails to come up to standard", for which considerable provision already exists.

3. I am sending copies of this minute to Sir Robin Ibbs, Mr Beesley and Mr Mount.

RP

Approved by
ROBERT ARMSTRONG

and signed in his absence

14 November 1983

CONFIDENTIAL



FILE

CE MASTER SET

10 DOWNING STREET

 CC: MR BEESLEY
 SIR R. ARMSTRONG
 MR MOUNT
 MR REDWOOD

TF

*From the Private Secretary*SIR ROBIN IBBS

The Prime Minister took a meeting on Friday, 11 November to discuss your proposals for achieving greater efficiency in the public sector. The meeting had before it your minutes to the Prime Minister of 29 September and 25 October. Sir Robert Armstrong, Mr. Beesley, Mr. Mount and Mr. Redwood were also present.

The Prime Minister said that she found your analysis of objectives and tasks extremely valuable. The priority now was to secure implementation of the necessary changes, and then to ensure that things did not simply carry on as before.

You argued that motivation was the key to success in this area. You felt it was necessary to make clear that Ministers themselves were committed to securing greater efficiency, and would not be diverted from this by the prospect of some political pain. If they failed to do this, the edge of enthusiasm for change further down the line could be blunted.

Whilst the Prime Minister agreed that strong leadership was a most important factor in securing motivation, she felt that a system of rewards and sanctions related to performance was also valuable. The public sector could benefit greatly from a combination of merit pay for good performance, and prompt removal of those whose performance failed to come up to standard. Sir Robert Armstrong said that a start on the latter would be made by Christmas. He added that another dimension was posting policy: good people were a scarce resource, which had to be used wisely.

In discussion of your ideas for tackling inefficiency elsewhere in the public sector, the Prime Minister expressed reservations about the Griffiths Report on the National Health Service. She was not convinced that it offered solutions to all the deep-seated administrative problems of the National Health Service. It was appalling that so many extra staff had been recruited with so little impact on the length of waiting lists. More use should be made of comparative statistics of hospital performance, and she would herself consider using this material at Question Time to draw attention to good and bad practice. It was agreed that a major change in the culture of the organisation was required, away from the tradition of "consensus management". Strong chief executives could achieve this, and were therefore good value for money, although their appointment invariably gave rise to criticism. Mr. Redwood suggested that the Efficiency Unit might find it worthwhile to examine selected District Health Audits.

The Prime Minister also mentioned her recent meeting with Lord Rothschild, the Minister of Agriculture and others, about agricultural research. Lord Rothschild had argued persuasively that far too high a proportion of agricultural research funds went on administration, partly because of the cumbersome procedures for assessing proposals.

The Prime Minister agreed that you should now pursue a programme of bilateral meetings on efficiency with Departmental Ministers. Apart from the factors mentioned in your minutes, and those raised in discussion, she asked you to explore:-

- (i) trends in administrative unit costs in each Department, as compared with inflation; and
- (ii) procedures for removing people who failed to come up to a satisfactory standard.

The Prime Minister suggested that you might pay particular attention in the early stages of your programme to the Department of Education and Science and the Department of Health and Social Security. She agreed that you should aim to report back in early January. At that stage you would wish to put forward further proposals, and it might be sensible to arrange for you to talk to the Cabinet as a whole. The Prime Minister also agreed that it would be useful for you to report progress regularly to her. You proposed meeting approximately every six weeks.

I am sending copies of this minute to those who were present at the meeting.

(David Barclay)

14 November, 1983

PRIME MINISTER

MEETING WITH SIR ROBIN IBBS

Attached are the papers for your meeting with Sir Robin Ibbs tomorrow about efficiency. _____

At Flag A is Sir Robin's original minute to you, in which he set out his immediate objectives and his overall assessment of what was required. _____

At Flag B is the guidance which you agreed should then be circulated to departments. This identified five priority tasks for Sir Robin: _____

- 1) Helping Ministers to use MINIS more effectively
- 2) Drawing up a central scrutiny programme
- 3) Developing the scrutiny technique
- 4) Helping other parts of the public sector
- 5) Developing a favourable public and political climate

At Flag C is a further minute from Sir Robin setting out his proposals on these five key tasks. _____

DMB

10 November 1983



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref: J/PSO/15567/83

Your ref:

- 2 NOV 1983

*JWS
3/11*

Dear Mr Hayhoe

RAYNER SCRUTINY OF CUSTOMS IMPORT ENTRIES

Thank you for sending Patrick Jenkin a copy of your minute of 5 October to the Prime Minister.

attached My Department was initially consulted about the proposed reduction in Customs entry checks last October. We said then that we were concerned about the dangers of reducing checks on trade in endangered species. I am therefore relieved to see that full consultation with Departments will take place before any reductions.

At this stage I want to re-emphasise our general anxiety about the potential conflict between the scrutiny's recommendation and UK/EC controls on wildlife licences. The checking and completion of documents by Customs on each shipment is an essential and statutory part of our commitment under the Convention on International Trade in Endangered Species, and the Endangered Species (Import and Export) Act 1976. At present Customs officers complete each licence to indicate which goods are actually imported compared with those listed on the licence. We rely on these entries to complete our annual report on trade to the CITES Secretariat, which is one of our specific legal obligations under the Convention. We are already computerising our work at this end, with the returned licences completed by Customs Officers to be used as input documents for our micro computer. This is cost-effective, and we hope it will lead eventually to the full scale computerisation of our licensing work. It is therefore essential that we can continue to use the returned licences with the confidence that they have all been checked and completed by Customs.

We also have to take into account the new EC Regulation on CITES (3626/82), which comes into force on 1 January next year. This adds 2 important dimensions to the argument. First, the common rules agreed recently in the Commission's CITES Committee provide for every licence to be seen and completed by Customs officials, and returned by them to the Management Authority (ie this Department for moves to and

C O N F I D E N T I A L

Govt. Machinery: The Hayhoe Programme. 19/11/84

from the UK). Customs' responsibilities in this area are laid down in a new Commission Regulation which will shortly be published in the Official Journal. Secondly, the UK's acceptance of the CITES Regulation depends crucially on maintaining, and, if possible, strengthening enforcement activity at the ports, including physical spot checks on consignments (particularly plants) as well as the routine processing of each licence. Without a continuation of at least the present enforcement effort by Customs, we will be unable to maintain the undertakings we have given that the EC Regulation will not undermine the strict controls we have always maintained on wildlife trade.

I hope you will be able to keep these requirements in mind. If necessary, we will write to you again after your officials have consulted mine on the detailed proposals.

I am copying this to the Prime Minister, and the other recipients of your minute of 5 October.

Yours sincerely

William Waldegrave

*For WILLIAM WALDEGRAVE
Agreed by Mr Waldegrave but
signed in his absence*

*11 12 1
8 0 2
7 5 5 3*

3 NOV 1984

Barney Hayhoe Esq MP



Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Dub
28/10

My Ref: G/PSO/45043/83

Dear Peter,

27 October 1983

PROPERTY REPAYMENT SERVICES

Thank you for your letter of 21 September about the failure to charge departments actual rents and rates under the present PRS arrangements.

You accept that departments cannot occupy Crown owned properties free, just because the Government itself pays no rent, but must pay a rent which reflects opportunities for alternative uses of the property. Such opportunities - to save a new hiring, to let to a commercial tenant, to sell the property - would be based on current market values, and this must be the basis of charges to occupying departments if they are to make the correct decisions on their occupations. This achieves another desirable objective that all departments' running costs are put on a comparable basis, and departmental operations do not look cheaper or dearer because of historic accidents of the occupation and ownership of property.

If these arguments are true for Crown buildings however they are equally true of leased property which is held at below market rents. Because, before the 1960s, the Government entered into some long leases with no provisions for breaks or reviews, we still pay only very low rents on part of the estate, perhaps as little as one tenth of current values, and even on more recent lettings we have often got better terms than those now available. It would run counter to the whole purpose of PRS to allow those who happened to occupy such buildings to pay only the low rents specified in the lease. This would tend to introduce into the Government's office estate the distortions that occurred in housing when tenants, provided they stayed put, could enjoy artificially low controlled rents.

This is not to say that we think that the figures quoted for Thames House South are exactly right. In order to introduce PRS we had to use average market values, since it was impossible

Gov. Mack.
~~Report~~ Rayner No 14

to value every holding (of which there are thousands) individually in advance of the implementation date. We recognise that there can be variations in either direction, between PRS rents and what would be paid in the market for a particular property (and similarly for rates). Individual rent and rate assessments are not practicable for 1984-85, and it is one of the tasks of the Inter-Departmental Committee to consider such a move in 1985-86 to improve the charging system.

I am copying this letter to the Prime Minister, all members of the Cabinet and other Ministers in charge of departments; to Grey Gowrie at the MPO, Sir Robert Armstrong and Sir Robin Ibbs.

(Handwritten marks)

IAN GOW

The Rt Hon Peter Walker MBE MP

2F



Minister for Housing and Construction

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

My Ref: G/PSO/45011/83

Ken Pate,

*DMS
28/10*

27 October 1983

PROPERTY REPAYMENT SERVICES

I was grateful for your letter of 20 September and other colleagues' comments on the Interim Report of the Inter-Departmental Committee on PRS which I circulated with my letter of 17 August.

Those replies raise a number of points about the initial operation of the PRS system. I am well aware that there have been problems, some of which have arisen from the limitations of the data which had to be used to establish the system. It was always recognised that there would be some problems to start with, but I agree with Grey Gowrie that PRS needs to be refined if the full benefits are to be gained. This will be a task for the Committee in the second stage of its work. It will need to consider, inter alia, whether any adjustment should be made in the initial allocation of resources in PES which I know has involved some inequities between individual departments.

However, there does appear to be a wide measure of agreement that the modest changes recommended for 1984-85 should be put into effect. Several colleagues drew attention to the need to provide adequate funds for departments' proposed new responsibilities for jobs in the £500-£1000 range and grounds maintenance work. I am grateful that, in your recent bilateral discussions on this year's Public Expenditure Survey, you were able to agree with Patrick Jenkin on a much needed enhancement in the provision for expenditure on maintenance of the civil estate. PSA has obtained from its regional offices estimates of the value of the work to be transferred, and will arrange for appropriate amounts to be made available to departments through an adjustment in the accommodation charge. I believe that this will meet the concern about resources which was expressed in particular by Norman Tebbit and Michael Jopling. I should add that more detailed information about the distribution of expenditure by value, which PSA has assembled since the initial transfer of resources for work in the under £500 range, does suggest that departments may have been over-funded for this work.

It will be possible to make a better assessment of this when departments' actual spending on maintenance in the current year is known. I recognise that this may be affected by initial delays in the first year of the new responsibilities, and departmental decisions to shift priorities at the margin. Nevertheless if, after allowing for these factors, departments do appear to have been over-funded, PSA may need to take this into account, along with other developments in PRS, in setting the level of their accommodation charge for 1985-86.

Michael Jopling questioned one other aspect of the proposed changes - the intention to base PRS charges for 1984-85 on agreed areas of occupation at 30 September 1983, with adjustments for subsequent changes up to 30 September 1984. I recognise the importance of establishing an agreed starting position for areas of occupation and I know that there have been some problems in reconciling at local level PSA's central lists of properties and areas. This was discussed recently in the Inter-Departmental Committee and it was agreed that where, as in the case of MAFF, differences remain, urgent action to resolve them should be taken by the department and PSA with a view to reaching agreement by the end of this month.

Janet Young suggested that departments should be provided with fuel consumption details where buildings were separately metered. Because of such factors as the frequent use of estimated readings, such information would not be as straightforward to interpret as might appear. In any event, because of other calls on PSA's accounting and computer systems, I am afraid it is not practicable to provide this information next year. But the Inter-Departmental Committee will be looking further at the whole question of charging and billing arrangements for fuel and utilities.

I have noted Tom King's suggestion that the new £1000 limit should be exclusive of VAT, but on balance I believe that an inclusive figure of £1000, representing a doubling of the present limit, is the right level of enhancement at this stage.

Peter Walker raised a question about the failure to charge departments actual rents and rates and I am writing to him separately about this.

The necessary adjustments to PES and the accommodation charge to give effect to the changes proposed for 1984-85 must now be carried through quickly, and I propose to authorise my officials to proceed with this task, in consultation with the Treasury and client departments.

The Committee will now need to press ahead with its further work, taking account of the points which have been raised in the correspondence, including the general guidance on objectives in your own letter and in that from Robin Ibbs. Some difficult issues have to be considered about the future balance of responsibilities between PSA and client departments,

but I am asking the Committee to complete its task as quickly as possible. I am also asking PSA to ensure that departments not represented on the Committee are kept in touch with developments, and have the opportunity of submitting comments before the report is completed.

I am copying this letter to the Prime Minister and all members of the Cabinet and other Ministers in charge of departments; to Grey Gowrie at the MPO; and to Sir Robert Armstrong and Sir Robin Ibbs.

[Handwritten initials]

IAN GOW

Gov. HACTL
Dayer R. 14

28 OCT 1983





Fa mtg.
11/Nov.

PRIME MINISTER

11 November

We are to meet on ~~27 October~~ to set dates for progress reports from departments and to see how we can maintain the impetus on the tasks you have set me to achieve greater efficiency in the public sector.

My proposals on the five tasks are :

1. Help Ministers use MINIS systems

- to set targets for improvement
- to commission scrutinies
- to review the achievement of lasting reforms and the implementation of other efficiency work.

This arose when I attended the Autumn Meeting of Permanent Secretaries at Sunningdale on 14 October. I have since written to each reminding them what has to be done and offering to call on them individually for short sessions to discuss what are the particular needs of their Departments if the required improvements are to be achieved.

I am writing to Ministers specifically asking on your behalf for information by the end of the year on present plans arising from MINIS systems to improve the efficiency of their departments in the above ways. I will report back to you in the Spring when I have assessed these programmes. In my view it would be helpful if you were then to ask a few Ministers to come in and show you how they are getting on.

Later in 1984 the Treasury and Management and Personnel Office will report to you on development of the Financial Management



Initiative generally (prior to publication of another progress report). I will advise you on their report at that time.

2. The central scrutiny programme

So far as possible I will draw up a small, high quality, central scrutiny programme from the work Ministers have identified in their MINIS-type systems. I may need to provide your Principal Private Secretary in due course with a commissioning letter for this work.

3. Develop the scrutiny technique to help obtain value for money from policies

I shall discuss with your Policy Unit suitable policy issues to which the scrutinies can contribute and how best to take matters forward.

4. Help other parts of the public sector

The immediate target is to develop the embryonic NHS scrutiny programme. Three reports have been submitted so far, with potential savings of around £200 million. A further four reports are on the way. I shall in future include assessment of these scrutinies in my reports to you on progress with the central efficiency programme. And, I may suggest, from time to time, that you ask for short presentations on specific pieces of work to encourage a high standard of achievement.



5. Develop a favourable public and political climate for efficiency work

The "Financial Times" and "Times" have recently carried editorials supporting our work (attached). I shall be looking for opportunities to build on this support at public and private occasions. But I shall also ask Ministers to help in their public speeches. I am convinced that for presentational purposes "getting value for money" is a more attractive approach than "efficiency" and avoids the opprobrium associated with "cuts".

I am copying this to Sir Robert Armstrong and to Ferdinand Mount.

ROBIN IBBS
25 October 1983

THE BANNERS OF BUREAUCRACY

Departments are to a very great extent coloured in their attitudes by what was the last major reform that they undertook. The last great achievement is written on a Department's banner and will be defended.

In her lecture on "Policy and practice" to the Royal Institute of Public Administration, Mrs Shirley Williams struck a chord when she invented the concept of the departmental banner. The Civil Service is in many ways analogous to the trade union movement. It is a fixture in the constitutional landscape. It can wield great power, usually in the negative sense of protecting the status quo and resisting change ("a beautifully designed and effective braking mechanism", Mrs Williams called it on the same occasion).

In the next few months we may be approaching one of those historic moments when the embroidery on a Civil Service banner changes. But this time the banner in question is not that of any one department, but of Whitehall's management system itself. The efficiency strategy laid down for the Prime Minister by Lord Rayner in 1979-82 was designed to produce a streamlined, managerially competent bureaucracy with cost-consciousness built into the calcium of every civil servant's bones from permanent secretary to clerical officer. Cash limits and manpower cuts imposed from the top down were to be the somewhat crude external compulsion. Lord Rayner's scrutinies and comparable exercises undertaken by departments themselves looking at the details of operations from the bottom up, were their more sophisticated counterparts.

Most of the longer-term Rayner reforms - a new financial management system providing ministers for the first time with details on every part of their domains, a new approach to personnel management and a higher premium on management skills in assessing candidates for promotion - are now established in a succession of White Papers. Mrs Thatcher's Whitehall is different from that of her predecessors. The last person before her to have any real impact on it was that well known expert in public administration, Adolf Hitler, who obliged departments to recruit gifted outsiders in abundance to help regulars run the war effort. Between 1945 and 1950 the old Gladstonian model of the public servant was restored and a great opportunity lost. Will Raynerism suffer the same fate?

The short answer is: "Not so long as Mrs Thatcher remains in No 10". But there is more to it than that. Raynerism has to become the conventional wisdom, the achievement emblazoned on the banner to which Britain's "permanent politicians" - the civil servants - will rally. In the next six months it would be all too easy for the impetus to sag, with those White Papers on efficiency and financial management serving as mere wallpaper disguising a lack of real change in the structure beneath. If that happens it will be a tragedy.

The Prime Minister has a new Rayner to prevent it. In Sir Robin Ibbs, executive director of

ICI, she has a man with whom she is comfortable. They got on well when he was head of the Central Policy Review Staff in 1980-82. Sir Robin's job is actually to increase the momentum, to push Raynerism into the furthest outposts of the Whitehall empire. He cannot do it alone. He needs the assistance of the permanent secretaries (by and large he will get that) and the help of all departmental ministers around the Cabinet table, not just the more managerially minded like Mr Michael Heseltine, Mr Tom King and Mr Patrick Jenkin. Lord Rayner has presented ministers with the best managerial tools they have ever had. They must use them to exert not only a continuing downward pressure on running costs (it takes £16.5 billion a year to administer Whitehall and the Armed Forces before a single statute is drafted, benefit paid or frigate launched) and manpower, but to improve the speed and quality of policy-making as well.

Two factors will ensure that Raynerism is stitched on to departmental banners: a realization that the new methods are here to stay and have to be lived with (permanent politicians know how to adapt to permanent change); and, most important of all, the motivation of officials at every level, whether by a desire for public approval, a wish to do a good job, a sense of public duty or incentives in the form of improved pay and promotion, to achieve the necessary refashioning of a huge central government machine. The braking mechanism must be broken once and for all.

A

B

Management in the Civil Service

THERE ARE two views about the possibility of improving the performance of Britain's Civil Service. The optimists say nothing can be changed overnight; the pessimists say nothing can be changed.

The difficulty in recent years has been that insistence on change emanating from the very highest political levels, namely the Prime Minister and her immediate circle, has often been thwarted by senior defenders of the status quo within the service itself.

For this reason it is difficult to understate the single-minded achievements of Sir Derek Rayner in getting to grips with efficiency and effectiveness in the Civil Service. Apart from his experience in Marks and Spencer, one of the country's best-run companies, Sir Derek had useful previous knowledge of government, notably in the Ministry of Defence. With a mixture of energy and guile he was able to beat the Whitehall machine at its own game.

The Prime Minister, whose commitment to slimming down and toning up the Civil Service is said to be as resolute as ever, now has a new mandate and a new personal adviser on Civil Service efficiency, Sir Robin Ibbs, former head of the "Think Tank" and a director of ICI.

Incentives

It is in this context that today's White Paper on "Financial Management in Government Departments" gains its true importance. At first sight it is a rather loose restatement of laudable objectives which have been advocated in one guise or another since Fulton and earlier.

Nevertheless, the repetition of objectives such as better management of administrative and programme expenditure and the establishment of cost centres with middle-ranking civil servants taking full managerial responsibility for their own budgets, can hardly be overdone. The fact that the progress reports from indi-

vidual government departments imply that all too many still must try harder is no negation of the principle. But it does underline that a powerful head of steam needs to be sustained at the highest level to push and pull recalcitrant departments into action.

Tucked away—almost thrown away—in an appendix to the paper is a key paragraph: "Sharpening the incentives to good performance". It is the clearest government commitment yet to relating pay to performance. This desirable and overdue recognition of merit needs careful implementation in the context of other recommendations made in last year's report by the committee chaired by Sir John Megaw on Civil Service pay.

There are other, equally important ways of sharpening incentives. One is to instil in line managers a sense of a worthwhile job well done and appreciated; another is to try to revive morale which has been deflated through a combination of persistent ministerial and prime ministerial carping and indiscriminate wielding of a very blunt axe to cut the service to 630,000, its smallest since the war.

Speculation now centres on a further 5 per cent cut in staff across the board. But Mrs Thatcher has in her grasp an opportunity to reshape the Civil Service and its culture without union confrontation.

The development of the financial management structures outlined today, with the Ibbs-Rayner efficiency unit pricking and prodding, could help the Civil Service to improve its effectiveness while simultaneously highlighting scope for rational manpower cuts. The unions, which have never resisted the intellectual force of this approach, might well be more willing to help if the blunt 5 per cent axe, and the irrational cuts it implies, was unused but known to be in the wings. Morale would revive, together with public esteem for the Civil Service as a worthwhile career.



CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Old Admiralty Building

Whitehall

London SW1A 2AZ

Telephone 01-273 4400

*Sub
27/10*

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
London SW1P 3EB

25 October 1983

Dear Ian,

I wrote to you on 13 October about the interim report of the Inter-Departmental Working Party on PRS.

Since then, I have paid a visit to two local Social Security Offices of the DHSS, where I had very interesting discussions with local management about the increasing scope which they are being given through FMI and other related developments to manage the resources used in their offices.

I was greatly impressed that the local managers particularly welcomed the authority to manage a budget for minor works and maintenance on their accommodation, following the introduction this year of PRS. They strongly made the point, however - and supported it with a number of telling examples - that they were hindered by the restriction that they should use contractors in the list authorised by the PSA. In some cases this had meant calling a firm from a long distance away and in others waiting a long time for the job to be done when local firms could have met the need more quickly and cheaply.

The kind of jobs in question are relatively small and simple - eg repairing windows, changing the position of electric sockets - and it is hard to believe that local managers whom we trust with very important decisions on operational matters cannot be left to get on with arranging work of this kind in a sensible fashion.

I would be grateful if you could arrange for this rule to be looked at critically and I do hope that if it cannot be got rid of altogether it can be relaxed in ways which enable local managers to proceed more simply and flexibly.

I am copying this letter to those who received copies of the earlier correspondence.

I do hope we can put this along together

*Yours,
Ivan*

LORD GOWRIE

Govt Markt.

Ragner
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26 OCT 1983



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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

20 October 1983

Dear David

*Jms
21/10*

You wrote on 7 October to Mike Corcoran of Mr Heyhoe's Office indicating the Prime Minister's agreement to the publication of the 2 Customs Scrutiny Reports and, subject to colleagues' agreement, to the issue of a press statement.

My Secretary of State agrees with the terms of the statement as drafted by Mr Heyhoe.

/ I am sending copies of this letter to the recipients of yours.

*Yours ever,
C L Jones*

C L JONES

David Barclay Esq
Private Secretary
Prime Minister's Office
10 Downing Street
LONDON

9 or 10
Programme
14

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

27 OCT 1987

SWYDDFA GYMRIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
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CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Old Admiralty Building

Whitehall

London SW1A 2AZ

Telephone 01-273 4400

Ian Gow Esq MP
Minister for Housing and
Construction
Department of the Environment
2 Marsham Street
London SW1

13 October 1983

Dear Ian,

PROPERTY REPAYMENT SERVICES (PRS)

I read your letter of 17 August, covering the interim report of the inter-departmental committee on property repayment services, with interest. I have also been following the subsequent correspondence from colleagues culminating so far in Sir Robin Ibbs' letter of 5 October. I very much agree with Robin's comments and indeed am tempted to go further. In particular I am far from clear that, at its present stage of development, PRS is doing more than generate an unproductive paper chase. Of course it is early days and certainly the specific improvements suggested in the report are helpful. I am sure however that we will only get real benefits from this new system when it can be refined to the point where the numbers represent a reasonable approximation to the costs which departments actually bear; and when departments can be given meaningful benefits from the efforts they put into saving accommodation and related costs.

I hope that the committee's final report will assist us to make progress on both fronts.

*Yours,
Gowrie*

LORD GOWRIE



10 DOWNING STREET

From the Private Secretary

7 October, 1983

The Prime Minister was grateful for your Minister's minute of 5 October about publication of two reports on the Customs service.

She agrees that both the report on Customs Attendance and the one on Processing of Customs Import Entries should be published as proposed by your Minister. She is also content, subject to the views of colleagues, with the terms of the draft statement attached to your Minister's minute.

I am sending a copy of this letter to Tony Rawsthorne (Home Office), John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), Colin Jones (Welsh Office), Steve Nicklen (Department of Trade and Industry) Dinah Nichols (Department of Transport) and also to John Ballard (Department of the Environment), and Robert Lowson (Ministry of Agriculture, Fisheries and Food).

DB

M. Corcoran, Esq.,
Mr. Barney Hayhoe's Office
HM Treasury

h

BF RAIN

MR. FLESHER

930 on 19/10.

↙ ↘

7/10

Please arrange a meeting at a time agreed with Mr. Beesley after the Party Conference.

FERS
....

CF 6 wbb

6 October, 1983.

1) Robin ^{FERS} : We've had to move this to 5pm on 27 Oct.

2) CF

JMS
10/10



bc. Mr. Mount

lo
5 pm
Sir RA 27th
at

10 DOWNING STREET

From the Principal Private Secretary

Sir Robin Ibbs

The Prime Minister saw your minute of 29 September and agreed that I should send you written guidance on what she expects from you and the Policy Unit. This guidance is attached.

You will want additionally to know that the Prime Minister commented on your minute:-

"I am simply delighted with these proposals. I think that I should have a small meeting with Sir Robert Armstrong, Sir Robin Ibbs, Ferdie Mount and Mr. Beesley to set dates etc., for progress reports from Departments and generally to see how we can maintain the impetus. MT"

We will arrange such a meeting in the near future.

I am sending a copy of this minute to Sir Robert Armstrong.

E. E. R. BUTLER

6 October, 1983.



c.c. Cabinet +
LOD
CWO

Lord Gorman

10 DOWNING STREET

From the Principal Private Secretary

Sir Robin Ibbs

Work on Efficiency

The Prime Minister was grateful for your presentation on the progress made so far on improving efficiency and on the objectives for the future.

The Prime Minister continues to attach high priority to improving management, reducing costs and improving effectiveness. She is impressed by the considerable successes that some departments have had. But she is concerned that much more needs to be done to get personal commitment to these aims at every level and throughout government. Public servants generally must be convinced that the only way forward is to get more output, year by year, from the resources at their disposal.

The Prime Minister welcomes the widespread development of MINIS (or comparable) systems under the Financial Management Initiative. These systems will enable Ministers to question the cost of activities and to identify those policies which are least cost-effective. The Prime Minister also sees the plans to reform personnel management as an essential component in creating the right conditions for good management.

The Prime Minister looks to you to represent her interest in securing these and other improvements in systems and attitudes. She would like you to help central and departmental Ministers to use the MINIS-type systems:

- to set targets for improvement in the value for money delivered by specific areas of administrative cost or policy
- to commission scrutinies and other work as necessary to bring the improvements
- to review progress in the achievement of lasting reforms in financial and staff management, and in implementing the findings of previous scrutiny work.

/ Mrs. Thatcher

LD

Mrs. Thatcher would welcome a report from you in due course on the extent to which MINIS systems are being used in this way. She will expect the Efficiency Unit to derive from this a carefully selected programme of work to improve efficiency in central government, using the scrutiny technique. She would like you to consider further how the technique might be applied to securing better value for money in government policies, with the aim of achieving really significant contributions to maintaining the quality of government services within what the taxpayer can afford.

Your prime area of operation is the central government, but the Prime Minister hopes that you will also help other parts of the public sector to press ahead with internal efficiency reforms - especially where there are burdens on the taxpayer. Mrs. Thatcher has commented that the government should seek to present efficiency improvements positively and to develop a favourable public and political climate for this work. She looks to you and to individual Ministers to contribute to this.

On all this work you should report directly to the Prime Minister and seek her personal involvement whenever you think it necessary. You should also work closely with the Head of the Home Civil Service.

I am copying this minute to the Private Secretaries to members of the Cabinet and other Ministers in charge of Departments, and to Sir Robert Armstrong.

E. E. R. BUTLER

6 October, 1983.

Prime Minister

CONFIDENTIAL

~~CC NO~~

Agree, subject to colleagues,

Yes ^{no} (i) to publication of
both reports

Yes ^{no} (ii) to the draft statement
at flag B



FROM: Minister of State

DATE: 5 October 1983

PRIME MINISTER

DB
6/10

PUBLICATION OF RAYNER SCRUTINY REPORTS ON THE CUSTOMS ATTENDANCE (1981) AND THE PROCESSING OF CUSTOMS IMPORT ENTRIES (1982)

flag A

We are now ready to publish the findings of the Report on Customs Attendance as foreshadowed by Mr Beesley's minute of 18 July which you saw and approved. We propose to publish simultaneously a subsequent Scrutiny Report on the Processing of Customs Entries.

Mr Beesley's minute assumed publication of only a summary of the relevant portions of the Report on Customs Attendance. However I believe it right that both Reports should be published in full, subject only to the omission of sensitive or restricted material and some other changes of an editorial nature.

The Report on Customs Attendance recommends that charges should be kept and indeed increased to match present-day costs which is quite contrary to the rumours in the trade that it recommends the abolition of Customs charges. The net effect of all the recommendations on charging policy would be to increase receipts by about 30 per cent, or over £1 million a year. There is, therefore, likely to be opposition to the recommendation but publication in full will set our decision to accept it in a proper perspective.

flag B

We intend issuing a press release to announce the decisions already made in principle. This would be along the lines of the attached draft which includes a statement of the Government's position. It will serve as the basis for Customs to open discussions with interested parties before implementation.

I should be grateful for your approval of this course of action and the proposed press release by Customs and Excise.

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I am copying this to the Home Secretary and to the Secretaries of State for Northern Ireland, for Scotland, for Wales, for Trade and Industry and for Transport. Copies also go to the Secretary of State for the Environment and the Minister of Agriculture, Fisheries and Food in view of their interest in the Scrutiny of the Processing of Customs Import Entries.

BH.

BARNEY HAYHOE

CONFIDENTIAL

DRAFT OF 14 SEPTEMBER

DRAFT MINUTE FROM F E R BUTLER ESQ

SIR ROBIN IBBS

The Prime Minister was grateful for your presentation on the progress made so far on improving efficiency and on the objectives for the future.

2. ^{The Prime Minister} Mrs Thatcher continues to ^{attach} ~~put~~ a high priority ^{to improving} on good management, ^{reducing costs and improving effectiveness.} ~~in the state~~. The cost of all operations must be held down and effectiveness improved. She is impressed by the considerable successes that some departments have had. But she is concerned that ^{much} more ^{needs} has to be done to get personal commitment to these aims at every level and throughout government. Public servants generally must be convinced that the only way forward is to get more output, year by year, from ^{the} ~~an~~ existing level of resources ^{at their disposal.}

3. ^{wider} The Prime Minister ^{is aware} ~~is aware~~ that MINIS (or comparable) systems under the Financial Management Initiative, ^{These systems will} ~~are now being developed widely.~~ They should enable Ministers to question the cost of activities and to identify those policies which are least cost-effective. The Prime Minister also sees the plans to reform personnel management as an essential component in creating the right conditions ^{for good} ~~management.~~

4. ^{The Prime Minister looks to} Mrs Thatcher ~~wishes~~ you to represent her interest in securing these and other improvements ⁱⁿ ~~affecting~~ systems and attitudes. She would like you to help central and departmental Ministers to use the MINIS-type systems:

- to set targets for improvement in the value for money delivered by specific areas of administrative cost or

policy

- to commission scrutinies and other work as necessary to bring the improvements

- to review progress ^{in the achievement of} with lasting reforms in financial and staff management, and ⁱⁿ with implementing the findings of previous scrutiny work.

5. Mrs Thatcher ^{would welcome a} ~~would like you to report to her~~ ^{from you} in due course on the extent to which MINIS systems are being used in this way. She will expect the Efficiency Unit to derive from this a carefully selected programme ^{of work} ~~of central efficiency~~ ^{to improve efficiency in central government,} work, using the scrutiny technique. She would like you to consider ^{further} ~~how~~ how the technique might be ^{applied developed used to make further} ~~used to improve~~ ^{contributions to securing} the search for better value for money in government policies, ^{with the aim of making achieving really significant} ~~This could make a real~~ contribution to maintaining the quality of government services within what the taxpayer can afford.

6. Your prime area of operation is the central government, but ^{The Prime Minister hopes that you will also} ~~you should~~ help other parts of the public sector ^{to} press ahead with internal efficiency reforms - especially where there are burdens on the taxpayer. Mrs Thatcher has ~~also~~ commented that the government should seek to present efficiency improvements positively and to develop a favourable public and political climate for this work. She looks to you and to individual Ministers to contribute to this.

7. On all this work you should report directly to the Prime Minister and seek her personal ^{involvement whenever you think it} ~~support as necessary~~. You should also work closely with the Head of the Home Civil Service.

8. I am copying this minute to the Private Secretaries to members of the Cabinet and other Ministers in charge of Departments and to Sir Robert Armstrong.

FERB

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DRAFT PRESS RELEASE

The reports of two efficiency scrutinies relating to customs procedures are published today. They are the "Rayner" scrutinies of Customs Attendance (1981) and The Processing of Customs Import Entries (1982).

The recommendations made in these reports are wide-ranging and have significant implications for the future management of customs operations and the development of procedures. In particular the report on Customs Attendance examines the circumstances in which attendance is provided and the extent to which the efficiency of customs operations is affected by the present criteria and arrangements for providing and charging for such attendance.

Further consultation will be necessary between interested government departments. In some instances Customs will need to consult the trade associations and port authorities concerned before decisions can be taken on certain of the recommendations made in the two reports. However, the Government have taken decisions in principle on the main findings of the two reviews. These are set out in the Annexe to this announcement.

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ANNEX

1. RAYNER SCRUTINY OF CUSTOMS ATTENDANCE (1981)

The report contains four main proposals. These are:

- to establish more rigorous criteria for assessing where and when new customs facilities should be provided and to institute regular reviews of existing locations;
- to standardise a period of time for all locations during which Customs attendance is provided without charge;
- outside these hours to charge for the clearance of freight at one full economic rate rather than the present range of rates (some of which have been held at uneconomic levels by successive administrations);
- to introduce for the first time a system of charging generally for the out-of-hours clearance of passengers on a similar basis.

Ministers have decided in principle that:

- a. Customs and Excise should have a recognised right to approach other Departments to propose the withdrawal

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of existing facilities, where they believe this could be justified and that machinery should be set up to enable inter-Departmental consultation to take place on new applications.

- b. The basis on which charges are levied for Customs attendance for clearance of freight outside "normal hours" (which may not necessarily be standardised) should be rationalised and the charges set at more realistic levels.
- c. Charges should not be imposed for the clearance of passengers at seaports or at any airport approved for such clearance on a regular basis.

2. RAYNER SCRUTINY OF THE PROCESSING OF ERRORS ON CUSTOMS ENTRIES (1982)

The report contains proposals for:

- extending the direct keying of entry data by traders (also known as direct trader input);
- redesigning entry forms in order to reduce areas of coding prone to error;

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- reducing the amount of checking of customs entries;
- and - introducing a system of licensing of agents, to be administered by the Customs and Excise Department.

Ministers have decided in principle that:

- a. Direct keying should be given full encouragement by Customs in order to reduce the incidence of error on import entries which bears heavily on the cost of customs operations.
- b. Import entry forms should be simplified as soon as possible, but recognising that timing is dependent on proposals currently under discussion in the European Community which may lead to the introduction of a single administrative document for intra-Community trade.
- c. Customs should take steps, after consultation with other government departments concerned and with the European Community, to reduce the amount of checking of import entries in order to secure an adequate degree of cost-effectiveness in the processing operation.
- d. Customs should initiate discussions with interested trade associations on the proposal to introduce a system of licensing of agents.

GOVT. MACA. *Rayner* - Pt 14

CONFIDENTIAL

20 OCT 1953





sc NO
Prime Minister (2)

EFFICIENCY UNIT

70 WHITEHALL, LONDON SW1A 2AS

Enquiries : 01-233 8412

Direct line : 01-233 7359

AF 5/10

Ian Gow Esq MP
Minister for Housing and Construction

5 October 1983

Dear Ian,

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for sending me a copy of your letter of 17 August proposing certain changes to the PRS arrangements. I believe that the introduction of repayment for property services is a fundamental reform, and making it work properly will be effort well spent.

2. There are bound to be difficulties in getting the procedures properly established, and I appreciate there are severe funding limits. But we must not lose sight of the main objective - to provide a clear budgetary incentive to departmental managers to make accommodation arrangements with the PSA that yield the best possible value for money. A second objective is to give them discretion over the working environment they provide as employers for their staff.

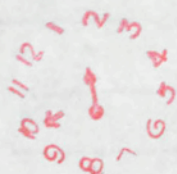
3. There still seems a long way to go. The current proposals are a step in the right direction. But on the basis of its interim report, I think the Committee needs to be set firm targets, for achievement by the beginning of 1985-86, as follows:

(1) Setting rents sufficiently accurately to measure the relative costs of alternative accommodation options.

(2) Getting the right balance in estate management between discretion for departments over the location and quality of their accommodation, and reflecting their decisions in their administrative costs; and discretion for the PSA in getting value for money from the government estate as a whole, and reflecting the PSAs decisions similarly in its own costs. (This should imply some shift in favour of departments over the traditional allied service arrangements.)

(3) Making it worthwhile for departments to root out surplus space, and for the PSA to dispose of it, promptly.

10 OCT 1983



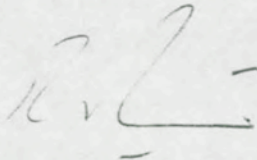
(4) Making the working environment the clear, direct responsibility of the immediately employing department. (Funding difficulties should not stand in the way of establishing this important principle.)

4. It will be for departments to carry the arrangements through to individual line management commands.

5. I have asked the Efficiency Unit to help the development Committee, and Monty Alfred, in their task. There are very real economies to be made by getting responsibilities for accommodation, and the related incentives, right. In my view property repayment deserves to be given high priority by the PSA.

6. I am copying this letter to the Prime Minister, Chief Secretary, and the other recipients of your letter.

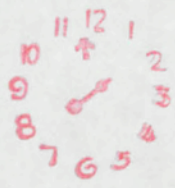
yours ever,



ROBIN IBBS

Sork Machinery : Cayner Pt 14

25 OCT 1985



CONFIDENTIAL

Prime Minister 1

Agree that Robin Butler
should write to Department as at
Aug A to "set the scene" for Robin
Jebb.

PRIME MINISTER

My first task has been to assess progress so far and to identify the principal targets if efficiency is to improve substantially during your second term. I believe that my immediate objectives should be:

LM
29/9

- a. to maintain the momentum of the scrutiny programme;
- b. to focus this programme increasingly on areas where there are substantial opportunities for increasing value for money, and to extend it to some major areas of public expenditure beyond central government (for example, the NHS);
- c. to support through the scrutiny programme, and to encourage by other means, the introduction of lasting reforms, notably the FMI and better staff management;
- d. to identify ways of increasing throughout the public service the motivation of management for finding savings and achieving better value for money.

My general assessment

2. The basic need is to limit public expenditure but sustain necessary services despite growing demands in some areas.

3. A contribution can come from streamlining central government's administrative costs. I am impressed by the effort some Ministers and departments have put into efficiency improvement. The steps taken by the social security organisation in DHSS to slim down bureaucracy and introduce performance standards for managers are one good example. The existing scrutiny programme, and the lasting reforms now in train in financial and staff management, must continue to play a big part here.

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4. But these administrative costs are only 15% of total public expenditure. Improvements on the scale needed mean that we should look wider than this: at the value for money delivered by various existing policies, and at other parts of the public sector beyond central government.

5. Overall, despite the excellent work in some departments, I do not think that the public sector as a whole has yet made a convincing breakthrough in accepting the importance of value for money. There is too much emphasis on trying to get more money and not enough on getting more output.

6. The lesson in the private sector in recent years, and I have personal experience of this, is that when a management realises that survival depends on obtaining the same output from less resources, substantial savings and improvements are usually achieved. It is recognition that ultimately the choice is 'improve or go under' that releases a willingness to improve at all levels.

7. To me a major challenge is to obtain a similar recognition of reality in the public sector. Many departments and line managers still hang on, waiting to be pushed into greater efficiency. But progress on the scale required means that they must themselves take the initiative; the improvement needed is far more than can be achieved by central initiative alone.

8. As I see it, a means must be devised, based on your Government's strong political position and track record on improving efficiency, for convincing public servants generally that the only way forward is to get more output from an existing level of resources. This is the sound way of making additional programmes possible. Every public servant needs to believe that he owes it to the tax payer to secure steadily improving value for money, year on year. There is no standing still on these matters.

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The next step

9. The immediate task in all departments is to establish the lasting reforms launched in your first term, particularly the Financial Management Initiative, as vigorous parts of the normal management system and not as bureaucratic formalities. Effort has to be concentrated at points where the reforms will yield maximum benefit.

10. Strong central leadership will continue to be essential if rapid progress is to be made. Future scrutinies can be selected so as to encourage the implementation of these reforms. Better management can be fostered within departments by requiring them to use the systems they are developing of the MINIS type

- to set targets for improvement in the value for money delivered by specific areas of administrative cost or policy
- to select and commission scrutinies and other work needed to bring the improvements
- to assess progress in implementing lasting reforms and the findings of previous scrutinies.

Selection of scrutinies can also help to put emphasis on areas where the potential rewards are greatest and to increase the efforts in weaker departments.

11. I propose to bear all these aspects in mind in drawing up a selective programme of central efficiency work to maintain pressure on your behalf at the points where it will have best effect.

12. The main drive for securing the lasting reforms of financial and staff management has to come from the Treasury and the Cabinet Office (MPO). However, I believe that from time to time I might usefully take a special interest on your behalf in plans for securing progress in

Financial management:

- developing systems of the MINIS type
- applying FMI principles to programme as well as administrative expenditure
- encouraging repayment, contracting out
- delegating budgetary control to managers down the line
- improving internal audit and review capabilities

Staff management:

- encouraging delegation
- making improved personal performance in the job a prime objective of staff appraisal
- developing an element for personal merit in pay
- dealing positively with poor performers
- pruning the jungle of central rules in the personnel field.

Relations with the public:

- cutting down and improving forms.

Information technology:

- introducing new technology cost-effectively.

The task beyond

13. If tax increases, or arbitrarily reducing public expenditure programmes across the board, are to be avoided, there will need to be a greater willingness to increase the efficiency with which policies are carried out and to drop some of the policies which are least cost-effective. This is something that Departments must be persuaded to do increasingly vigorously for themselves. I find that the existing pattern of scrutinies has already started to reveal - albeit in a small way - not only opportunities for administrative savings, but worthwhile instances of where the efficiency and value derived by established programmes need to be reviewed because there are substantial potential improvements to be had. For example, the Overseas Development Administration found that their Directorate of Overseas Surveys determined their own programme of work independently of genuine demand criteria and sometimes significantly at variance with genuine need. The DHSS discovered that far from helping, their health care export activities hindered British companies. The Department of Trade & Industry currently have a scrutiny looking at the methods used to assess the cost effectiveness of selective financial assistance to companies.

There are two aspects to this. In some cases our aim should be to ensure that Departments look at what is happening on the ground as a result of policy programmes. For example, have the bureaucratic burdens really been reduced as much as they could be in the Enterprise Zones? In others, the need is for Departments to examine the quality of the management of policies. For example, they have to check whether the Under Secretary and Assistant Secretaries in specific policy divisions are equipped with the skills that the tasks really need. What systematic questions are asked in Departments about programmes and what procedures are used to assess the value programmes give? How do they select and plan sufficiently for the cessation of activities? I believe it should be possible to sharpen the effectiveness of the scrutiny procedure to help in tackling questions of this kind.

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It is also important that Ministers identify those areas of policy which are contributing least to the Government's targets, and then plan for their withdrawal so that more important activities can have a greater share of the cake. This type of selection has to go on continuously in the private sector. However, because it is painful, it tends to fade at points where competitive forces are weak unless senior management themselves maintain a pressure. In the public sector, because of the absence usually of competition, the burden falls almost entirely on senior management. If an attempt is made to reduce existing policy provisions, there is frequently determined opposition from the small numbers who will be directly affected, without a countervailing pressure from the majority who would benefit from a different programme or from lower taxation. Steps are needed to educate the public. I suggest that, as part of the basic task of encouraging motivation towards value for money, I might usefully give further thought, in consultation with your Policy Unit, to how such selection could be encouraged in Departments so that programmes of least value are weeded out.

14. There is also an important job to be done in the public sector beyond the Civil Service. Against 0.64 million civil servants (now), there are about 1.25 million people employed in the National Health Service, 1.5 million in local authority education, and 1.75 million in the public corporations. I think that the Unit should give a little more of its time to strengthening selective links with these areas but taking care not to become so deeply involved that it is unable to give the necessary time and effort to improve efficiency in the Civil Service. My aim would be to encourage those in the wider public sector who are keen to improve performance. In particular:

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(1) My first impressions of the as yet small scale NHS scrutiny programme are that, in that vast area too, the scrutiny approach is valid and has much to offer. Sir Kenneth Stowe has already sought my help on this and I propose to report progress with the NHS scrutinies to you in a similar way to progress on the central government programme.

(2) Elsewhere in the public sector, many of the nationalised industries are pressing ahead with internal efficiency reforms - spurred on by the winds of competition. The Unit is advising directly other units in British Gas, British Rail, British Telecom and the Atomic Energy Authority. It has had talks with the Post Office and the Metropolitan Police. It has helped run a scrutiny of supporting services for the Research Councils. And it is developing good links with local authority professional organisations such as the Society of Local Authority Chief Executives and CIPFA.

Conclusions

15. I propose to take as my immediate targets:

- continuing with the scrutiny programme, but in a way that forces departments to make positive use of their systems of the MINIS type (paragraphs 10 and 11)
- in the same way, pressing hard on the implementation of scrutiny recommendations and of the lasting reforms already in train in financial management and staff management (paragraphs 10 and 11)

CONFIDENTIAL

✓ representing your interest in lasting reforms to encourage and support the right drive and leadership from the central departments, especially on financial and staff management (paragraph 12)

- considering how to sharpen the scrutiny process so that it can assist further in increasing the efficiency with which policies are carried out and help Ministers to weed out policies that provide the least value for money (paragraph 13)
- extending your policy of good management into the wider public sector but without relaxing pressure on the Civil Service targets (paragraph 14)

16. If you agree with these proposals, it would help me if you were to issue written guidance on what you expected. This will establish the framework and your continuing interest which is essential. I therefore attach a draft of such a "commission", which I would hope you would agree to copy to colleagues.

Amey

17. I am sending a copy of this minute to Sir Robert Armstrong.

RI

ROBIN IBBS

29th September 1983

I am simply delighted with these proposals. I think we should have a small meeting with Robert, Fisher & Robin me to set dates etc for progress reports for dept generally to see how we can keep the impetus. RI



KECNOB

NO PM
AT 29/9

QUEEN ANNE'S GATE LONDON SW1H 9AT

29 September 1983

R. Rees,

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for copying to me your letter of 17 August to Peter Rees, covering an interim report of the Inter-Departmental Committee which considered how PRS may be developed and improved. I am sorry not to have replied before now.

In general I am content with the proposed changes that seek to improve the accuracy of the accommodation charges by sharpening the basis of calculation. I would also have no objection to the £500 limit on minor new works undertaken by Departments being increased to £1,000 provided that sufficient funds are made available. On this point we shall need to scrutinise with particular care the financial adjustments which PSA propose to make.

I am copying this letter to the recipients of yours.

Law
Law

Ian Gow, Esq, MP

Goosnach Layner Pt 14

29 SEP 1985

12
11 10 9 8 7 6 5 4 3 2 1

Michael PA

Robin

I agree that you should not.
The conversation with Mr. Jenkins
was about the more substantial question
of restructuring of the organization of PST
not about the system of repayment for
Shd I, in view of the PST services.

FERB

23.9.

Conversations between
with me PM Mr Jenkins

etc, show these pp's to the PM (I nd

have thought not)?

M

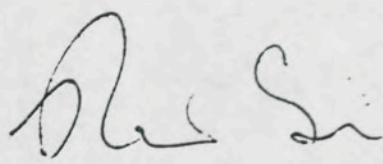
~~CC NO~~

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE, SOUTH
MILLEBANK LONDON SW1P 4QP

01-211 6402

Ian Gow Esq MP
Minister for Housing & Construction
Department of the Environment
2 Marsham Street
London SW1P 3EB

21 September 1983



PROPERTY REPAYMENT SERVICES

with WR

You wrote to Peter Rees on 17 August about ways in which the PRS system might be improved, and enclosed an interim report of the Interdepartmental Committee.

I am broadly content with the minor changes which you propose for implementation in 1984/85 but, like others, I am far from clear that your proposals go far enough or grapple adequately with the problems created by the introduction of PRS in its present form.

There is one point in particular which strikes me as strange: the failure to charge Departments actual rents and rates where this information is readily available. I can see that where a Department is occupying a building owned by the Crown, the charge for rent to this Department must inevitably be in some sense a notional figure eg the rent foregone as a result of occupation by the Department. But where an actual rent is being paid the right course ought surely to be to make the Department and its Accounting Officer responsible for that rent and the associated rates at the level which is in fact paid.

I appreciate that it will be a matter of history and of accident whether a Department is in rented or Crown-owned accommodation, and if there is a rent, whether the rent is high because a lease is new, or low because the lease is old. I do not believe that matters. The purpose of the change to repayment proposed by Derek Rayner was to create the right management incentives and to bring out more clearly the cost of each services. In the


case of rented buildings, the objectives are properly achieved only by charging the Department the actual rent and making the Accounting Officer account for payments which are real, not notional.

In the case of my Department the present arrangements result in an excessive notional charge which I have only the most limited scope for influencing. A group of my officials which is monitoring running costs has found, for instance, that the charge for rent and rates in respect of Thames House South (our headquarters building) is £5m in 1983/84 whereas the actual cost to the Government is £3.7m. The main discrepancy was in the initial charge of £2.2m for rates which would have been £0.85m if they had been assessed at an actual level.

It seems to me that it would not be at all difficult to go over to an actual rental basis for rented accommodation in 1984/85. I think this would be a step in the direction of Derek Rayner's original objectives.

More generally, I am sure it is right to move in the direction of giving Departments more control over their working environment with proper financial provision to support this; and to provide genuine incentives to surrender unwanted accommodation. In the latter case there needs to be constructive thought in what constitutes a 'viable unit' for a small Department like my own which is largely accommodated in a single building.

I am copying this letter to the Prime Minister, all members of the Cabinet, other Ministers in charge of Departments; to Grey Gowrie at the MPO, Peter Rees, Sir Robert Armstrong and Sir Robin Ibbs.



PETER WALKER

GOVT MACH: Rayns

Pt 14

22 SEP 1986

MINISTRE
921
876

cc NO



Treasury Chambers, Parliament Street, SW1P 3AG

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

20 September 1983

Ian Minister,

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for your letter of 17 August covering the interim report of the Inter-Departmental Committee on PRS.

In general I welcome the Committee's recommendations as summarised in paragraph 29 of the report and I am content for them to be given effect as soon as possible. I should, however, like to make a number of points.

Firstly, it will be essential for the PSA, in consultation with customer departments, to ensure that the records of occupation are correct if the proposal to base the accommodation charge on actual areas of occupation is to get off to a smooth start. I hope that the arrangements proposed in paragraph 6 for providing improved information will be capable of achieving that and will also avoid any ambiguities on the question of whether departments should be regarded as being in occupation or not. It will be important for the agreement on the areas on which the final accommodation charge will be based to be reached as quickly as possible after 30 September to ensure that departments are in a position to control and to plan their spending efficiently.

Secondly, in increasing the limit for small jobs for which departments have responsibility, you will need to ensure that the available funds are shared between departments and the PSA in the most equitable manner.

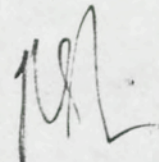
I note that the Committee is still considering a number of matters and that these will be the subject of a further report later in the year. I agree with George Younger's comments that there are other problems which the PRS has introduced which will need to be addressed. I think that the next report should set out quite clearly where the group think that PRS should be going in the next two years, what will have to be done, and by when, to achieve that, and what the operational problems to be faced by departments are likely to be. I also think it important for the Committee

to examine thoroughly the extent to which Departments should be free to place work with contractors of their choice, rather than going through PSA.

Beyond that I would not wish to comment at that stage except to say that if departments' responsibility is extended to include internal decoration then as much freedom should be given to them to arrange for such work to be carried out as is consistent with PSA's responsibilities for the maintenance of the estate.

I am copying this letter to the recipients of yours.

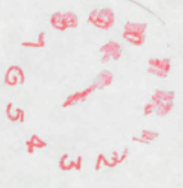
yours sincerely



for PETER REES

(approved by the CSI & signed in his absence).

GOVT MACH. *Rayns*
14



SEP 1953

CC 100



Foreign and Commonwealth Office

London SW1A 2AH

From The Minister of State

20 September 1983

Wm 21/9

Dear Ian,

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for sending me a copy of your letter of 17 August to Peter Rees.

I see no objection in principle to any of the four changes proposed for 1984/85. As you know, I am all for giving Departments increased responsibility for their accommodation. I agree that the proposal to raise the ceiling of responsibility for minor works, if properly implemented, will be a great advantage. However, I am concerned about the financial implications.

My officials calculate that we shall have to make up a shortfall of about £1.7m this financial year as a result of inadequate PES transfers on 1 April. The prospects for 1984/85 are equally bleak. It would be a pity if such a good move were spoiled by a lack of resources.

I therefore hope that your PES additional bid of £35m for extra maintenance spending next year will be successful. Nothing reflects more quickly and obviously on the working environment than failure to undertake minor maintenance. The latter, you may agree, has been carried out at an inadequate level for some years.

I am in principle happy with the ideas still under consideration for possible later implementation, though the same general point applies about financial provision. I do not understand, however, why it is necessary to delay providing departments with details of consumption of electricity, gas, etc, where buildings are separately metered. On the face of it there should be no particular difficulty about this and the information might provide a useful management tool for encouraging economy.

I am copying this letter to the recipients of yours.

Yours ever

Janet

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
London SW1

Baroness Young



CC NO

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

G.T.N. 2915

From the Minister of State for Social Security

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
London
SW1P 3EB

MBPM

ms 16/9

15 September 1983

My dear Ian,

INTER DEPARTMENTAL COMMITTEE ON PROPERTY REPAYMENT SERVICES

You wrote to the Chief Secretary on 17 August inviting comments on the interim report of the Inter Departmental Committee of officials outlining possible changes to the Property Repayment Services (PRS) system.

My predecessor welcomed the setting up of this Committee as DHSS thought that the initial arrangements for the PRS were certainly capable of improvement. I was accordingly glad to see that the interim report recommended a number of modest but useful changes for 1984/85 which will increase the responsibilities of Departments without prejudicing the PSA's overall concern for the economic maintenance of the government estate. The Committee is right to point to the difficulties which Departments will face if they have to take on these extra responsibilities without adequate resources to achieve a proper standard of maintenance. But we agree that whatever the outcome of the PES bid for extra funds, the higher limit for maintenance work by Departments should be introduced from next April. We are content with the other recommendations for 1984/85 also, subject to the provisos in the report.

We were also encouraged to see that the Committee will be going on to consider further the proposals for giving Departments more responsibility for work to improve the working environment and more incentives to make the most economic use of buildings in their occupation. We would certainly like to see progress in these areas which would be entirely consistent with the other steps we and other Departments are taking as a result of the Financial Management Initiative and other developments to devolve to line management more responsibilities for the management of resources. We would hope too that the Committee will give careful consideration to the possibility of allowing Departments flexibility to get work done other than through the PSA. Whilst not underestimating the issues this raises for the responsibilities of the PSA and for Departments themselves,

E. R.

it remains the case that for so long as we are tied to a PSA monopoly for technical and contracting services it is impossible for us to know whether we are securing the best value for money in the use of our resources in this field.

I am copying this letter to the recipients of yours.

*all got inside
Y
L ever
Rhe*

DR RHODES BOYSON



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
London SW1P 3EB

15 September 1983

Dear Ian.

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for sending me a copy of your letter of 17 August to Peter Rees with a report on possible changes to the PRS system.

I generally welcome the changes proposed for 1984-85. I am also attracted by some of the ideas canvassed in your paper for later years, particularly on more detailed assessments of property rents and incentives to give up space. I hope that these changes can be brought about by 1985-86.

I am copying this letter to the recipients of yours.

Erin.
Keith.

270

NBPM

MUS 25/9

Gen. Muck
Rayner Programme
Pt. 14

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15 SEP 1954



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....⁶⁴⁰⁰

Switchboard 01-213 3000

NBPM

ms24/9

Ian Gow Esq MP
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

14 September 1983

D Ian.

PROPERTY REPAYMENT SERVICES (PRS)

You sent me a copy of your letter to Peter Rees dated 17 August in which you invited comments on the changes proposed by the Inter-Departmental Committee on PRS in its interim report.

I am content with the changes proposed in the report for 1984/85, with one major reservation. This concerns the adequacy of the resources transferred to Departments to meet their increased responsibilities. I cannot agree with the view that the increase to £1,000 in the cost limit for minor work should go ahead from April 1984, despite the fact that the money transferred could well be inadequate to meet the increased responsibilities.

PSA has of course had difficulties, for a number of years, in funding all necessary maintenance work, and the report records that the present level of funding is considered to be inadequate to achieve a proper standard of maintenance. Under the present arrangements for work in the £500 - £1000 range PSA are at least in a position to assess priorities within available resources over the whole Government estate. This advantage will be lost when the work is decentralised and the problem of inadequate funding is likely to become even more acute. I suggest that this would not be a sound basis for change.

The difficulty over funding will be further aggravated if the changes in responsibility for maintenance that are proposed for 1985/86 are to go ahead. I can see little benefit to Departments in transferring to them the responsibility for ordering and paying for work, if the necessary resources are not to be made available.

I am copying this letter to the recipients of yours.

f a
Norman

GOVT MARCH: Raynes # 14

1 1983

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Gow M. C. W.
Rayner A. J. 14



From the Minister

cc NO MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

NBPM

MU 13/9

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

13 September 1983

My Dear Ian,

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for copying to me your letter of 17 August to Peter Rees enclosing an interim report on PRS.

I fear that PRS has not got off to a good start. In particular PSA have been unable to provide Departments with adequate information about the accommodation for which they are being charged. There have also been signs of serious shortages of funds. PRS has also imposed new tasks which Departments have had to carry out without any manpower relief. If the scheme is to produce its expected benefits, it will have to work much better in future.

Accordingly I welcome para 29(a) of the report enclosed with your letter. Para 29(c) also seems to be an improvement. My attitude to paras 29(b) and (d) is more reserved.

In the case of para 29(b), I am content with the proposal in principle, but, as para 10 of the report indicates, it cannot sensibly be introduced until Departments have been able to agree with PSA on their current accommodation areas. At the moment there are, for example, a significant number of discrepancies between what PSA HQ and PSA local offices are saying about the areas which MAFF occupy. In order to prepare our 1984/5 estimates so that we can pay an accommodation charge based on our actual occupations as at 30 September 1984, we must be quite clear what we are being charged for now and how that will be changed by our planned accommodation changes over the next year. If we cannot secure the necessary clarifications from PSA by the end of next month at the latest, we must continue for 1984/5 with the current arrangement

/and have our ...

and have our accommodation charge fixed for the year in advance.

The proposal in para 29(d) is also welcome in principle, but it has got to be accompanied by a proper reduction in PSA's accommodation charge. The report enclosed with your letter clearly implies that, because PSA is short of funds, they will make only a small reduction, thus forcing Departments to try and find the money for their new minor work responsibilities from elsewhere in their budgets. This is unacceptable. If PSA's maintenance funds have been cut too severely, then PSA must not just try and pass the problem on to other Departments.

I am copying this to the Prime Minister, other Ministers in charge of Departments, Grey Gowrie and to Sir Robert Armstrong and Sir Robin Ibbs.

James Ewing
Michael

MICHAEL JOPLING

13 SEP 1983

11 12 1
10 9 8
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4 3 2
1



NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

8 September 1983

Handwritten initials and date: DG 9/9

Dear Ian,

PROPERTY REPAYMENT SERVICES (PRS)

Thank you for sending me a copy of your letter of 17 August to Peter Rees covering a copy of the interim report of the Interdepartmental Committee which is considering how the PRS system might be improved.

I welcome the minor changes which you propose should be brought into effect from April 1984 but note that the main problems which the introduction of PRS has created for my Department and several others have still to be addressed. I trust that you will keep the Committee to its undertaking to produce a further report covering these important matters later this year so that the introduction of further improvements is not held up beyond 1985-86. It would also help if the Committee were to consult other Departments about the problems which they have encountered and to seek their views about possible improvements in the system.

I am copying this letter to the Prime Minister, other members of the Cabinet and Ministers in charge of Departments; to Grey Gowrie at the MPO; and to Sir Robert Armstrong and Sir Robin Ibbes.

Yours sincerely,

George

ST. LOUIS, MO.
JAMES EARL RAY
FBI LABORATORY

19 SEP 1968



Good Mech. : Ryan pp 14

FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



HOUSE OF LORDS,
SW1A 0PW

8 September, 1983

Ian Gow Esq., MP
Minister for Housing and Construction,
Department of the Environment,
2 Marsham Street,
London,
SW1P 3EB.

My dear Ian:

Property Repayment Services (PRS)

Your letter of 17th August invited comments on the recommendations of the Inter-Departmental Committee which considered how the PRS system might be improved.

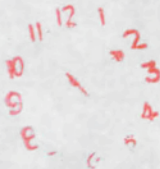
While I am content that the proposed changes be brought into effect, nevertheless I share the concern expressed by the Committee about the constraints on the financial resources likely to be available for minor works. We really must try to ensure that there is sufficient money to achieve a proper standard of maintenance, especially in our courts buildings. Moreover I believe that the proposals to delegate to departments more responsibility for minor works will increase our workload at a time when we are seeking to reduce manpower levels. But having said that I do not regard my reservations as being of sufficient weight to delay implementation of the changes.

Copies of this letter go to members of the Cabinet, Grey Gowrie, Sir Robert Armstrong and Sir Robin Ibbs.

yrs:

Gert Mach
Rayner, pt 14

9 SEP 1983



SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel: 01-233 3000 (Switsfwrdd)
01-233 7448 (Llinell Union)

Oddi wrth yr Is-Ysgrifennydd Seneddol



WELSH OFFICE

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel: 01-233 3000 (Switchboard)
01-233 7448 (Direct Line)

From The Parliamentary Under-Secretary

Our Ref: CT/3336/83

6 September 1983

Ian,

OR
7/9

PROPERTY REPAYMENT SERVICES (PRS)

have attached

In the absence of Nicholas Edwards I am replying to your letter of 17 August in which you propose certain changes to the PRS arrangements.

We generally welcome the proposed alterations, and are content that they should be introduced in April next. It is, of course, important to us that we have adequate funds to go with our increased responsibilities and, in due course, we will be looking very carefully at the level of the funds which will be transferred to us.

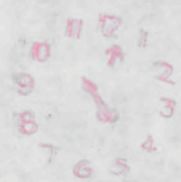
I am copying this letter to recipients of yours.

Wyn Roberts
WR

WYN ROBERTS

Ian Gow Esq MP
Minister for Housing & Construction
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

7 SEP 1963



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MR FLESHER (No. 10)

PROPERTY REPAYMENT SCHEME

You might find it helpful to know that I would expect that Sir Robin Ibbs may wish to put in advice to the Prime Minister on the Minister for Housing and Construction's recent report on progress with this scheme.

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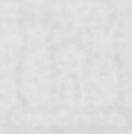
IAN B BEESLEY

23 August 1983

Sort Man: Lagerbyg
P. 14

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CONFIDENTIAL



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EFFICIENCY UNIT



OLD ADMIRALTY BUILDING

WHITEHALL LONDON SW1A 2AZ

enquiries 273-3434

direct line 273-5226

Michael Corcoran Esq
P/S Minister of State (Commons)
HM Treasury

23 August 1983

Dear Michael,

PUBLICATION OF RAYNER SCRUTINY REPORTS - CUSTOMS ATTENDANCE (1981)
AND THE PROCESSING OF CUSTOMS IMPORT ENTRIES (1982)

Mr Hawken kindly copied to me his minute of 17 August. We would certainly have no objections in principle to publishing all of Mr St Quinton's report on customs attendance.

Your Minister may, however, wish to ensure that relevant colleagues know of the planned publication and are not taken by surprise by the text of the announcement. Strictly, the Prime Minister approved publication of those parts of the report which are relevant to the new machinery for vetting and reviewing the provision of customs facilities. In view of the likely sensitivity of trade interests and some of the regional lobbies I judge she would be looking for handling which holds the line agreed by Ministers last November and also shows the government to have got its act together.

If I may also make one other suggestion, your Minister may wish to consider whether - in relation to both of these scrutinies - there would be advantage in making the examining officers available for background briefing of the press. This device can sometimes help secure more balanced reporting than if the field is left open to opponents of the proposals.

Copies of this letter go to P/S Chancellor of the Exchequer and Mr Hawken (C&E).

*Yours,
Ian*

IAN B BEESLEY

CONFIDENTIAL



Minister for Housing and Construction

BF Await Ministerial
Comments
LJ
W/S

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

CC NO

any pps? Rayner
file? No
W/S

Len Pate,

17 August 1983

PROPERTY REPAYMENT SERVICES (PRS)

I enclose the interim report of the Inter-Departmental Committee which was established earlier this year to consider how the PRS system might be improved.

The report recommends a number of changes for introduction in April 1984. It also indicates further possible developments in 1985-86, which will be the subject of another report later this year.

I draw attention particularly to the proposal that departments' financial and management responsibility for minor work should be increased from the present limit of £500 to £1000. There was some pressure for this limit to be higher when the PRS arrangements were introduced, and I hope the proposed increase will be welcomed. While I share the concern of the Committee about the severe constraints on resources available for minor work of this kind, I do not believe that this problem, which arises irrespective of where responsibility lies, should hold up implementation of the higher limit.

I should be glad to know that you are content that these changes should be brought into effect next April.

As the report explains, the proposals will have consequential effects for PES and Estimates. In order to allow sufficient time for these adjustments to be made, I should be grateful if any comments could reach me by 16 September.

I am copying this letter to the Prime Minister, and all members of the Cabinet and other Ministers in charge of Departments; to Grey Gowrie at the MPO; and to Sir Robert Armstrong and Sir Robin Ibbs.

Handwritten initials and marks

IAN GOW

INTER-DEPARTMENTAL COMMITTEE ON PROPERTY REPAYMENT SERVICES (PRS)

INTERIM REPORT

Introduction

1. The Property Repayment Services system (PRS) results from one of a number of initiatives by Lord Rayner, aimed at giving the civil service manager a greater degree of awareness and responsibility for the overhead costs incurred in administering programmes and policies. Because PSA provided its accommodation services on allied service terms, departments lacked the information and financial incentive to exercise judgement on the consumption and efficiency of use of these resources.

2. An inter-departmental group under Treasury chairmanship was set up in 1980 to make recommendations regarding the transfer of costs of services provided on allied terms by PSA to a repayment basis. It was asked to look for a simple model other than full repayment, avoiding wherever possible bureaucratic petty cash accounting. The group's recommendations were accepted by Ministers in 1981 and the first stage was implemented from 1 April 1983. An outline of the arrangements is given at Annex A.

3. It was recognised that the initial system would inevitably have rough edges (a pilot run before introduction was not possible), and that various developments could be considered for introduction in the light of experience. The present Committee was therefore established, at the initiative of the central departments, in April, with the following terms of reference:

"To consider how PRS may be developed and improved and to make recommendations."

The Committee is chaired by the Principal Finance Officer of PSA, with representation from Treasury, MPO, PSA, Inland Revenue, DHSS, Department of Employment and MAFF.

Scope of Report

4. This interim report is mainly concerned with changes in PRS arrangements which the Committee recommends for implementation in 1984-85. Firm decisions on these changes are needed by early autumn so that the necessary adjustments to PES and Estimates provisions can be made. The Committee recognises the undesirability of continual tinkering with PRS arrangements over a succession of years. However, it has concluded that a number of possible changes under consideration must be held over until 1985-86, either because their introduction requires more preparatory work by PSA, or because their implications require further detailed consideration. In some cases, there is a difficult balance to be struck between the desirability of making departments more responsible and accountable for the resources they consume (in line with the philosophy of the FMI), and PSA's overall responsibilities for securing the economical, effective use of the government estate.

CHANGES IN PRS ARRANGEMENTS PROPOSED FROM APRIL 1984

5. The Committee recommends that the following changes should be implemented next April.

Better information for departments

6. For 1983-84, departments were not given details by individual property of areas of office and storage accommodation occupied by them. Neither were they provided with the unit rates in respect of rents, minor works and maintenance work (over £500), PSA administration charge, and rates, which were used in the calculation

of the accommodation charge. Hence, in many cases it was impossible for departments to identify this charge to their own organisational management units. For 1984-85 and future years, it is envisaged that departments will be provided with areas of occupation of office and storage accommodation by individual property and also the unit rates used for the calculation of the accommodation charge. Areas and costs by individual specialised properties will continue to be provided.

Basis of calculation of accommodation charge

7. For 1983-84 the accommodation charge was calculated on the basis of the assessed areas of occupation as at 30 September 1982, with a forecast of the likely changes in those occupations up to 30 September 1983 (the mid-point of the financial year). Whether or not the forecast changes occurred, departments would pay the Agency the accommodation charge so calculated, and the transfer of funds from PSA's PES programme enabled that charge to be met. For 1984-85 and future years, it is proposed that departments will only pay an accommodation charge to the PSA for the actual areas of accommodation as at 30 September each year, thus avoiding the need to forecast changes which may or may not take place (other than in the context of the normal PES and Supply Estimates procedures).

8. Departments will be asked each year to agree with PSA the actual areas they occupy at 30 September of that year. These area figures will serve 3 purposes:

- (i) to calculate the actual accommodation charge recovered from departments for that year;
- (ii) to forecast the accommodation charge for the following year's Estimates;
- (iii) after taking account of any significant changes foreseen, to assess future provision in the following summer's PES round.

The schedule at Annex B illustrates the cycle from 1984/85 Supply Estimates through to 1986/87 PESC forecasts.

9. To meet the funding needs of RGPD, PSA will continue to claim the accommodation charge in 4 quarterly instalments in advance, but the first three quarters' payments will be treated as payments on account. For the fourth quarter, the total accommodation charge for the year will be re-calculated on the basis of the agreed actual September occupations in that year and any balance claimed. There will be no changes in the unit rates used for this re-calculation.

10. The Committee's recommendation that this revised method of calculating the accommodation charge should take effect in 1984-85 is on the understanding that satisfactory agreements can be reached between PSA and client departments on current areas of occupation in time to meet the timetable for preparation of next year's Supply Estimates. The change will not in itself create the need for further PES adjustments between PSA and occupying departments.

Handling of vacant space not available for disposal by PSA

11. Under PRS for 1983-84 the costs of vacant office and storage space on the Civil Estate not earmarked for disposal were surcharged to all Civil departments by the accommodation charge. For 1984-85 and future years it is proposed that unoccupied space of this nature which the Agency accepts as viable units for reallocation or re-use in one way or another will not be charged to occupying departments but will be borne on the Agency's Vote. This change will involve a PES transfer from departments to PSA, matched by a reduction in the accommodation charge.

Minor works limit

12. Under PRS for 1983-84, departments were given full responsibility for ordering, supervising and meeting the costs of minor work (as described in the Handbook for Accommodation officers) up to £500 per job, subject to a number of excluded maintenance-type works which required specialised or technical expertise for which the Agency would remain fully responsible. The objectives were to relieve highly qualified PSA staff and to give departments direct control of a mass of day-to-day housekeeping work, for which the specification and ordering demands no specialised knowledge and training. Though such work is not readily identified by value, it was accepted that setting a cost ceiling was the only practical method of definition, consistent with the general objective that the operation of PRS should be relatively uncomplicated. PSA transferred about £20m to client departments to enable them to carry out this work; 4% of PSA's civil expenditure.

13. A number of departments asked for a higher cost limit, and it was subsequently agreed that departments should have authority in 1983-84 to place orders up to £1000 where they could find extra resources for this within their own budgets and PSA could not fund the work.

14. The Committee is satisfied that there is not likely to be a significant difference in the character of jobs in the £500-£1000 band, and that the ceiling for full departmental responsibility could be increased to £1000 without raising new administrative, contractual or technical problems. It would seem reasonable to proceed on the basis that jobbing contracts would continue to be used. (PSA itself limits jobbing contracts to £500, but this figure is under review). Departments would need to satisfy themselves that their public accounting responsibilities were adequately safeguarded,

notably by obtaining competitive quotations in writing wherever possible. Raising the limit above £1000 would, however, give rise to a number of difficulties, including 'departments' lack of technical expertise to decide when a job needs to be done, and the need for more formal contractual arrangements, including competitive tendering using standard government conditions of contract. Establishing small scale works organisations in departments to remedy these would involve wasteful duplication of PSA resources.

15. If an increase in the limit from £500 to £1000 is agreed, PSA will take account of this change in calculating its charges for 1984-85 for retained minor new works and maintenance. (At present these charges cover work in the £500 - £1000 band for which PSA is responsible). Estimates of spending on jobs in the £500 - £1000 range are currently being sought from PSA Regions to enable the Agency to notify its charges to departments. It would then be for departments to determine the allocation of funds to their new minor works responsibilities.

16. However, PSA's view is that the present level of funding is inadequate to achieve a proper standard of maintenance. Unless more resources are made available in the 1983 Survey (PSA has entered a bid of £35m per year for extra maintenance spending), the funds available to departments from the reduction in the accommodation charge will be very limited.

17. Adequacy of funding is an issue which arises irrespective of how the question of future responsibility for work in the £500 - £1000 range is resolved. Nevertheless, bearing in mind the extra administrative burden which will arise for them, client departments represented on the Committee have expressed strong reservations about assuming enhanced responsibilities without an

assurance that adequate resources can be made available. If resources remain severely constrained, representatives of client departments see some arguments for leaving present responsibilities unchanged, so that PSA can continue to assess priorities across the Government estate. On the other hand, the change would enable departments to determine their own priorities for this category of expenditure within their overall budgets and also provide opportunities to save time in getting work done.

18. On balance, the Committee recommends an increase to £1000 in the job limit for minor works from April 1984, while stressing its concern about the availability of resources.

19. The PSA is prepared to consider offering to individual departments discretion to utilise the Agency's services for work under £1000 provided mutually acceptable arrangements for this can be devised. This will require further discussion between PSA and any departments which might be interested in taking up this option.

Grounds Maintenance

20. A number of classes of work were excluded from the transfer of responsibility for minor works up to the £500 limit, generally on the grounds that some kind of specialised or technical knowledge was required. However, there are many civil properties where the task of grounds maintenance, particularly as regards grass cutting and similar services round offices, is relatively simple. The Committee therefore recommends that from April 1984 the minor works category should be extended to include this work, with appropriate adjustments to the accommodation charge.

MATTERS STILL UNDER CONSIDERATION FOR POSSIBLE IMPLEMENTATION IN 1985-86

21. The Committee is still considering the following matters, which will be the subject of a further report later in the year.

The Working Environment

22. The Committee has considered whether financial responsibility (above the proposed new general £1000 limit) for maintenance work of a non-structural character affecting the working environment could be transferred to departments. It has identified internal decorations as the most promising area for transfer of financial responsibility. This is the aspect of maintenance which probably has the most direct impact on the working environment. It is mainly cosmetic and has little effect on the preservation of the building, and the rate of deterioration is directly dependent on the behaviour of the occupants and users of the building. Nor is it essential for uniform standards to apply throughout jointly occupied buildings. A basic standard of decoration may of course be required by the terms of a lease and if, on change of occupancy, decorative standards were found to be unreasonably poor, PSA would need to have the right to remedy this at the expense of the responsible department.

23. The Committee favours the transfer of full financial responsibility for internal decoration to departments. But various practical considerations - including constraints on the Agency's accounting system, identification of the value of work to be transferred, the need for advance planning of major painting schemes, and problems associated with jointly occupied buildings and existing contractual arrangements - have led the Committee to conclude that this change could not be introduced as early as April 1984. In coming to this view, it has also had in mind the resource constraints discussed in paragraphs 16 - 17 above.

24. The Committee is considering further whether financial responsibility for any other aspects of maintenance work within the working environment, in addition to internal decoration, might be transferred to occupying departments; and also the possibility that departments might be allowed discretion whether to place jobs over £1000 with the PSA or elsewhere. These questions raise important issues in relation to PSA's overall responsibilities for the economic maintenance of the government estate; and the possible duplication within other government departments of PSA's technical expertise for works services. For these and other practical reasons the PSA view is that responsibility for organising and supervising work over £1000 (the financial responsibility for which might be transferred to departments) should remain with the Agency, with costs recovered from departments as direct repayment.

Assessments of rents in the Accommodation Charge

25. The rental element of the accommodation charge is at present determined for office and storage properties on an average market rent basis for each PSA region, except in London, where a system of broad quality banding in three geographical zones is in use. The present arrangements are too imprecise and arbitrary to give departments proper financial incentives to exercise discretion over the accommodation they need.

26. In 1985-86, with the introduction of a new computerised Civil estate record and information system, it will be possible for PSA to operate PRS arrangements based on the individual assessment of property rents. The Committee has decided against any interim changes in the rent assessment arrangements for 1984-85. It is still examining the implications of moving to individual assessments of properties in 1985-86 (which PSA favours), together with alternative possibilities of financial or quality banding of rents.

Incentives for departments to give up space

27. The change described in paragraph 7 above, involving the assessment of charges at the mid-point of the financial year, will give departments in-year incentives to achieve economies in accommodation, which then might be vired to other purposes within their Estimates. The Committee is however looking further at possible arrangements which would allow departments continuing benefit from savings in the forward PES period. Such arrangements would need to be framed in the context of overall public expenditure objectives and the aim of reducing the overall size of the government estate; and would be for possible introduction in 1984 Public Expenditure Survey.

Fuel and utilities

28. For a number of economic and practical reasons the Agency continues to pay the supply authorities for the cost of fuel and utilities (gas, water and electricity) provided to the Civil estate. It recovers the cost from occupying departments on the basis of metered consumption in sole occupations or in jointly occupied buildings on the basis of proportionate area of occupation. Claims provided by the Agency identify the cost by property of occupying department but do not show consumption. The Committee has accepted that the costs and administrative effort involved in moving to individual direct billing by the supply authorities would not be justified, but is looking further at other options for changes in present arrangements, including the provision to departments of details of consumption.

SUMMARY OF RECOMMENDATIONS

29. The Committee recommends, subject to the provisos in the body of the report, the following changes in PRS arrangements to take effect next April:

- (a) improved information about areas of occupation and unit rates for calculating the accommodation charge (paragraph 6 above)
- (b) the accommodation charge to be related to actual areas of occupation as at 30 September each year (paragraphs 7 - 10 above)
- (c) departments to be relieved of the shared cost of unoccupied space not available for disposal, but accepted by the PSA as viable units for re-use (paragraph 11 above)
- (d) departments to have full responsibility for minor works (including grounds maintenance) up to £1000 (paragraphs 12 - 20 above)

PROPERTY REPAYMENT SERVICESOUTLINE OF ARRANGEMENTS AS IMPLEMENTED FROM 1.4.83

/See also DAC.4/83 dated 25.2.83 and "MINOR WORK IN GOVERNMENT PREMISES HANDBOOK FOR ACCOMMODATION OFFICERS"7

1. PRS applies only to that part of the Civil Estate occupied by departments serviced by PSA up to 31 March 1983 on allied service terms (with a few specific exceptions), the main features of the system as implemented being:-

(a) PSA continues to bear the cost of all major new works services (ie new works and adaptations and extensions to existing property, estimated in excess of £100,000).

(b) Departments pay an annual Accommodation Charge to cover the assessed rent, rates, minor new works (over £500 to £100,000) and maintenance over £500, together with associated administration costs all related to the area of the estate they occupy, identified under the general headings of office, storage and specialised accommodation. (For specialised accommodation, minor new work is excluded from the Accommodation Charge and is paid for by occupying departments to PSA on full repayment terms.)

(c) Departments pay the costs and services provided by PSA Supplies (eg furniture and transport services).

(d) Departments pay the costs of fuel and utility services (ie gas, water and electricity) they consume.

(e) Departments are responsible for a range of minor work up to and including £500 to properties they occupy, ordering and paying for this work from their own resources (except where PSA has an unavoidable DEL presence, in which case it carries out the work, recovering the cost as part of the Accommodation Charge). PSA have issued detailed guidelines on the execution of minor works. In addition, departments are permitted to divert savings from their administration vote to carry out work of £1000 and under (including VAT) where PSA cannot do such work because of lack of funds.

2. In outline, the billing arrangements are:-

(a) Accommodation Charge. A fixed annual sum on which VAT is not chargeable, to be paid by departments in 4 equal parts at the beginning of each quarter; PSA will transfer the rates element to RGPD; PSA has provided departments with an analysis of the Accommodation Charge as management information.

(b) Fuel and Utility Services. PSA bills departments quarterly in arrears providing a detailed statement of costs but not consumption details by property occupied.

(c) PSA Supplies Services. PSA Supplies bills departments monthly, itemising goods and services provided.

PRS: ACCOMMODATION CHARGE - CYCLE OF EVENTS FOR ESTIMATES AND BILLING PURPOSES

AREAS OF OCCUPATION		Provided by:-	USE
Availability of Source Data	Effective date of Source Data		All data to be provided in accordance with the estimates timetable each year
15.8.83	30.6.83	PSA Estates Surveyor	(a) 1984/85. Supply Estimates - Accommodation Charge.
30.11.83	30.9.83	As agreed by Departments	(a) 1984/85. Assessment of Accommodation Charge for billing in April, July and October 1984 quarters. (b) 1985/86. PES Forecasts (using updated unit cost rates).
15.8.84	30.6.84	SES	(a) 1985/86. Supply Estimates. Accommodation Charge.
30.11.84	30.9.84	As agreed by Departments	(a) 1984/85. Re-valuation of Accommodation Charge to reflect actual occupation at 30.9.84. (b) 1985/86. Assessment of Accommodation Charge for billing in April, July and October 1985 quarters. (c) 1986/87. PES Forecasts (using updated unit cost rates).

18 AUG 1983

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Gout. Mach.



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cc: HMT
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10 DOWNING STREET

From the Private Secretary

MR. BEESLEY

CABINET OFFICE

Thank you for your minute of 18 July about the scrutiny of customs attendance. The Prime Minister is content with the approach set out in the minute. I am copying this to the recipients of your minute.

Timothy Flesher

25 July 1983

CONFIDENTIAL



of no 1
Pne Minister
Agree with
this approach?
JK

MR FLESHER

Yes not

THE SCRUTINY PROGRAMME: CUSTOMS ATTENDANCE

20/7

My minute of 27 April reporting the outcome of this 1981 scrutiny was overtaken by the General Election campaign.

2. In brief, Ministers decided last November that:

a. Customs and Excise should have a recognised right to approach other Departments to propose the withdrawal of existing facilities, where they believed this could be justified, and that machinery should be set up to enable inter-Departmental consultation to take place on new applications.

b. There is a case for rationalising the basis on which charges should be levied for Customs attendance of freight outside "normal hours" and setting charges at more realistic levels. But Ministers generally felt that what constitutes "normal hours" should be decided case by case.

c. Any increase in charges should probably be in a single step and should have due regard to the sensitivities of timing.

d. Charges should not be imposed for the clearance of passenger traffic at any time of the day or night.

Whilst this does not go as far as Customs would have liked in giving them the means to curb administrative expenditure, it represents the best outcome that will command the support of

the various Ministers concerned.

3. Customs are now turning again to look at the provision of existing facilities as part of their attempts to meet the 1% saving required in administrative costs. If the Prime Minister agrees, they will propose to make a practical expression of Ministers' decisions by:

a. Announcing acceptance of the principle of vetting the provision of new facilities rigorously and reviewing existing facilities.

b. Promulgating the criteria to be applied and getting the machinery working.

4. They will propose to make a summary of the relevant parts of the scrutiny report available when the announcement is made.

Conclusion

5. I should be grateful to know if the Prime Minister is content to go ahead on this basis. *Yes not*

6. I am copying this to the private secretaries of the Chancellor of the Exchequer, Home Secretary, Secretary of State for Northern Ireland, Secretary of State for Scotland, Secretary of State for Wales, Secretary of State for Trade and Industry, and the Secretary of State for Transport.

I
33

IAN B BEESLEY

18 July 1983

Enc: Minute of 27 April

Cont Mech
Payroll #14

COMMERCIAL

FILE

RM

Top copy filed on
Civil Service: Long Term Management
A13

PRIME MINISTER

Attached is a minute by the Secretary of State for the Environment about Personnel Work in the Civil Service. He argues that his experience in the Department of Industry suggests that the Civil Service devotes more resources to personnel management than private sector organisations of comparable size. He proposes that we should invite two or three senior managers from the private sector to look at Civil Service personnel management to compare it with their own experience.

You will recall, of course, that there has recently been a major review of personnel work in the Civil Service conducted with the help of the Rayner Unit and Lord Gowrie is now publishing that review. To undertake a further review might be over-doing matters. On the other hand, Mr. Jenkin could well have a point. Do you agree that we should invite Lord Gowrie and Sir Robert Armstrong to comment on Mr. Jenkin's minute with a view perhaps to a discussion some time in the Recess.

T. FLESHER

15 July, 1983

010

A

MPO HEAD OF DIVISION NOTICE (83)15
14 July 1983

MPO PERSONNEL MANAGEMENT ACTION PROGRAMME 1983-84: PUBLICATION
OF THE REVIEW OF PERSONNEL WORK AND FRASER REPORTS

*in folder
attached-
to file*

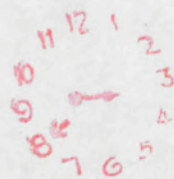
1. I attach the terms of the Parliamentary Answer in which Lord Gowrie today announced the Government's priorities for work on personnel management in the Civil Service in 1983-84. I also attach a copy of the Report of the Review of Personnel Work and of a summary version of the Fraser review of management development which were also released today. A number of you are already closely involved in aspects of the priorities and the associated Action Programme, but the announcement is of general interest to all of us in MPO and you may wish to draw it to the attention of your staff.

2. Within MPO responsibility for handling work arising under the Action Programme will remain with the Divisions responsible for the subject concerned. General co-ordination of the different parts of the programme, including in particular preparation of regular EOM progress reports, will be carried out by the EOM secretariat.

P Le Cheminant

CRO 2/1983/HDN

JUL 1983



LORD CULLEN OF ASHBOURNE to ask Her Majesty's Government:

What progress has been made with the multi-departmental Review of Personnel Work in the Civil Service referred to in the White Paper, "Efficiency and Effectiveness in the Civil Service", Cmnd 8616, and whether they will make a statement.

LORD GOWRIE:

The review has been completed and is being published today. Copies are being placed in the libraries of both Houses as are the reports of the departmental teams who took part in the review. The Government welcomes the report which points the way towards better and more cost-effective personnel work in government departments particularly by clarifying responsibilities for the management of staff and increasing delegation to line managers.

We are also placing in the Libraries of both Houses a summary of the conclusions of a separate internal review of Civil Service Management Development in the 1980s. These reports, as well as other related work in the personnel field, raise a number of important issues for follow-up action. In order to use available resources to the best effect, the Government have decided to concentrate on the following personnel priorities in the coming year:

1. Career Management. We will examine ways to extend existing succession planning arrangements for senior

posts, and to improve career management for those likely to get to the top. This will involve more positive career planning, with less frequent job changes/postings and better integrated training policies. We will introduce a new course for those promoted to the Open Structure, to equip them for their role as top managers. Our more general training effort, especially for those concerned with financial management, will be reinforced.

2. Staff Appraisal and Reporting. We will tighten up reporting standards and make the basis of staff assessment more performance orientated through changes both in procedures and the forms used for reporting and appraisal.

3. Performance Related Pay. We shall be considering ways of introducing performance related pay into the Civil Service in the light of the report of the Inquiry into Civil Service Pay.

4. Inefficiency and Poor Performance. We intend to improve the effectiveness of procedures to deal with inefficiency and poor performance, including a review of our early retirement procedures.

5. Unified Grading. We are pressing ahead with a scheme for unified grading for Civil Service grades down to Assistant Secretary and Senior Principal levels.

The Civil Service Trades Unions will be consulted on the implementation of these proposals.



CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Old Admiralty Building

Whitehall

London SW1A 2AZ

Telephone 01-273 4400

13 July 1983

Miss Margaret O'Mara
Private Secretary to the
Chancellor of the Exchequer
Parliament Street
LONDON SW1P 3AG

DF
14/7

Dear Margaret,

PERSONNEL WORK: MPO'S PRIORITIES

The Minister of State was grateful to the Chancellor of the Exchequer for his letter of today's date commenting on the statement which he proposes to make on 14 July.

The first revision to the draft Answer suggested by Mr Lawson is entirely acceptable. The second revision has been the subject of further discussion between Treasury and MPO officials, who are now agreed that point 5 of the statement should begin "We are pressing ahead with a scheme.....". Lord Gowrie is content with this formulation which he hopes and believes will also meet the Chancellor's preoccupation.

... I attach a copy of the full revised statement. In the light of the Prime Minister's approval, recorded in Tim Flesher's letter of 11 July, and in the absence of comment from any other recipients of Lord Gowrie's minute of 7 July to the Prime Minister, we are going ahead with publications on Thursday 14 July.

I am sending copies of this letter to the Private Secretaries to Members of the Cabinet.

Yours sincerely,

P L Cann

P L CANN
Assistant Private Secretary

PQ ANNOUNCING MPO PERSONNEL PRIORITIES FOR 1983-84 AND THE PUBLICATION OF THE RPW AND FRASER REPORTS

Q. To ask HMG/the Minister for the Civil Service, what progress has been made with the multi-departmental Review of Personnel Work in the Civil Service referred to in the White Paper, "Efficiency and Effectiveness in the Civil Service", Cmnd 8616, and whether they/he will make a statement.

Proposed answer:

The review has been completed and is being published today. Copies are being placed in the libraries of both Houses as are the reports of the departmental teams who took part in the review. The Government welcomes the report which points the way towards better and more cost-effective personnel work in government departments particularly by clarifying responsibilities for the management of staff and increasing delegation to line managers.

We are also placing in the Libraries of both Houses a summary of the conclusions of a separate internal review of Civil Service Management Development in the 1980s. These reports, as well as other related work in the personnel field, raise a number of important issues for follow-up action. In order to use available resources to the best effect, the Government have decided to concentrate on the following personnel priorities in the coming year:

1. Career Management. We will examine ways to extend existing succession planning arrangements for senior posts, and to improve career management for those likely to get to the top. This will involve more positive career planning, with less frequent job changes/postings and better integrated training policies. We will introduce a new course for those promoted to the Open Structure, to equip them for their role as top managers. Our more general training effort, especially for those concerned with financial management, will be reinforced.

2. Staff Appraisal and Reporting. We will tighten up reporting standards and make the basis of staff assessment more performance orientated through changes both in procedures and the forms used for reporting and appraisal.
3. Performance Related Pay. We shall be considering ways of introducing performance related pay into the Civil Service in the light of the report of the Inquiry into Civil Service Pay.
4. Inefficiency and Poor Performance. We intend to improve the effectiveness of procedures to deal with inefficiency and poor performance, including a review of our early retirement procedures.
5. Unified Grading. We are pressing ahead with a scheme for unified grading for Civil Service grades down to Assistant Secretary and Senior Principal levels.

The Civil Service Trades Unions will be consulted on the implementation of these proposals.

Gout Mach : Lager Pong : A 14

4 JUL 1998





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

13 July 1983

The Earl of Gowrie
Minister of State
Privy Council Office
Management and Personnel Office
Old Admiralty Building
SW1

JD
13/7

Dear Minister of State

PERSONNEL WORK - MPO's PRIORITIES

You sent me a copy of your minute of 7 July to the Prime Minister.

I should like to make two small suggestions on the proposed Written Answer and one more general point.

Point 3 in the second paragraph of your proposed Answer refers to performance related pay and goes, I think, a little beyond our present position in signing up on the concept of performance related pay. I also think that the reference to the Financial Management Initiative is slightly ambiguous; I am not sure that we should tie the FMI too closely to performance pay although there is clearly a relationship. I should therefore like to suggest that this section of sub-paragraph 3 simply reads "We shall be considering ways of introducing performance related pay into the Civil Service in the light of the report of the enquiry into Civil Service pay".

Point 5 in the second paragraph discusses unified grading and again is a little too firm, in my view, in stating "We will implement and operate a scheme". Discussions with the unions on alignment at Assistant Secretary and Senior Principal levels are progressing slowly, and it looks likely that they will reject our present proposals and look for something more expensive. I do not think we want to give the impression that we would implement unified grading regardless of cost. I therefore suggest that this point starts "We are considering the implementation and operation of a scheme".

My more general point concerns cost. In your proposed Answer you refer to the need to use "available resources" to best effect. I think in the total context this is a sufficient reference to cost constraints, and I do not press for more in the Answer itself. But you will not be surprised if I record now that we shall all need to keep a close eye on the costs of these various developments as they come forward, to ensure that they can be afforded.

I am copying this letter to those who received your minute.

Yours sincerely,

Margaret O'Mara

for NIGEL LAWSON (approved by the Chancellor and signed in his absence)

Gov. MACH: Rayner Prog. : 1944



13 JUL 1983

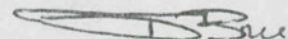
Our ref: ADS 1307/13

Mr P. Le Cheminant
Management and Personnel Office
Whitehall

"RAYNER" SCRUTINIES IN DHSS (1983) - MINISTERIAL RESPONSIBILITY

You will wish to note that MS(SS) (Dr Rhodes Boyson MA) is to be responsible for supervision of the scrutiny into the Occupational Pensions Board and Superannuation Funds Office. He will also retain responsibility for the scrutiny into civil legal aid.

PS(SS) (Anthony Newton OBE) will continue to supervise the scrutiny on the recovery of social security overpayments.



D T ATKINSON
MSC1(CMS)
Room 303
Ray House
Ext 232

12 July 1983

cc ✓ Mr T Flesher - PM's office
Mr N E Clarke
Mr M Fogden
Mr C Evans
Mr G Brown
Miss M Grainger OBE
Mr T Crawley
Mr O Thorpe
Mrs M Kirk

Send across
to Lord Gowrie's
Office PE 12/7



file

10 DOWNING STREET

From the Private Secretary

11 July, 1983.

Jean Mary,

The Prime Minister has seen Lord Gowrie's minute of 7 July about the MPO's priorities in personnel work. Mrs. Thatcher has agreed that Lord Gowrie may make the statement set out in the enclosure to his minute, as well as publishing the review of personnel work and making a summary of the conclusions of the management review available to Parliament.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet.

Yours sincerely
Tim Flesher

Timothy Flesher

Mrs. Mary Brown,
Office of the Minister for the Arts.

S.P.



10 DOWNING STREET

From the Private Secretary

8 July 1983

The Prime Minister has seen your Secretary of State's minute of 5 July about the PSA Advisory Board and has agreed that as proposed by Mr. Jenkin the Board should continue its work.

Timothy Flesher

John Ballard, Esq.,
Department of the Environment.

↙

Prime Minister:

You agreed to this before the Election. Approved Written Answer?

PRIME MINISTER

Yes not

DF
8/7

PERSONNEL WORK: MPO'S PRIORITIES

On 29 March Janet Young, in her then capacity as Lord Privy Seal, minuted you about her proposals for the MPO's immediate priorities on personnel work and also sent you a copy of a report on the subject resulting from an interdepartmental review conducted under the direction of John Cassels. The intention was to publish the report and the priorities as soon as the necessary arrangements for printing and so on could be completed. Your private secretary recorded your approval of the proposals in a letter of 11 April but in the event the Election intervened and held up action.

*Not yet
sent up.*

The purpose of this minute is to let you know that I now intend to go public on these matters in mid July - by means of an answer to a written parliamentary question - and simultaneously to make the material available to the Treasury and Civil Service Select Committee. The nine Departments who took part in the Review of Personnel work would also release their Departmental reports on the same day. I attach a draft of the statement I propose to make which will be the vehicle for setting out our priorities.

The priorities do not of course derive solely from the review of personnel work and I have considered whether there is other background material which we could usefully make available at the time of the statement. In particular I have considered whether we might release a review of management development in the 1980s produced in the MPO earlier in the year and dealing with the career development and training of staff destined for senior management posts. The review is a voluminous document designed for internal use and I do not think it is suitable for publication as it stands. We have however produced a summary of its conclusions which could be provided to Parliament and particularly to the Select Committee - and if necessary more widely - and I attach a copy.

Subject to any comments you or colleagues may have, I intend to make the statement embodying our priorities on or soon after 14 July. At the same time I would propose to publish the review of personnel work and to make a summary of the conclusions of the management review available to Parliament.

I am copying this minute to all members of the Cabinet, including those whose Departments took part in the Review of Personnel Work.

Gey

LORD GOWRIE

7 July 1983



COMPTROLLER

8 JUL 1983



DRAFT

WRITTEN ANSWER

PQ ANNOUNCING MPO PERSONNEL PRIORITIES FOR 1983-4 AND THE PUBLICATION OF THE RPW AND FRASER REPORTS

Q. To ask HMG/the Minister for the Civil Service, what progress has been made with the multi-departmental Review of Personnel Work in the Civil Service referred to in the White Paper, "Efficiency and Effectiveness in the Civil Service", Cmnd 8616, and whether they/shewill make a statement.

Proposed answer:

The review has been completed and is being published today. Copies are being placed in the libraries of both Houses as are the reports of the departmental teams who took part in the review. The Government welcomes the report which points the way towards better and more cost-effective personnel work in government departments particularly by clarifying responsibilities for the management of staff and increasing delegation to line managers.

We are also placing in the Libraries of both Houses a summary of the conclusions of a separate internal review of Civil Service Management Development in the 1980s. These reports, as well as other related work in the personnel field, raise a number of important issues for follow-up action. In order to use available resources to the best effect, the Government have decided to concentrate on the following personnel priorities in the coming year:

1. Career Management. We will examine ways to extend existing succession planning arrangements for senior posts, and to improve career management for those likely to get to the top. This will involve more positive career planning, with less frequent job changes/postings and better integrated training policies. We will introduce a new course for those promoted to the Open Structure, to equip them for their role as top managers. Our more general training effort, especially for those concerned with financial management, will be reinforced.

2. Staff Appraisal and Reporting. We will tighten up reporting standards and make the basis of staff assessment more performance orientated through changes both in procedures and the forms used for reporting and appraisal.

3. Performance Related Pay. We shall seek ways of introducing performance related pay into the civil Service in the light of the report of the Inquiry into Civil Service pay and of the Financial Management Initiative which will help identify and define performance criteria.

4. Inefficiency and Poor Performance. We intend to improve the effectiveness of procedures to deal with inefficiency and poor performance, including a review of our early retirement procedures.

5. Unified Grading. We will implement and operate a scheme for unified grading for Civil Service grades down to Assistant Secretary and Senior Principal levels.

The Civil Service Trades Unions will be consulted on the implementation of these proposals.

**CIVIL SERVICE
MANAGEMENT DEVELOPMENT
IN THE 1980s**

Management and Personnel Office

CIVIL SERVICE MANAGEMENT DEVELOPMENT IN THE 1980s REVIEW BY THE MANAGEMENT AND PERSONNEL OFFICE

INTRODUCTION

1. The Management and Personnel Office (MPO) has recently completed a review of staff development in the Civil Service, focussing particularly on those with the potential to reach the highest positions. Its recommendations cover a number of personnel policy areas including career management and training, succession planning, exchanges with outside industry, and early retirement arrangements. The review's overall aims are to achieve a more professional and outward-looking Service, particularly through improvements in training and posting policies.

Background

2. The Civil Service's personnel management policies need to be adjusted to the management climate of the 1980s:

a. Civil Service numbers have reduced by over 10% in the period since April 1979 with proportionately larger reductions at the most senior levels. A smaller Service must function with maximum efficiency. Other employers too have been reviewing their management development policies and devoting more resources to their "high fliers";

b. the work of Government is becoming more complex, not least because of the accelerating rate of technological change;

c. there is growing political and public interest in the efficiency of the Civil Service. The Government has adopted good management as a policy in its own right. It has launched a Financial Management Initiative* to focus attention on the managerial role of civil servants and to delegate clearly defined management responsibilities down the line. *(one of whose main objectives is*

These factors all reinforce the need to foster increased professionalism in the Civil Service: not only in the possession of formal professional qualifications where relevant, but well developed skills and expertise, firm grounding in the subject matter of the job and appropriate training in management techniques.

Management Development in the Civil Service

3. An effective policy for developing managers is essential for any organisation. A recent McKinsey study of what makes "excellent companies" excellent found that one common feature is that "they give truly overwhelming attention to training and development". Staff development in the Civil Service relies on two main factors: training, and widening work experience by periodic changes of job. Formal training of a broadly developmental nature is undertaken by the Civil Service College and by Departments themselves. Departments also provide formal job-related training for their staff. In addition staff can join courses run outside the Civil Service.

*Announced in the White Paper, "Efficiency and Effectiveness in the Civil Service" (Cmnd 8616).

(including its accountants)

4. Civil Service managers, especially those concerned with policy and administration, normally move from one job to another at the same level to gain experience. Such job changes provide a variety of experience and skills. But the Civil Service also requires these qualities in depth. Moreover, top managers will increasingly be drawn not only from the Administration Group but from a wide range of specialist groups, such as economists, statisticians, scientists and engineers.

5. Against this background the aims of management development in the Civil Service are:

- a. to develop, consolidate and use effectively the skills and experience of staff in the performance of current business;
- b. to identify talent and build upon it, by providing opportunities to gain appropriate experience and training;
- c. to help individuals to assess and develop their own talents and potential and encourage them to participate in their own career development.

The Framework of Development

6. The aims can be simply stated, but the activities of Government are wide ranging and complex. Departments vary considerably in size and responsibility, and so do their staffing needs. What is required is a framework within which each Department can match the deployment and development of staff to its own circumstances and priorities. Necessarily, balances must be struck: for instance between short term posting needs and longer term developmental plans; and between consolidating the professionalism of the career Civil Service and bringing outside experience and perspectives to bear.

CAREER MANAGEMENT AND POSTINGS POLICIES

7. So Departments require flexibility in developing their career management and postings policies within a centrally agreed framework.

Written Policy

8. It is important for all staff to have a written statement of their department's policies on career management and training. This is already the practice in a number of Departments and should be adopted in all. Such statements serve a double purpose of requiring Departments to think clearly through their policy, and of providing staff with a clear idea of where they stand, what they may expect, and what they can do to further their own career development. Each Department's statement should:

- a. indicate the types of competence needed in different parts of the Department and at various grading levels, and outline the posting and training patterns which might apply to individuals;
- b. state the Department's policy on length of postings, with a move towards a more general minimum period of 3-4 years in post;
- c. make clear the value of depth of knowledge and experience in promotion decisions and practices;

- d. clarify the respective responsibilities of personnel managers and line managers for the career management of staff.

Postings Policies for Younger Staff

9. In a career service, younger staff can be tested in a range of jobs during their early years. For those who expect to spend much of their careers in policy work it is desirable to provide some wider experience, for instance in a local office. Opportunities should be taken to build postings of this type into the career plans of staff at Principal level. Conversely, promising staff away from the centre need experience at headquarters. The MPO is encouraging Departments to broaden their postings policies in this way, for example in the recently promulgated guidance to Departments on the career development of Executive Officers.

Specialist Staff

10. The MPO has responsibilities in relation to the management of certain groups of specialist staff, such as economists, statisticians, lawyers, for whom movement between departments is an important element in postings policies. It has recently issued to scientists in the Service a booklet about how they can expect to develop their careers. The MPO will consider extending this approach to other groups - corresponding material is already in preparation for ADP and accountancy staff.

Developing Senior Managers - Succession Planning

11. The Civil Service already has a scheme for identifying and developing those likely to fill the most senior management positions in the Service. Each Department prepares:

- a. annual succession plans for key posts including all posts at Under Secretary level and above;
- b. a career plan for each individual named in the succession plan, showing the experience and training he or she needs;
- c. career plans for staff at Principal level and above who seem likely to rise to the highest levels in the Service.

12. Two specific modifications of this succession planning system are now proposed:

- extending it to other posts where a particular blend of expertise and experience is needed. The MPO will review with Departments the types of posts which might be covered in this way;
- integrating formal training provision more closely into the career plans of potential senior managers (see also paragraph 16).

TRAINING

13. This more structured approach to career management has clear implications for training. The review has concentrated on four specific aspects of training for the future:

- i. financial management training;
- ii. the role of professional qualifications;
- iii. the training of potential senior managers;
- iv. training on selection for the Open Structure (ie the level of Under Secretary and above).

Financial Management Training

14. The White Paper on "Efficiency and Effectiveness in the Civil Service" emphasises the need for more comprehensive financial management training in the Civil Service. The target populations for such training will emerge more clearly from the work proceeding in Departments in response to the Financial Management Initiative, but they already include:

- staff in senior and top management posts - for whom the Senior Finance Course has been designed and is already obligatory for those filling Principal Finance Officer posts;
- staff working in finance divisions or in related activities;
- managers with a specific responsibility and accountability for the control and effective use of resources;
- other staff who need some general understanding of good financial management.

A wide range of formal training is already available in Departments and at the Civil Service College, but more is needed. In particular, close liaison is necessary within Departments to identify the jobs for which particular expertise is needed, and to ensure that training provision matches up to the evolving needs of the Service as a whole. Work remains to be done in developing the Senior Finance Course and ensuring that College and departmental courses effectively complement each other.

Professional Qualifications

15. A study, due to end in late summer 1983, is considering whether more administrators should study at an early stage in their career for qualifications recognised outside the Service. It is already clear that a separate case has to be argued for each qualification and area of work. The study will pay special attention to the potential usefulness of the qualifications of the Institute of Personnel Management in relation to personnel work in the Service. More general issues will include the question whether financial incentive should be offered to staff who work for qualifications.

Training of potential senior managers

16. Two lines of development are proposed. First, extending the succession planning arrangements by establishing checklists of the areas of competence which should be covered (whether by formal training, on-the-job training, secondments or practical in-Service experience) at some stage by those being prepared for different types of senior posts. Such checklists, prepared by Departments and the centre in collaboration, would form the framework for appropriate training programmes. Second, in line with the practice of some outside companies, a quantitative criterion should be introduced for the average amount of training to be undertaken by specified staff each year, eg a minimum of 5 days training a year for Principals below the age of say 35. When an officer reached Assistant Secretary level, the previous pattern of training and experience could be reviewed for any gaps which ought to be filled.

Training on selection for the Open Structure

17. Given the integrated pattern of training and development envisaged above, extra training provision on entry to the Open Structure should concentrate on what is needed as a prelude to top management responsibilities. A course, to include participants from both the public and private sectors, is planned which would introduce participants to tasks for which a more collegiate approach to Civil Service management is required. Each course would last 3 - 4 weeks, repeated perhaps 4 - 6 times annually, with a substantial teaching input from outside the Service.

THE CAREER SERVICE

18. The Civil Service is a career service, ie its staffing policy is primarily based on recruiting people as they leave the education system and retaining them in the Service until they retire. The Civil Service is not alone in this. Most large organisations recruit in a similar way and offer a career to the majority of managerial employees. The career principle in the Civil Service should remain. But an inflow of new people and ideas is also needed. This can be achieved by making a number of temporary or permanent appointments; and by encouraging civil servants to spend time gaining experience in other organisations.

19. There is room too for an expansion of the number of late entry recruits. It is not possible to set a precise quantitative yardstick or target. Factors such as the sharp fall in promotion prospects and the need to keep up the recruitment, retention and motivation of career staff have to be considered. But there is a strong case for resuming permanent recruitment through open competition at Principal level, which has been suspended since 1979. Direct entry at Higher Executive Officer (Development) level is being investigated as a way to bring in younger people of high quality from, for instance commerce, banking and industry who are seeking an early change of job or a return to work after an interruption in their career.

20. In the short term greater use should be made of period appointments for mid-career or first appointments. The MPO will examine whether present Civil Service rules limiting such appointments need revision, whether compensation for lack of job security may require a more attractive package in some areas, and whether changes in the business appointment rules may be needed.

21. Secondments to and from business and commerce as part of career management programmes have doubled in the past 5 years. They should continue to be encouraged, but tailor-made arrangements are essential and Departments are sometimes reluctant to lose their best staff for 2 or 3 years - or possibly for good. Non-executive directorships for civil servants on company boards are a relatively new opportunity for outside experience. Other forms of short term attachments and links with companies are also being investigated.

Early Retirement

22. Pressure to reduce numbers and improve efficiency has already led to changes in retirement provisions and practices. For example, the opportunities to stay on after 60 are now much reduced and Departments are making much more use of widened criteria for premature retirement on limited efficiency and/or structural grounds. A new voluntary early retirement scheme has also just been introduced from 1 April 1983 for an initial six month period.

23. While the current range of retirement provisions now seems adequate to meet management needs in relation to staff at senior levels, the prospective slump in career prospects in the 80s and 90s, hitting particularly severely at those recruited as Administration Trainees, may require further measures to ease middle management promotion blockages. The MPO will be studying the possibilities.

FOLLOW THROUGH

24. The review provides a framework for the future development of career management and training in the Civil Service. It will be primarily for each Department to follow through its recommendations. But the MPO will have a major central role because of its responsibility for the senior management succession planning scheme, for the development of personnel policy and for the provision of central training in the Civil Service College. To a significant extent what is required is a re-direction of existing effort. But if all the recommendations are pursued, extra resources (money and staff) will be needed, particularly in the training field.

Management and Personnel Office
Whitehall
London SW1A 2AZ

July 1983



Prime Minister:

You asked for the work of this Board to be reviewed after a year. Mr Jenkin wishes to retain it. Do you agree?

THE PRIME MINISTER

PSA ADVISORY BOARD

PH12

Yes not

DT

6/7

On 14 June 1982 you agreed to the Advisory Board continuing its work with a review on the Board's existence to be carried out twelve months hence.

During the past twelve months the Board has continued to provide a significant input to the work of the PSA and my predecessor acknowledged this in the foreword to the PSA Annual Report which he sent to you recently.

More specifically, the Advisory Board has completed reports on:

- i) Relationships with the Ministry of Defence;
- ii) Project management;
- iii) PSA's standard form of works contract;

and they are currently studying:

- (1) the methods PSA uses to measure its performance, including comparisons with the private sector;
- (2) the PSA's "image" with clients, consultants and contractors - a study in which I am particularly interested;



- (3) the PSA's arrangements for the supervision on site of major new works projects;
- (4) financial conventions, including the constraints of "annuality" of expenditure.

As you know, Tom King recently agreed to carry to the next stage the proposals for restructuring that the Chief Executive has made and the advice of the Advisory Board has been helpful in developing these ideas.

I should emphasise again that the Board members receive no fee. Their total costs in the last twelve months have been only some £3,000, and many of the members are giving very considerable time to this activity, particularly Nigel Mobbs the Chairman who is probably devoting more than one day a week.

I should be grateful for your agreement for the Board to continue its work.

PJ

PJ

5 July 1983

From: THE PRIVATE SECRETARY



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

24 May 1983

Dear Tim

DJ 1/6

THE SCRUTINY PROGRAMME: FORENSIC SCIENCE SERVICE

Thank you for copying to us your minute of 3 May to Clive Priestley about this scrutiny.

I find that copies of the scrutiny report were placed in the libraries of both Houses last September and that the Rayner Unit were informed of this in reply to a questionnaire they sent us in August. Copies were also sent to the Trade Union Side in accordance with normal practice and it may be as a result of this that there was some limited press interest a few weeks ago.

The Home Secretary is naturally very conscious of the need to avoid adverse publicity on this matter and will consider whether anything more needs to be done when consultations with the Association of Chief Police Officers and the Local Authority Associations have been completed.

I am sending a copy of this letter to Clive Priestley.

C. J. WALTERS

Tim Flesher, Esq.

OLD

1) Mr Schlar to note
2) file *Mr Schlar*
R. You must read
MCS 17/5

MR LE CHEMINANT

ccfi ✓ Mr Flesher	Mr Gurney
Lord Rayner	Mr Morris
Mr Hatfield	Mr J W Stevens
Mr Trevelyan	Mr Phillips
Mr Beesley	Mr Trumper

RAYNER UNIT AND MANAGEMENT EFFICIENCY GROUP, MPO

You might find it helpful to have a short note on the work of my command. This minute identifies our current priorities and the issues we shall be engaged with in the coming months.

2. At the 1st April 1984 we shall have 55½ posts, allocated as follows:

Rayner Unit (AS: Mr I B Beesley)	
(including my own post)	7
ME1 (AS: Mr N B J Gurney)	8
ME2 (SP: Mr A Phillips)	27½
ME3 (AS: Mr B R Morris)	9
AFA (Mr I F S Trumper, FCA: on secondment from Deloitte's)	4

3. The Rayner Unit continues to do some staff work for Lord Rayner (see below) but the principal task of my staff as a whole is to support the policy for good management in the public service, which we do through a programme of centrally co-ordinated efficiency exercises; work mainly in concert with the Treasury to develop financial management (eg the financial management initiative, repayment for property services etc); and work in support of the Lord Privy Seal on wider public expenditure issues.

Efficiency work

4. The 1983 programme consists of:
- (1) 20 scrutinies already nominated (more proposals are expected to be made as the year progresses)
 - (2) 3 multi-department reviews
 - (3) Detailed effectiveness studies on various services in support of administration. These are the responsibilities of ME2, which consists of assignment officers, most of whom specialise in such subjects as staff and transport.

Scrutinies (Mr I B Beesley)

5. The 1983 programme has not yet been published, but includes the work of the Occupational Pensions Board and the Superannuation Funds Office, the role of the CCTA, the efficiency of the field activities of the Inspectorates of the HSE and the Driving Test Organisation. (A list is attached.)

Multi-department reviews

6. These comprise:
- (1) Internal Consultancy, Inspection and Review Capabilities (Mr B R Morris)

The review stands on its own feet but has been designed with an eye to the follow-up to the FMI. It will cover the quality of the arrangements available to Ministers and top management. The confidence of departments in these arrangements is an important pre-condition for

greater delegation of authority. It will start in the Autumn and last about 6 months. Expected participants are DHSS, MOD, Industry and Trade, PSA, Scottish Office, HM Treasury.

(2) Support Services for Administrative Work (Mr I B Beesley)

The review will cover the handling of information for selected policies and operations within departments. It will 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 will also provide an informed basis for the effective use of information technology. The review started in April and will report in August (departments) and October (central report). Participants are Home Office, DOE, C&E, IR, DE, MPO.

(3) Procurement and Contract Procedures (Mr N B J Gurney)

The review will 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. It will cover both contracts with the private sector and repayment between departments. Work will start in mid-June, departmental teams will report by the end of 1983 and the central report will be presented in February 1984. Expected participants are MOD, HMSO, PSA (Supplies), FCO, Home Office, DTp, DHSS, ODA, HM Treasury.

Effectiveness Studies

7. 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.

8. There will also be a small programme of selective review to check on the practical application of the management guidelines already issued (typing, telecommunications, transport, messengerial services).

Rayner Unit

9. The Unit provides staff officer support for Lord Rayner on the issues on which he advises the Prime Minister. This includes work on the FMI, personnel initiative, the NHS Scrutiny Programme and Lord Rayner's lasting reforms. (*Lasting Reforms*)

10. The Prime Minister has asked the Rayner Unit to co-ordinate the scrutiny programme and to take a particular interest in certain scrutinies on her behalf. The Unit reports progress on implementation of scrutinies to the Prime Minister at six monthly intervals. *MCS*

Points of interest

11. I am heavily involved with the scrutiny of the financial affairs and financial prospects of the Royal Opera House/Royal Shakespeare Company announced by the Minister for the Arts in February and due to report in July. For this I draw on staff from across my command, in particular from the ME2 assignment officers, and on private sector consultants.

12. The 3 multi-department exercises are each led by an Assistant Secretary. Each draws upon staff from across the command (including the assignment officers in ME2). ME1 (Mr Gurney) and ME3 (Mr Morris) are also heavily engaged in the implementation of earlier multi-department reviews:

- (1) ME1 provides the Lord Privy Seal with advice on implementation of the Statistics Review and the R&D Support Services Review. The former is now largely ended but the latter will be the subject of a progress report to the Prime Minister in June. ME1 is now responsible for follow up to the Forms Review, vice ME3, which reported progress to the Prime Minister in February. The Forms Unit will continue to be required for at least the next couple of years.
- (2) Implementation of the Personnel Work Review, which was run by ME1, has largely been allocated to the Personnel Management Divisions in MPO. The watching brief will fall to ME3.

13. The work of ME2 (Mr Phillips) is largely about the control of items of general administrative expenditure, helping with the introduction of new technology; providing a service of assignment officers; and overseeing departmental management services units.

14. The division will be producing new guidelines on stores, the control of official travel overseas and the introduction of new technology.

15. Such guidelines have to be based upon first-hand experience of departmental management of the services concerned. Hence, the assignment work of the Division is crucial.

16. The AFA Sub-Unit (Mr Trumper) provides accountancy advice to the command wherever it is required. It is, for example, much involved with the development of the Annual Scrutiny of Running Costs; the guidelines to follow from the Running Costs Review; and the 1983 Review of Contracts and Procurement. The unit is now making a very large contribution to domestic MPO's development of its control over its own running costs.

The future

17. We are now turning our minds to the shape of the programme for 1984 and will expect to come forward with proposals in the Summer. It seems improbable, at this stage, that we shall want to run with as large a programme of new exercises as in 1982 and 1983. We are likely to want to switch more attention to how effectively recommendations of reviews are implemented and to monitor whether their results are as expected. The pattern in 1984 and subsequent years might therefore consist of:

- (1) A programme of departmental scrutinies, co-ordinated by the Rayner Unit.
- (2) One or two new multi-department reviews.
- (3) Implementation audit on forms, personnel work, and the introduction of new technology.
- (4) A programme of effectiveness reviews and management guidelines may well continue for some time.

18. There are of course a number of imponderables here, including chiefly the outcome of the General Election. If

you would like more data on the broad direction of work or any immediate tasks, I and my Heads of Division are ready to brief you.

CP

C PRIESTLEY

Leader of the Rayner Unit and
Head of the ME Group

16 May 1983

1983 SCRUTINY PROGRAMME

Home office	1 Training of staff	P
LCD	2 Investment activities	P
H M Treasury	3 Review of CCTA	P
DNS	4 Arrangements for the withdrawal of National Savings Certificates	G
Inland Revenue	(joint with DHSS - see later)	
HM Customs	5 The VAT central unit	G
FCO	(Nothing yet; will consider again later)	
Industry	6 Accountancy needs	G
MOD	(Nothing yet; S/S wants to get MINIS working first)	
MPO	7 Civil Service Commission	G
DE	No nomination	
HSE	8 Efficiency of the inspectorates	P
MAFF	9 Agricultural science and food science central laboratories	P
DOF	10 Communications with the public	G
PSA	No nomination	

Scottish Office	11 The publicity section	P
Welsh Office	12 Handling of Parliamentary business	G
NIO	13 Stores in DOE(NI)	G
DHSS	14 Admin of civil legal aid	P
	15 Occupational pensions board and Superannuation Office	P
	16 Recovery of overpayments of benefits	(P)
Trade	17 Supervision of insurance companies	G
	18 National Weights and Measures Laboratory	G
DES	19 Control of grants to voluntary colleges etc	P
Transport	20 Driving test organisation	P

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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: K/PSO/12323/83

Your ref:

12 May 1983

Dear Janet,

17
13/5

INCENTIVES TO IMPROVE EFFICIENCY

Your letter to Norman Fowler dated 20 April reminded colleagues that your letter of 4 November 1982 invited proposals for pilot incentive schemes. PSA have examined a number of possibilities and have recommended pilot schemes in two areas in PSA Supplies:-

- (a) an award to the field sales force section which records the best annual financial performance against agreed yardsticks;
- (b) an award for the purchasing team which most reduces overdue orders.

I support the recommendation for these pilot schemes. As you know PSA Supplies operate on a trading fund basis, and improvements in efficiency should not only be capable of quantification but will be of direct benefit to the business. I have no particular preferences for either (a) or (b) and am quite content for my officials to work up detailed schemes in each of the recommended areas in consultation with your people.

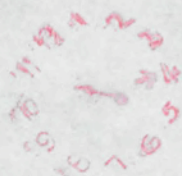
When you wrote to George Young on 22 December 1982 about the Draper study of District Works Offices you suggested that a selection of such offices might be suitable for inclusion in a pilot scheme within PSA. The Agency have been considering a number of alternatives but are not yet ready to present proposals.

Copies of this letter go to the Prime Minister and Cabinet colleagues.

TOM KING

The Rt Hon Baroness Young

17 MAY 1957





Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

JU569

4 May 1983

The Rt Hon The Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall
London SW1

Dear Janet,

H
8/5

INCENTIVES TO IMPROVE EFFICIENCY

Your letter of 20 April to Norman Fowler invited colleagues to advise you of their thinking on pilot schemes for incentives to improve efficiency.

2 As you say, the differences between Departments in respect of organisations and functions mean that each of us will have to consider our circumstances individually. To this effect, we are here in the midst of a comprehensive consultative exercise with line management and the Trade Unions to explore the potential for some kind of scheme which will provide the desired incentive, while not absolving us from the normal obligations expected of good employers. It is too early to say what my conclusions will be, but my officials will keep yours in touch with developments.

3 Copies of this letter go to the recipients of yours.

You are
Pat

Govt Mach.
Payner, A14

15 MAY 1983
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FILE RW
10 DOWNING STREET

From the Private Secretary

MR PRIESTLEY

THE SCRUTINY PROGRAMME: FORENSIC SCIENCE SERVICE

The Prime Minister has now seen your minute of 22 April about the scrutiny of the Home Office Forensic Science Service and the Metropolitan Police Laboratory. In general Mrs Thatcher endorses the comments of Lord Rayner and the proposed programme of action set out in paragraph 13 of your minute. She has commented, however, with particular reference to the publication of the scrutiny report that this issue needs very careful handling. It could, the Prime Minister considers, be presented as a constraint on the Police in their efforts to solve crime. In view of this the Prime Minister would be grateful if the Home Secretary could give particularly close attention to the form in which the scrutiny report is published (if it is necessary that it should be published) and the content of the accompanying statement of the Government's intentions.

I am sending a copy of this minute to Tony Rawsthorne (Home Office).

(Timothy Flesher)

3 May, 1983

RF

Prime Minister:

dc NO 4

This is a sensitive issue as you will recall from recent correspondence about Wick and Swansea airports. Are you content with the line proposed?

CONFIDENTIAL

MR FLESHER

THE SCRUTINY PROGRAMME: CUSTOMS ATTENDANCE

JF
3/5

This minute advises you of progress with the scrutiny on attendance arrangements for customs officials at ports, airports and inland clearance depots. The Prime Minister asked Sir Derek Rayner (as he then was) to take a particular interest in the scrutiny on her behalf.

Findings and recommendations

2. The scrutiny examined the places and hours at which Customs Officers should be deployed, including the basis on which any charges should be made.
3. There are currently more than 1500 authorised places for the international movement of goods and passengers. Attendance is provided at the general taxpayer's expense during a "free" period of normal working hours which varies according to local need. In total, about 7000 field staff are involved, of whom 2000-3000 may be called upon to work outside these "free" hours in order to facilitate the import and export of goods and about 1300 are employed to deal with all passenger movements.
4. Attendance to clear goods outside working hours at the request of commercial concerns has been provided almost as a matter of course until recently when cash limits and reduced manpower have dictated a less generous approach. The charges currently levied for such attendance only partly cover the extra costs (about £4 million in 1980 compared to extra costs of £11 million). Except in the cases of concessional aerodromes and occasionally approved wharves no charge is made for clearing passengers at any time.

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5. The report's main proposals are:
- a. to establish more rigorous criteria for assessing where and when new customs facilities should be provided and to institute regular reviews of existing locations;
 - b. to standardise a period of "free" hours for all locations;
 - c. outside these hours to charge for the clearance of freight at one full economic rate rather than the present range of rates (some of which have been held at uneconomic levels by successive administrations);
 - d. to introduce for the first time a system of charging for the out-of-hours clearance of passengers on a similar basis.
6. Looking critically at the justification for providing attendance at uneconomic locations would indicate reducing or terminating the service provided by Customs at a few small airports and inland clearance depots - though vociferous local opposition is likely and care will be needed if decisions are not to provide political opposition beyond the worth of the realisable savings. The report estimates there will be modest savings of staff (of the order of 30-40 according to the examining officer). But, more importantly, the proposals for a rigorous approach to requests for new facilities and for regular reviews of existing facilities are intended to provide the means to cope with future growth in trade and passenger traffic without lowering standards of control.

CONFIDENTIAL

7. The effect of an economic charge for freight clearance would be to increase the overall costs to private business by about £1.5 million a year and opposition can be expected from SITPRO and other trade interests.

8. The proposal to charge for passengers would impose a significant and unpopular new expense on aircraft and ferry operators - estimated as in the region of £5.5 million a year.

Ministers' decisions

9. Customs is one of the Chancellor of the Exchequer's departments but much of its control work is also carried out on behalf of other Ministers - notably the Secretary of State for Trade and the Home Secretary. The Secretaries of State for Northern Ireland, Scotland, Wales, Industry and Transport also have interests affected by where and when Customs facilities are provided.

10. The Chancellor of the Exchequer took a meeting of the Ministers concerned last November. They decided:

10a. Customs and Excise should have a recognised right to approach other Departments to propose the withdrawal of existing facilities, where they believed this could be justified, and that machinery should be set up to enable inter-Departmental consultation to take place on new applications.

10b. There is a case for rationalising the basis on which charges should be levied for Customs attendance for freight outside "normal hours" and setting charges at more realistic levels.

CONFIDENTIAL



But Ministers generally felt that what constitutes "normal hours" should be decided case by case.

- 10c. Any increase in charges should probably be in a single step and should have due regard to the sensitivities of timing.
- 10d. Charges should not be imposed for the clearance of passenger traffic at any time of the day or night.

Comments

11. Lord Rayner has commented that he is sure that Customs must keep up the pressure for improvements in internal procedures and he is encouraged, for example, by subsequent work in 1982 to investigate procedures associated with import entries and to see how a bonded agents scheme can be made to work.

12. But Lord Rayner does not believe that this is likely to be enough to solve the recurrent difficulty of management. He does not see how to reconcile strict limits on manpower - to be achieved by greater efficiency - with an open-ended commitment on the part of Customs to provide manpower in circumstances in which it is not economic for them to do so. In his view, new facilities should only be provided if trade is already above a reasonable threshold or if the prospect of meeting such requirements quickly is firmly based. Where trade falls away or does not reach the specified targets, the facilities should be withdrawn.

13. He would prefer to see the criteria for provision of Customs facilities made public.

CONFIDENTIAL

14. Lord Rayner accepts that there is a clear link between the general good and the accessibility of Customs to freight and passenger traffic but believes the principle of a "free good" is wrong. He would not regard a charge as out of line with the normal operation of market forces. The present hotch-potch of charges is no more than historical accident and he considers that the Customs authorities are entitled to build incentives into the pricing mechanisms which are designed to hold down costs.

15. On the other hand, Lord Rayner would not press for an extension of the charging arrangements to include attendance for the clearance of passengers (and in the light of the practical difficulties, nor would the Customs authorities).

Proposed action

16. The scrutiny work took place in 1981 and action upon it is overdue. If the Prime Minister is content with the thrust of what is proposed the priority should be to create practical expression of Ministers' decisions by:

16a. Announcing acceptance of the principle of vetting the provision of new facilities rigorously and reviewing existing facilities.

16b. Promulgating the criteria to be applied and getting the machinery working.

Publicity

17. Scrutiny reports are often made available to Parliament and the public at the time decisions are announced. In this case, however, the report covers sensitive issues - such as pricing - about which Ministers are not yet ready to make an announcement. It would be preferable, therefore, to release a summary of the parts



CONFIDENTIAL

relevant to the decisions in paragraph 16 above, together with a general statement of the Government's intentions. If pressed to release the report in full, Ministers would be able to say that consideration of its findings were not yet complete but further announcements would be made in due course.

Conclusion

18. The Prime Minister's agreement to going ahead on the basis of paragraphs 16 and 17 above is sought.

19. I am copying this to John Kerr in the Chancellor of the Exchequer's Office and to Mary Brown in the Lord Privy Seal's Office.

Jim Beadley

P.P. CLIVE PRIESTLEY
Head of the Rayner Unit

27 April 1983



Govt Mach
Boyer Pt 14.

29 APR 1963

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CONTROL

11



Prime Minister
Agree to
his approval?

MR FLESHER

THE SCRUTINY PROGRAMME: FORENSIC SCIENCE SERVICE

JA

This minute advises you of progress with the scrutiny on the Home Office Forensic Science Service and the Metropolitan Police Laboratory. The Prime Minister asked Sir Derek Rayner (as he then was) to take particular interest in the scrutiny on her behalf.

Findings and Recommendations

2. The scrutiny examined the efficiency and effectiveness of the forensic laboratories supporting the police forces of England and Wales.

3. The six operational laboratories of the Home Office Forensic Science Service handle about 115,000 cases a year from provincial forces. There is also a research establishment. At the time of the scrutiny the laboratories cost about £5.8 million a year and employed 550 civil servants; but the scrutiny found marked differences in unit costs between the laboratories.

4. In addition, the Metropolitan Police Laboratory handles about 49,000 cases a year, mainly for the Metropolitan Police. It also does research. The total cost is about £4.3 million and includes 280 civilian employees of the police.

5. The scrutiny found that the Forensic Science Service is well respected by its principal customer - the police - and it sets and achieves high standards. But the service is demand-led. The police decide what cases to put to it and this creates a constant upward pressure on resources.

6. The report's main recommendations are:

- 6.1 to link the staffing of the laboratories to the number of police they support (which in turn reflects population, crime and the Government's law and order priorities);
- 6.2 to encourage more restraint by the police in submitting particular types of cases, especially where forensic evidence is not essential to get a conviction;
- 6.3 to move towards delegating more authority and accountability to the Directors of individual laboratories.

Decisions

7. The Home Office have accepted the main recommendations of the scrutiny which concerns the Forensic Science Service. They expect savings worth £132,000 a year. The Home Office have already issued a formal 'job description' to laboratory directors making clear their personal responsibility for standards, productivity and the efficient use of resources; and one for the Controller is nearing completion.

8. Decisions on the recommendations concerning the Metropolitan Police Laboratory rest with the Commissioner and are still to be taken.

Comments

9. Lord Rayner has commented that a good start has been made on establishing a framework for efficiency and effectiveness in the Forensic Science Service. The job description for each laboratory Director goes further than the report itself and, together with the development of cost comparisons between laboratories, is an important step towards good management.

10. Lord Rayner added that the real test will be how this is used to get better value for the taxpayer's money. The new Controller of the Service will need to monitor costs and performance of the laboratories carefully, and exert pressure to cut costs and raise productivity. He noted that the report does not contain a detailed analysis of the supporting services at all the laboratories. He would expect the Controller now to be able to make further cost reductions by applying the lessons from the Review of R & D Supporting Services at both operational and research forensic science laboratories.

11. Lord Rayner was anxious not to second-guess the recommendation to link the size of the laboratories to the size of the police forces they support. But he commented that the Forensic Science Service appears "free" to the police. So the police have no yardstick to judge whether forensic examination adds value commensurate with its costs. Limits on particular types of cases, as proposed by the report, may be effective in restraining demand for a while: but they take away from the police judgements about priorities which are properly theirs.

12. Nor did Lord Rayner wish to second-guess Home Office Ministers about whether payment by the police for the Forensic Science Service would be possible, but he was keen to stress that management of the Service should be doing as much as possible to make the police aware of - and responsive to - the costs incurred. He felt it might help concentrate the minds of Chief Constables, for example, if the costs of forensic support were on the table when their own budgets are being discussed.

Proposed Action

13. The priority should be to achieve practical improvements in efficiency and effectiveness by:

13.1 ^{why?} Release of the scrutiny report (with any necessary editing for security) together with a statement of the Government's intentions, once it has been shown to the local authority associations and the Association of Chief Police Officers.

13.2 Action to apply the lessons and recommendations of the Review of R & D Support Services (the Lord Privy Seal's report in June on the follow-up to this Review will include a statement of what is being done).

13.3 Investigation of the differences in costs between laboratories uncovered by the scrutiny.

13.4 Decisions on the Metropolitan Police Laboratory.

14. I should be grateful for the Prime Minister's approval to go ahead on this basis. A copy of this report goes to Halliday in the Home Secretary's office.

CP
C PRIESTLEY
Head of the Rayner Unit
22 April 1983

This needs very
careful handling. It
could be represented as
a constraint on the police
in their efforts to solve
crime.



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

H. Steel CMG OBE

20 April 1983

C Priestley Esq
Head of the Rayner Unit
Management and Personnel Office
Whitehall
LONDON S W 1

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2/4

Dear Priestley,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 : THE
SCRUTINY PROGRAMME

I took over from Jim Nursaw at the beginning of March as Legal Secretary here and your letter to him of 15 March has therefore come to me. I am sorry that I have not been able to reply to it before now. I wanted to familiarise myself with the problem and also, in the light of what is said in paragraph 2 of your letter, to discuss it with the Attorney General. This I have now done and the present letter is written with his approval.

will request if required

I start by saying that the Attorney General accepts entirely that the fact that our activities are "demand orientated" is not by itself a sufficient reason why they should be immune from a Rayner-type scrutiny. It is perhaps a little unfortunate - in the sense of giving a misleading impression of the point that he was seeking to make - that Jim Nursaw put so much emphasis on that fact. But when it is coupled with other features of our rather peculiar set-up, I venture to suggest that there is indeed a strong case for saying that we are not a very suitable candidate for a scrutiny exercise.

It may help if, in explaining those other features, I describe briefly the way this Department is structured and staffed, what its major functions are and how we try to discharge them as efficiently as we can.

/First,



H. Steel CMG OBE

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

First, structure and staffing. The Department comprises only the two Law Officers themselves, 10 professional officers (though we currently have only 9 in post) and what I think I can fairly describe as a minuscule supporting staff. This supporting staff consists of a secretarial component and a Registry component. The secretarial component comprises only 4SPSs (including one each for the Attorney General and the Solicitor General) and one PS, at present supplemented by 2 agency typists. The Registry component comprises only one EO, who also acts as the Attorney General's Parliamentary Clerk and looks after the general administrative business of the Department, 2 COs and one CA. We have no other staff of our own whatever. We are provided with accommodation in the Law Courts by the Lord Chancellor's Department and we have two messengers available to us from the messengerial staff of the Law Courts. In our Belfast Office - as you know, the Attorney General is also the Attorney General for Northern Ireland and the Department here has to serve him in that capacity as well - we have one CO and one audio-typist.

Next, the Department's functions. The Department exists solely to serve (or in certain respects to represent) the Law Officers. The duties of the Law Officers are those that are laid on them by law; by constitutional practice; and by the demands which their colleagues, Parliament, the Courts and members of the public are entitled to make of them. If asked for advice by a colleague or his Department, the Attorney General has to give it. If the Government is concerned in litigation that raises major issues of law or policy, the Attorney General has to be involved. If a crime is committed for which the Attorney General's consent is necessary before the offender can be prosecuted, he has to consider whether to give it. If a member of the public

/applies



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

H. Steel CMG OBE

applies for the Attorney General's consent to a relator action or asks him to bring proceedings for contempt of court, he has to consider that, too. And so on. Nor does he, very often, have any discretion as to how quickly he responds: in the nature of things, his advice or intervention is usually needed in the framework of an externally imposed timetable. No doubt comparable considerations apply to some of the functions of some other Government Departments. But in our case they apply to virtually everything that we do. There is no function which we at present have that we can, as a matter of deliberate policy, choose not to exercise and no branch of our work we can voluntarily discard because it is not profitable or cost-effective.

Finally, how we carry out our functions. Here I would put my observations in the form of two general propositions. The first is that, leaving aside the Registry, there is virtually no element in our work which is routine or repetitive or which consists merely of the administration of legislation or the implementation of settled policy. Almost by definition (because of the capacity in which we are consulted), each matter that comes to us requires individual consideration and cannot properly be dealt with by any mechanical or routine procedure. This is true even of matters on which the Attorney General has identified certain general principles as governing his approach or has laid down certain guidelines for himself, eg the decision whether or not to prosecute in certain kinds of case or the granting of consent to an applicant for a relator action: he must apply his mind (and so must we for the purpose of serving him) to the particular facts and circumstances of each individual case and he would be acting improperly and perhaps even unlawfully if he did otherwise.

/My



H. Steel CMG OBE

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

My second proposition is that we do not operate, like ordinary Departments, on a hierarchical basis, with matters being processed for decision up a sort of chain of command until they reach the appropriate level at which responsibility can be taken. We have to operate - both because it corresponds to the nature of our work and because we have no spare capacity to do otherwise - as a collection of two-man teams, ie a Law Officer and one of the professional staff assisting and advising him. (Even that is often more theoretical than real. Because of the pressure under which we operate, each of our professional officers very often has to operate as a one-man team, ie to give advice in the name of the Law Officers but on his own authority, relying on his ability, because of the way we work, to "know the Attorney General's mind".) All this is not to say, of course, that we are complete individualists with no element of coordination or supervision in what we do. We regularly discuss our problems with each other - as all groups of professionals always will - and I myself and/or the Deputy Legal Secretary will often join in the handling of difficult or important cases, many of which must in any event be dealt with by more than one professional officer simply because of the range of the issues that have to be researched and analysed. In addition, I am responsible for the allocation of work to my colleagues and I try to be available as a sort of safety-net or point of recourse for them when they come under exceptional pressure or otherwise run into difficulty. The Attorney General is also likely to consult me on the advice he has been given by one of the professional staff if he is not happy about it. I am also responsible for the general efficiency of the Department and would expect to have to account to the Attorney General for anything that went seriously wrong. But, in general, we operate - and the Attorney General is very keen that we should do so - more

/like



H. Steel CMG OBE

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

like a set of barristers' chambers (albeit of a very special kind and with duties and responsibilities that a barrister in private practice does not have) than as an ordinary Government Department.

It is against this background that I think that Jim Nursaw suggested that scrutiny programmes of the kind to which Robin Butler's letter related would have little or no application to us. I have to say that I myself, starting from scratch in the light of your letter and genuinely without preconceptions, have come to the same conclusion and so also, I can say, has the Attorney General. But I would add two riders.

The first is that I am not asserting, and do not believe, that our working methods are incapable of ever being made more efficient, ie that they are, in the words of the most eminent legal authority, "the true embodiment of everything that's excellent. [They have] no kind of fault or flaw..." On the contrary, we are constantly on the lookout for ways of, for example, speeding up the processing within the Department of requests for advice, cutting out unnecessary repetition of research already performed or advice already given, coordinating our activities so as to avoid duplication of effort in cases on which more than one of us is engaged, and so on - all, of course, subject to the proviso that we are not justified in cutting corners if there is a risk (as there often is) of the public interest being seriously endangered or of a citizen's rights being disregarded. As one would expect, the most promising field for efficiency-seeking steps of this kind is our Registry and, generally, our internal administration. But with a minute Registry staff, such as I have described above, and with an Establishment Officer who functions as such single-

/handed



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

H. Steel CMG OBE

handed in the interstices of his substantive duties as a full-time professional officer, the opportunity for major innovations is not very great. But we do try and we shall go on trying.

My second rider is that if, in the light of what I have said, you still think that we may have misappreciated the possibilities open to us in the scrutiny field, I should be very grateful for further guidance on where we might profitably turn our attention. If you thought it worthwhile, our Establishment Officer (David Haggan) and I would be very happy to pursue the matter in informal discussion with you or one of your colleagues.

In this letter I have confined myself to the position of the Law Officers' Department itself. It may be that the DPP's Department and the Treasury Solicitor's Department, both of whom are very much bigger than we are and do have certain routine functions, may have more to offer in the context of scrutiny programmes. Indeed, I know that the Treasury Solicitor has one, or possibly two, particular candidates in mind. I am therefore copying this letter and the previous correspondence to the Director and to the Treasury Solicitor, with the suggestion that they should themselves let you have their comments.

In view of paragraph 2 of your letter, I am also copying this letter to Robin Butler as well as to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,
Henry Steel



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

dcno

The Rt Hon Norman Fowler MP
Secretary of State for Social Services
Alexander Fleming House
Elephant and Castle
London SE1 6BY

20 April 1983

Dear Norman,

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2/4

INCENTIVES TO IMPROVE EFFICIENCY

Thank you for your letter of 28 March, with which you enclosed details of pilot schemes to be run in your social security local offices over the next two years. Your officials deserve the fullest commendation for devising these schemes so thoroughly and in such a relatively short time.

I certainly expect schemes of this kind to reinforce our drive for better management in the Service. Alongside the developments coming from the financial management initiative, we need to support greater delegation of responsibility, and its acceptance and exploitation by officials at all levels, by appropriate policies in the area of staffing management. I fully agree with you that these incentive schemes should make a real contribution by motivating staff and managers to seek better and more efficient ways of doing their jobs.

I understand that there are several other pilot schemes being worked up in departments. Some are on the point of being put forward to Ministers. These should complement your schemes, coming as they will from quite different organisational and functional areas.

There are bound to be difficulties and elements of rough justice inherent in each pilot scheme, and I do not under-estimate these. The advantage of pilot schemes however, is that they can avoid the best becoming the enemy of the good. If necessary they can be operated only in a very limited area or way, or for a limited time. We can seek refinements later, or if need be, reject a scheme altogether after practical experience with it. The important need is to foster experimentation rather than stifle it.

I would be grateful if other colleagues would let us know in the near future how they propose to proceed with pilot schemes in this field, with reference to my letter of

4 November last. I know my officials have been in close touch with yours during the development of your schemes, and they are of course very ready to discuss possible schemes with other departments.

I am copying this letter to Geoffrey Howe and all Cabinet colleagues. Copies also go to the Prime Minister and Sir Robert Armstrong.

Yours ever

Dance

BARONESS YOUNG

God Mechny - Raper : P114

11 APR 1983



Carl Mad

Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 { 4400
GTN 273 }

18 April 1983

The Rt Hon William Whitelaw, CH, MC, MP
Secretary of State for the Home Department
50 Queen Anne's Gate
LONDON SW1H 9AT

JB
*19/4**Jim White*

The Home Office was one of 9 departments which took part in the recent multi-departmental Review of Personnel Work. I am sending you with this letter a copy of the central report which John Cassels submitted to the Prime Minister and myself about the review.

The Prime Minister has particularly asked me to express her gratitude for the work of the departmental teams which took part in the review. She has commented that the central report is a very useful contribution to the future of personnel policy. She hopes that its recommendations will be implemented as soon as possible and has asked me to report on progress in about a year.

The report covers among other matters recruitment, probation, staff appraisal, career development and postings, promotion, and inefficiency procedures. It is based firmly on the work done in departments and has been discussed with them. I am sure that it will be generally welcomed, as likely to make personnel work less bureaucratic and more effective. The report is in line with the Financial Management Initiative in wishing to see responsibility and authority pushed out from the centre and down the management line. Both involve giving managers at all levels clear objectives, well-defined responsibilities and the necessary training and other support.

Other current developments reinforce this trend. Megaw recommended performance-related pay and a more unified grading structure; and the recommendations of two other reports commissioned by MPO during the year, the Fraser Report on Management Development in the 1980s and the Atkinson Report on the Civil Service Selection Board, are also concerned with improving personnel management in the Civil Service.

The amount of important work to be done in this field is large. I propose that we concentrate on the following priorities this year:

(1) Career Management

New succession planning arrangements are already in place and working. Now we shall try to improve career management for those

likely to get to the top, with less frequent job changes and postings and improved training. The Treasury and Civil Service Committee have urged on us a long mid-career training course - 3-4 months - for those entering the Open Structure. We think it better to spread training over the first part of the career; but we are proposing to introduce a new 3 to 4 week course for those promoted to the Open Structure, to equip them for their role as top managers. I hope that for part of this course they will be able to work alongside people from the private sector.

(2) Staff Appraisal and Reporting

The review of personnel work has shown that reporting standards are lax and that the system is geared too much to assessment for promotion and not enough to actual performance. The system will need to be made more performance-orientated.

(3) Performance-Related Pay

We need to follow up the Megaw recommendations on performance-related pay and I will be bringing proposals to you. A practicable scheme requires people to be given clearly defined performance tasks and criteria. The FMI should help towards this, but it will take time to develop appropriate systems and thus overcome the objections which the Cabinet saw when they considered this matter a couple of years ago. At the same time we shall be taking steps to sharpen up our approach to dealing with poor performance and inefficiency.

(4) Training

I intend to reinforce our training effort, especially for senior managers and staff concerned with financial management, and am arranging for the Civil Service College to develop its programme accordingly.

(5) Unified Grading

The Megaw Report encouraged us to work towards a system of unified grading which would break down the barriers between the main occupational groups - administrators, scientists, and professional and technical staff, particularly at more senior levels. There is enthusiasm amongst Departments for developing in this direction, although it will have to be a gradual process. We are making a start this year at Assistant Secretary and Senior Principal and equivalent levels.

In addition Dennis Trevelyan, the First Civil Service Commissioner who has recently joined us from your department, will be considering what changes are required in recruitment procedures to make them more responsive and effective and less cumbersome.

Since there is much other work to be done in the personnel field besides the tasks of highest priority which I have outlined, I have arranged for my officials to draw up a draft Personnel Management Action Programme as a basis for consultation with departments. I am sure that it is opportune to look over the whole field to ensure that the programme is orderly and manageable and that we use the available resources to best effect and concentrate effort where it is most needed. The draft programme will be ready by about the end of April and I hope that we shall be able to firm it up by about the end of May.

I am planning to publish the report of the Personnel Work Review and shall take the opportunity then to state publicly the tasks of highest priority as set out in this letter. My officials will be in touch with yours about the arrangements in due course. Copies of the report will be sent to the trade unions at that time but not before.

I am sending copies of this letter and the report to Cabinet colleagues, Lord Rayner and Sir Robert Armstrong. Copies of the report are also being sent to Permanent Secretaries and PEOs.

Yours ever
Darwin

BARONESS YOUNG

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cc NO



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

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15/4

13 April 1983

The Rt. Hon. Norman Fowler MP
Secretary of State for Social Services

A handwritten signature in dark ink, appearing to read 'Norman'.

INCENTIVES TO IMPROVE EFFICIENCY

I was very interested to see the proposals for the pilot schemes which you put forward in your letter of 28 March to Janet Young.

As you know, I am much in favour of providing a genuine incentive to managers to improve the efficiency and effectiveness of their operations, and to cut out waste and overmanning. So I welcome these experiments. Scheme A appears more directly aimed at the objective. Although I thoroughly approve of the principle of rewarding good overall performance, I suspect that scheme B may be less easy to operate; much will depend on the judgement of Group Managers. But the proposed switch between the two schemes after a year's trial should produce useful evidence of their relative impact. Further development of performance indicators eg in relation to quality of service and cost centre budgeting, will clearly be helpful in refining scheme B and giving it a more objective basis.

I look forward to following the development and achievements of these incentive schemes and in particular to seeing how they will operate either in this or in some modified form under your budgetary control system.

I am sending copies of this letter to the Prime Minister, Janet Young and other Cabinet colleagues.

GEOFFREY HOWE

A handwritten signature in dark ink, appearing to read 'Geoffrey Howe'.

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APR 19 1964
12 1/2
BOSTON
MASS
U.S.A.



Prime Minister

1
Gaut Mack

This arose from your conversation

with Sir R Armstrong in February about
the excessive copying of my letter about
the Loan Guarantee Scheme - "the first 50 Failures"

Ref. A083/1061

MR SCHOLAR

Your minute of 25 February sought proposals for taking forward the possibility of a scrutiny about the inefficiency of excessive copying.

Await action

2. Several scrutinies have already touched on problems of excessive paper. For example:

promised in para 4?

- a. The Treasury had a scrutiny of typing and secretarial services in 1981 (which is where the estimate of 10½ million copies comes from). One recommendation was for periodic anti-paper campaigns (as practised in Marks & Spencer). Treasury Ministers rejected this idea in favour of an office notice about continuing effort to reduce paper (issued in January 1982 - copy attached). MCS 13/4
- b. An MOD scrutiny, also in 1981, tackled the large problem of how to target information on those who should act upon it. This recommended a move from paper to microform and steps to make authors focus on who are their intended audience. MOD Ministers have expressed support for the recommendations, but have not been able to find the once-for-all cost of between £3 million and £5 million to make the change.
- c. The Inland Revenue looked at the contents of PAYE files in 1981 when the examining officer concluded that for the 20 million or so taxpayers whose affairs are straightforward the amount of paper held could be largely eliminated. Tests of the scheme are under way and first indications are promising.
- d. The Ministry of Agriculture, Fisheries and Food had an excellent scrutiny in 1982 about the generation and handling of paper. It estimated that only a third of a typical in-tray is for action, and identified many problems of excessive paper (including



prolific photocopying by private offices). The report made proposals to put things right, largely by example from the top (ie Ministerial offices). It also put forward adoption of paper control exercises every two to three years. The action document is due shortly, and the outcome will be reported to the Prime Minister.

3. Partly as a result of these findings, we have included in the 1983 programme of efficiency work a review of support services for administration, which will focus on how efficiently and effectively information is handled in Government. Six Departments are looking at these aspects of a sample of their operations:

Home Office - criminal policy

Inland Revenue - capital taxes

Customs & Excise - subject undecided but focussing on paper

Management and Personnel Office - the Civil Service Commission

Employment - subject undecided

Environment - information flows between HQ and the regional offices

4. The review is being co-ordinated by Mr I B Beesley in the Rayner Unit and uses the scrutiny method. After the completion of departmental reports a central report on the results and any wider lessons will be made to the Lord Privy Seal and the Prime Minister. I am reasonably confident that we can expect substantial improvements to flow as a result (including use of new technology). This scrutiny will cover the problem the Prime Minister has identified in excessive copying.

5. A review specifically of Departments' use of reprographics is due later in the year. This will also include photocopying, and will approach the problem from a different angle. As a result management guidelines will be promulgated to Departments; these will stimulate improvement by setting standards.

ROBERT ARMSTRONG

13 April 1983

GOVT. MACB
Raynes
PT 14



3 APR 1983



COMPTROLLER

H M TREASURY
OFFICE NOTICE

ON (82)6
8 January 1982

REDUCING PAPER IN THE OFFICE

Mr D R Norgrove's recent Rayner review of the Treasury's secretarial and typing services drew attention to the enormous amount of paper which the Treasury uses. 10¹/₂ million photocopies are taken each year, that is about 20,000 for each member of the Treasury Divisions.

Most of this paper is necessary. The precision imposed by writing things down is necessary in Treasury work and there is not time to communicate orally everything which needs to be communicated. But large intrays are deadening and reading can reduce the time available for getting things done.

Producing typewritten paper is expensive. The cost of each sheet of paper is something like:-

£5-£10 of a desk officer's time to write or dictate it;

£3 of a secretary's time to type and check it;

£1 of a secretary's and clerk's time to photocopy; distribute and file it.

and perhaps

£2 for the time taken by recipients to read, consider and dispose of each copy.

So we need to be vigilant for ways of reducing unnecessary paper.

ACTION

All members of the Office who send out papers should ask themselves -

Is this piece of paper really necessary?

Does it have to be typewritten?

Do all the people marked to receive copies really need them?

If it is a circular, is it still serving a useful purpose?

Correspondingly recipients are asked to ask themselves whether they really need each document they receive. When they receive a copy of a document they do not need, they should not take the easy course of putting it in the waste paper basket or marking it to someone else or to a file, but are asked to return it to the originator asking that they be taken off the distribution list for future papers in the series. Before deciding to remain on the circulation list on the chance that a future document may contain something relevant, they should weigh the cost of that decision to the Office and themselves.

Secretaries of Committees are being asked by the Head of Committee Section to review the distribution lists of their Committees, if they have not recently done so.

Private Secretaries to Ministers are being asked to review their policy over the distribution of papers from Private Office to see if it can be reduced.

Any questions arising from this Notice should be addressed to Mr A Batchelor
(233 5359)

PFC



10 DOWNING STREET

From the Private Secretary

11 April 1983

Dear Mary,

The Prime Minister has now seen the Lord Privy Seal's minute of 29 March with which she enclosed Mr. Cassels' Report on the Review of Personnel Work. She has also had an opportunity to look at the summary of the Report which the Lord Privy Seal also enclosed.

Mrs. Thatcher is very grateful for the considerable work which went into the Report and particularly to the departmental teams. She would be grateful if the Lord Privy Seal could undertake to pass on to those concerned the Prime Minister's thanks. She considers that the Report itself is a very useful contribution to the future of personnel policy and she very much hopes that its recommendations will be implemented as soon as possible. To this end she has asked that the Lord Privy Seal should report on progress on implementation in Departments in about a year.

On particular points raised in the Report the Prime Minister has noted the recommendations on the improvement of our approach in dealing with poor performance and inefficiency. She hopes that without giving these recommendations undue prominence they will be pursued as one of the priorities identified in the Lord Privy Seal's minute.

I am sending a copy of this to John Kerr (HM Treasury), John Gieve (Chief Secretary's Office) and Christopher Joubert (The Rayner Unit).

y
 Yours ever,
 Tim Flesher

Timothy Flesher

Mrs. Mary Brown,
 Lord Privy Seal's Office.

PRIME MINISTER

Review of Personnel Work

Attached is a minute from the Lord Privy Seal about the Report of the Review of Personnel Work. Also attached is the Report itself together with a summary which is flagged. The Report is based on the work of nine teams in Departments covering 60% of the non-industrial Civil Service.

The general view here, including that of the Rayner Unit, is that this is a very useful piece of work. The Review teams pulled no punches and seem to have identified a number of major points about the conduct of personnel work policy which seem to me to coincide with how the customers of personnel policy - the staff - view it. Particular points which they raised include:

- (i) The need to delegate more responsibility for personnel work to departments;
- (ii) The need to give staff more information about departmental personnel policies while at the same time avoiding giving them unrealistic expectations about promotion possibilities in a shrinking Civil Service.
- (iii) The need to tighten up appraisal procedures including those for inefficiency. My experience is that staff are willing to accept reduced promotion opportunities provided they perceive that the promotion system is fair and that there are no passengers in more senior grades.

The recommendations in the Report would, if implemented, go a considerable way not only towards improving the quality of personnel work but improving staff perceptions of that work. I suggest, therefore, that you should agree to Lady Young's suggestion that the Report should be published with your endorsement. If you agree, I suggest that your response should stress that it is important that departments should take the Report's recommendations seriously. Indeed you might ask for a report of the progress after, say, a year.

/ One further point.

One further point. The Report is very tough on the need to sharpen procedures for moving and removing inefficient staff. We talked about this during your recent visit to DES. Lady Young's minute makes only a passing reference to this aspect of the Report. Shall I ask Lady Young to give this point as much weight as the others to which she draws attention in her minute?

*Should have I would add the
"with a view" point
after "recruitment" at
the bottom of page 2.
That would have been
without too much prominence
MB*

31 March 1983



PRIME MINISTER

*In folder at
back of file*

With this minute I am sending you Mr Cassels' report on the review of personnel work. This review was undertaken as part of last year's central efficiency programme. It was conducted by teams in nine Departments and a central team from the Management and Personnel Office. I commend the report to you.

The review covers amongst other things recruitment, probation, staff appraisal, career development and postings, promotion, and inefficiency procedures. I enclose a shorter, summarised, version of the report which you may find helpful.

The report has been discussed with Departments and has been generally welcomed, as likely to make personnel work less bureaucratic and more effective. I propose that it should be printed and published - and made available to the Treasury and Civil Service Committee - in mid-May.

This report follows the Financial Management Initiative in encouraging Departments to push out responsibility and authority from the centre and down the management line. Both involve giving managers at all levels clear objectives, well-defined responsibilities, and the necessary training and other support to do a good job.

The follow-up to the FMI and to the report on personnel work and other linked initiatives will be the main tasks of the Management and Personnel Office this year, together with the scrutinies and multi-Department reviews which you approved some weeks ago.

In the field of personnel work, we shall concentrate on the following priorities:

(1) Career Management

New succession planning arrangements are already in place and working. Now we shall try to improve career management for those likely to get to the top, with less frequent job changes and postings and improved training. The Treasury and Civil Service Committee have urged on us a long mid-career training course - 3 to 4 months - for those entering the Open Structure. We think it better to spread training over the first part of the

career; but we are proposing to introduce a new 3 to 4 week course for those promoted to the Open Structure, to equip them for their role as top managers. I hope that for part of this course they will be able to work alongside people from the private sector.

(2) Staff Appraisal and Reporting

The review of personnel work has shown that reporting standards are lax, and that the system is geared too much to assessment for promotion and not enough to actual performance. The system will need to be made more performance-orientated.

(3) Performance-Related Pay

You have emphasised the importance which you attach to introducing merit pay. A practicable scheme requires people to be given clearly defined performance tasks and criteria. The FMI should help towards this, but it will take time to develop appropriate systems and thus overcome the objections which the Cabinet saw when they considered this matter a couple of years ago. At the same time we shall be taking steps to sharpen up our approach to dealing with poor performance and inefficiency.

(4) Training

We need to put more resources into training, especially for senior managers and finance staff. I am pursuing this with Treasury colleagues.

(5) Unified Grading

The Megaw Report encouraged us to think about the introduction of a system of unified grading which would break down the barriers between the main occupational groups - administrators, scientists, and professional and technical staff, particularly at more senior levels. There is enthusiasm amongst Departments for developing in this direction, but it will have to be a gradual process. We propose to make a start this year by eliminating pay distinctions at Assistant Secretary and Senior Principal and equivalent levels.

* In addition, the new First Civil Service Commissioner will be considering what changes are required in recruitment procedures to make them more responsive and effective and less cumbersome.

With the reduction of manpower on course for 630,000 by 1 April 1984 and this combination of management and personnel work, we are well on our way to achieving the smaller, more professional and more efficient Civil Service which has been our aim.

I should be glad to know that you accept the Personnel Work report as the basis for further detailed work in the Departments, and that you are content for it to be published with a brief foreword by myself. Subject to your approval, and following the necessary consultations with our colleagues, I shall take the opportunity of publication to announce the tasks of highest priority outlined in this minute.

I am sending copies of this minute and its enclosures to the Chancellor of the Exchequer, the Chief Secretary to the Treasury and Lord Rayner.

Janet Young

BARONESS YOUNG

29 March 1983

REVIEW OF PERSONNEL WORK
SUMMARY OF CENTRAL REPORT

Chapter 1 : Introduction

1. Nine departments, covering some 60% of the non-industrial Civil Service, took part in a multi-departmental review of personnel work as part of the 1982 centrally co-ordinated efficiency programme. Review teams looked at practice inside and outside the Civil Service (eg Fords). Their terms of reference were:

"To examine major aspects of personnel work, ie staff appraisal and career management, recruitment, redundancy, staff movements and wastage, and selected other personnel activities; to consider the respective roles in such work of line and personnel managers and the effect of relevant national and departmental rules and agreements; and to make recommendations for improving the performance of personnel work by line and personnel managers and so raising the motivation of staff as well as securing the maximum possible cost-effectiveness."

2. The review was co-ordinated by a central team in the Management and Personnel Office (MPO) under the direction of Mr J S Cassels. His central report sets out the general findings and lessons which emerged from the review and makes recommendations aimed at securing better and more cost-effective personnel work across the Civil Service.

Chapter 2 : The Personnel Environment

3. The main purpose of personnel work is to mobilise the experience, talents and abilities of staff in an organisation to secure the efficient and effective execution of its policy and operational goals.

4. Personnel work must be tailored to the sorts of people employed in the organisation, the business it is in, the nature of the organisation and the changing environment within which the organisation exists. The majority of non-industrial home civil servants work outside London in clerical jobs; almost half are women. Both the nature of the work and the size and structure of individual departments vary greatly. The environment is changing as the Civil Service gets smaller. There is more delegation to line management, a workforce which wants greater responsibility, and increased emphasis on professionalism within a smaller, better managed service.

Chapter 3 : Recruitment

5. "Fair and open competition" is the cardinal principle underlying recruitment to the Civil Service. But many of the procedures associated with it are costly and time-consuming. The review proposes greater flexibility. In the case of departmental recruitment (covering some 90% of new appointments, mainly to clerical grades), departments at local level should have greater discretion whether or not to take part in joint recruitment schemes (but on a repayment basis if they do so) and greater freedom in the arrangements for recruiting through Jobcentres. Departments should involve line managers more closely in local recruitment to strengthen their authority and control over their staff. As a safeguard for "fairness and openness", and as a counterpart to local flexibility, departments will need to monitor recruitment arrangements.

6. In the case of recruitment by the Civil Service Commission, delegation to departments of EO recruitment would give more accountability and flexibility but these advantages are outweighed by the costs and practical difficulties involved. The Commission already has in hand steps to improve the quality and speed of recruitment to this grade. These measures should be supported by an agreement between the Commission and departments on the standards of service to be met and their respective responsibilities; and, to underpin this, by the introduction of repayment by departments for the Commission's services. The case for a formal agreement and for the introduction of repayment is of equal validity in the field of specialist recruitment.

Chapter 4 : Probation

7. New recruits need close supervision and special encouragement. Those unlikely to make the grade should be identified as early as possible. While a formal probation period (usually of one year) should be retained, there is a strong case for streamlining the existing procedures, which are lengthy and paper-intensive. It will be for individual departments to decide, in the light of their own circumstances, how this can be accomplished, but the objective should be to do so with the minimum of formality while ensuring fairness.

In the main, the responsibility for confirming an appointment should be vested in line management who are best placed to assess a new recruit's performance and to offer developmental advice. This would strengthen line management's accountability and responsibility for their staff. Personnel staff should always be involved to offer support and to monitor standards. In particular they should be alerted as soon as there is any doubt about confirmation of appointment. In future probationers should be required to demonstrate a capacity to reach a good standard of performance before their appointments are confirmed.

Chapter 5 : Staff Appraisal

8. Annual written reports on all staff are necessary to provide a framework for discussion of performance between an individual and his manager and to supply information to assist with personnel activities such as posting, training and promotion. But procedures and forms need not be uniform throughout the Service. Some departmental teams argue that the existing standard report forms cater for too many divergent departmental requirements and are, as a result, over-elaborate and under-utilised. Departments should therefore have discretion to develop appraisal systems appropriate to their own circumstances within a framework of basic principles laid down by the MPO.

9. A number of principles are of primary importance. There must, for example, be a further shift of emphasis in appraisal towards performance in the present job. This means drawing a clear distinction, perhaps by the creation of two different forms, between job performance and promotion potential. It also means that, in appraising performance, reports should emphasise actual achievements assessed against an agreed job definition, including, wherever possible, targets agreed at the outset of the year. A corollary is that the job-holder should see his performance report which should provide the basis for constructive counselling sessions. The office holder's line manager, rather than the countersigning officer as now, then becomes the obvious candidate to undertake counselling sessions, as the officer most familiar with the individual's work.

Chapter 6 : Career Development and Postings

10. Career development and postings are primarily questions for individual departments who should develop and promulgate coherent career management plans in line with their general personnel policies. Such statements are important if, as is desirable, staff are to play a more influential part in their own development and line managers are to be given more responsibility for counselling, developing and deploying staff at least at junior levels. Greater involvement of line managers in career development will need to be complemented by closer liaison with personnel divisions. There will remain a need for Career Development Interviews, where staff can get advice from personnel divisions, but these should in general be undertaken selectively, as need arises, rather than as a matter of routine.

Chapter 7 : Promotion

11. The evidence suggests that existing promotion arrangements, whether interview or paper-based, command the confidence of management and staff alike in their fairness and in their capacity to identify suitable candidates for promotion. Paper boards are cheaper but there are no hard data on comparative cost-effectiveness. Any moves to a greater use of paper boards, particularly for promotion at junior levels, should be monitored and the results circulated to all departments.

12. The main difficulty of the existing system lies in the excess of apparently promotable candidates over vacant posts, a disproportion which is tending to expand as promotion opportunities decrease (for example, in DHSS perhaps little more than 1% a year of the EO/IOI grade will be promoted to HEO from the mid-1980s on). Staff should be given an honest view of their own prospects. This will mean publicising more information about promotion procedures and vacancies and better feed-back from promotion boards to line managers. It also implies a heavier onus on line management both to provide more realistic assessments of promotability and to advise individual members of staff of their views. Even so, departments are likely to need more rigorous sifts of candidates at the pre-interview stage. Departments should also examine the case for self-nomination for promotion as a means of extending the opportunities for individuals

to influence their own careers. Attempts are being made to reduce the burden and cost of promotion pooling exercises between departments; if these do not succeed, routine promotion pooling should be abolished.

Chapter 8 : Inefficiency

13. The review teams are critical of the present operation of the inefficiency procedures within the Civil Service. They are rarely used, take longer than outside employers', tend to suffer from over-elaboration at departmental level and impose a considerable burden of monitoring on managers. While the procedures must comply with the requirements of employment law and should be regarded as fair by staff generally, they should not be unduly lengthy or complex.

14. The report therefore recommends that the length of the formal trial period should be reduced from a minimum of 6 to a minimum of 3 months. Departments would have discretion to set trial periods above this appropriate to the case but the general aim would be to complete the procedures within 6-12 months. Further improvements should be made by placing responsibility for identifying the inefficient, initiating formal action and seeing it through within the line management hierarchy since it is best placed to assess the quality of the individual's work. At the same time personnel staff have an essential duty in monitoring the operation of the procedures to ensure fairness and consistency and, in individual cases, in offering expert advice and information. Dealing properly with inefficient staff requires a close partnership between line and personnel divisions; personnel staff should be involved automatically as soon as formal inefficiency procedures are initiated. Each department should have clearly-defined procedures for internal appeals but these need not require Departmental Retirement Boards.

15. To emphasise management's determination to combat inefficiency in the Civil Service, the current discretion to withhold increments from unsatisfactory performers should be exercised in appropriate cases and compensation payments in cases of premature retirement on inefficiency grounds should be abolished.

Chapter 9 : Implications for Personnel Work in Departments

16. Five major themes emerged from the reports of the departmental teams:

- the need for coherent personnel arrangements with clear aims, tailored to the needs of the individual organisation;
- increased delegation to line management;
- greater expertise in personnel work;
- better communications on personnel matters;
- greater involvement of the individual.

17. One consistent theme has been the need for flexibility in the application of central guidance. Too heavy a reliance on uniformity in the name of "fairness and equity" often generates cumbersome, costly and time-consuming procedures. It is important that each department should develop a personnel strategy and practical procedures tailored to its own needs.

18. A corollary of delegation from the centre to departments is the decentralisation of the personnel function within them. Wherever possible, line managers should take direct responsibility for the management of the staff under them so that personnel work becomes an integral part of the more general management functions. The correct balance between the centre and the line will vary according to function and departmental circumstances; wherever it is pitched, the division of accountability between line management and personnel divisions should be clearly defined and well publicised. This redrawing of responsibilities will demand new skills of line managers, and current training programmes will need to be modified accordingly. While continuing to undertake some executive functions, personnel divisions will increasingly be required to frame personnel strategies and to offer specialised knowledge and advice to line managers in the discharge of their personnel responsibilities. This points to more expert personnel staff. To assist their development, new personnel managers should undertake a mandatory common core of 3 weeks' basic training at the Civil Service College.

19. Underlying these reforms must be a commitment to improve communications within departments. Staff and managers both need better information about departmental personnel policy; the former as a basis for assuming the initiative in shaping their own careers, the latter in order to exercise their responsibilities conscientiously and effectively. Departments should therefore publish for staff an explicit statement of their personnel policies.

Chapter 10 : Implications for the MPO

20. Allowing departments more discretion to frame personnel systems suited to their own needs has important implications for the MPO. There is a continuing need for a central personnel function, but it is one in which the emphasis should be much more on laying down central principles and leaving departmental managers to get on with the job, subject to audit. Central prescription should be applied only to those functions where it is necessary or desirable for the maintenance of Service-wide standards (eg minimum recruitment qualifications, redundancy procedures). The MPO should continue to provide services for departments where it is more efficient or cost-effective to organise them centrally (eg the provision of medical advice).

21. At the same time the MPO will need to develop further the capacity to audit selectively the performance of departments. It should command the confidence of departments by ensuring that its staff are experts in their field. This underlines the importance of the existing policy of interchange of staff between MPO and operational departments and of establishing links with outside management interests.

Chapter 11 : Implementation

23. The review is part of a wide range of work, recently completed or still in progress, which will have important consequences for the future development and application of personnel policies in the Civil Service. This necessitates a single coherent programme of action with clearly designated priorities for rapid progress. A first choice for priority among the review's recommendations will be the early introduction of improvements in the staff appraisal system. Resource implications will need to be kept firmly in mind. There are likely to be some initial costs in revising procedures and introducing new systems, particularly in relation to training, but it should be possible to make substantial progress without requiring significant additional resources.

24. Successful implementation of the review's recommendations will depend upon the support and commitment of managers, staff and trade unions across the Civil Service. It will require a clear lead from the top and sustained education to bring about the necessary changes of attitude. More senior managers, in particular, must see staff management as an integral part of their responsibilities.

Chapter 12 : Summary of Recommendations (attached)

SUMMARY OF RECOMMENDATIONS

Recruitment

1. As an experimental measure, departments should be allowed greater flexibility in operating local recruitment, including having vacancy notices removed from Jobcentre display once a specific minimum ratio of qualified applicants for each vacancy has been achieved. The outcome should be reviewed in September 1983 (paragraph 3.7).
2. Departments should undertake their own local recruitment where they wish to do so, provided that the needs of small departments can be satisfactorily met (paragraph 3.10).
3. Where departments elect to continue with collective schemes, they should operate on a basis of repayment (paragraph 3.10).
4. Departments should pursue cost-effective ways of involving their local line managers, with the support and advice of personnel staff, more closely and decisively in the process of local recruitment (paragraph 3.11).
5. Departments should set up appropriate arrangements, where they have not already done so, to monitor and evaluate their local recruitment processes (paragraph 3.12).
6. The MPO, in consultation with departments, should carry out a thorough review of local recruitment arrangements by the end of 1985 (paragraph 3.13).
7. Direct entrant EO recruitment should continue to be undertaken centrally by the Civil Service Commission (paragraph 3.18).
8. The Commission should press ahead with its plans to improve the quality and speed of EO recruitment, including a continuous scheme of recruitment from 1984 (paragraph 3.20 - 21).
9. Specific proposals for the introduction of a recruitment concordat between the Commission and departments, repayment and ways of involving departments more closely in selection decisions for EO recruitment, should be worked up during the scrutiny of the Commission (paragraph 3.24).
10. There should be a thorough review of the revised arrangements for EO recruitment by the end of 1985 (paragraph 3.25).

11. Specialist recruitment by the Commission should continue to be undertaken centrally but should be covered by arrangements similar to those for EO recruitment (paragraph 3.27).

Probation

12. New entrants should continue to serve a period of probation or trial, limited to one year for all grades except Administration and other trainees for whom a 2 year probation remains appropriate (paragraph 4.10).

13. The primary emphasis of probation should be on the positive development and encouragement of recruits and on identifying in good time those who are not likely to make the grade (paragraph 4.8).

14. Probationers should demonstrate a capacity to reach a good rather than a fair standard of performance to merit confirmation of appointment (paragraph 4.11).

15. Specific probation procedures should be for departmental determination and should concentrate on making line management responsible for the development and appraisal of new recruits with minimal formal reporting. Streamlining might include requiring extensive reporting only in cases of unsatisfactory progress (paragraph 4.12).

16. Authority for taking decisions on confirmation of appointment, except in the case of Administration and other trainees, should lie with line management at an appropriate level; personnel staff should always be involved (paragraph 4.13).

Staff Appraisal

17. Written appraisal reports should continue to be made annually on all staff (paragraph 5.11).

18. Departments should have discretion to determine the details of their own appraisal systems and forms within a centrally-prescribed framework of general principles (paragraph 5.13).

19. The MPO should take responsibility for establishing these fundamental principles after consultation with departments; for providing guidance on good practice; and for giving expert advice

on form design, supplemented by specimen model forms including those for the centrally managed groups (paragraph 5.13).

20. The primary emphasis of the annual appraisal form should be on performance in the present job; this would be assisted by greater separation of assessments of performance and of potential (paragraph 5.15).

21. Every performance report form should include a scale rating for overall performance with a clear line below which performance is regarded as unsatisfactory (paragraph 5.15).

22. Performance should be assessed against an agreed job definition including, wherever possible, targets agreed at the outset of the year. The form should focus more on actual achievements on the job and less on personal qualities and traits (paragraph 5.16).

23. Performance reports - but not promotion reports - should be completely open, with space for the individual's comments, and should form the basis of an appraisal interview, usually with the immediate line manager (paragraphs 5.17 - 18).

24. There should be no further degree of openness in relation to the promotion and longer term potential parts of the appraisal system; staff would as now be entitled to disclosure of their promotability marking (paragraphs 5.17 and 7.12).

Career Development and Postings

25. Each department should prepare a statement of its career management policy. This should clarify respective responsibilities for action and include estimates of likely length of posting (paragraph 6.10).

26. Career Development Interviews should be undertaken on a selective basis, as need arises, rather than as a matter of routine (paragraph 6.11).

27. The mobility obligation should remain a condition of service for all grades of staff presently classified as mobile (broadly full-time staff from EO level and equivalent upwards) (paragraph 6.15).

28. The MPO should be responsible for overseeing departmental succession plans and the career development plans for certain groups of specialists and staff already in, or considered potential candidates for, the Open Structure (paragraph 6.16).

29. There should be more selectivity in internal circulation of trawl notices (paragraph 6.17).

Promotion

30. Departments should monitor the effect and cost of greater reliance on paper boards at junior levels or interview boards at more senior levels and disseminate the results to all departments (paragraph 7.7).

31. Departments should publish for staff information on promotion procedures, vacancies and required experience and skills (paragraph 7.10).

32. Interview board members should be given more information and training (paragraph 7.16).

33. New arrangements to improve the operation of the promotion pooling scheme should be given a trial; if they do not prove successful, routine promotion pooling exercises should be abolished (paragraph 7.18).

Inefficiency

34. The framework for dealing with the inefficient should continue to be laid down centrally (paragraph 8.9).

35. The formal trial period should be reduced from a minimum of 6 months to a minimum of 3 months (paragraph 8.13).

36. There should be recognised departmental procedures for appeals but these need not require a Departmental Retirement Board (paragraph 8.14).

37. Authority to decide on inefficiency cases should rest with line management, usually at senior levels (paragraph 8.10).

38. Line management should be assisted and monitored by personnel staff and provided with clear concise guidance on the necessary procedures, particularly the required amount of detailed oversight of the individual. Personnel staff should be involved automatically as soon as line management sees need to initiate the first stages of the formal inefficiency procedures (paragraph 8.11).

39. The current discretion to withhold increments from unsatisfactory performers should be more rigorously applied (paragraph 8.16).

40. Compensation payments in cases of premature retirement on inefficiency grounds should be abolished (paragraph 8.17).

41. In autumn 1983, the MPO should review the full range of early retirement arrangements and take into account experience of the new arrangements introduced in April 1983, practice in outside organisations in the UK and practice in the public sector in other countries (paragraph 8.18).

Implications for Personnel Work in Departments

42. Each department should develop a coherent personnel strategy tailored to its needs (paragraph 9.4).

43. Departments should define explicitly the division of responsibility between line and personnel management and the personnel responsibilities and authority of individual posts (paragraph 9.8).

44. As far as possible, line managers should be fully responsible and accountable for the management of their staff. Their training needs to this end should be assessed and met (paragraphs 9.9 - 10).

45. Personnel staff should continue to undertake directly some executive functions but should place more emphasis on providing information, support and expert advice to line management in the discharge of its personnel responsibilities; exercising a monitoring and co-ordinating function; and taking responsibility for personnel strategies (paragraph 9.11).

46. All new personnel managers should undertake a mandatory common core of 3 weeks' basic training at the Civil Service College. This requirement should be reviewed after 3 years by the MPO's Training Division in conjunction with departments (paragraph 9.13).

47. Departments should set in hand arrangements to identify and meet personnel managers' training needs over and above those covered in the College's basic course (paragraph 9.15).

48. Each department should publish for its staff an explicit statement of its personnel policies, including career management and mobility policies (paragraph 9.16).

Implications for the Management and Personnel Office

49. Responsibility for developing personnel policies and procedures tailored to its particular needs should rest clearly with each individual department. The MPO should promulgate basic principles for the Service as a whole; disseminate advice, guidance and examples of good practice; and audit departmental performance selectively (paragraph 10.7).
50. New initiatives or other major changes proposed by MPO should have the specific approval of its top management as part of the activity planning cycle, and Establishment Officers should be consulted before detailed work goes ahead (paragraph 10.11).
51. The MPO should immediately draw up an Action Document on this and related reviews and this should serve as a statement of MPO's intentions to other departments (paragraph 10.13).
52. For the longer term, the MPO should devise arrangements for the selective audit of departmental performance. These should include provision for MPO staff to see for themselves what approach departments have adopted and to study in detail what is happening on the ground (paragraph 10.13).
53. The present policy of increasing interchange of staff between MPO and operational departments should continue; special attention should be given to ensuring the application of the policy fully to the MPO's Personnel Management Group (paragraph 10.14).
54. The MPO should establish continuing links with the IPM and outside personnel managers to keep abreast of developments in personnel management and should consider enabling a small number of key personnel management staff to acquire deeper knowledge through appropriate courses of study (paragraph 10.15).

Optional Topics included in the Review

55. Responsibility for authorising work related allowances including overtime and leave should normally lie with line management where this is not already the case (Annex I, paragraph 7).
56. In carrying out their review of accommodation management, ME2 Division of the MPO should:

- explore further the problems of accommodation management reported by LCD and Home Office;
- examine the extent of over or under provision of office space in departments;
- seek to extend the use of budgetary mechanisms for the control and management of accommodation and related expenditure;
- establish guidelines for good practice in accommodation management for promulgation to the departmental managers concerned by April 1984 (Annex I, paragraph 31).

J. S. Casseles

J S CASSELS

MARCH 1983



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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

The Rt Hon Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall
LONDON
SW1

28 March 1983

JB
28/3

INCENTIVES TO IMPROVE EFFICIENCY

I wrote to you on 13 December 1982 in reply to your letter of 4 November about our proposals to develop an incentive scheme for social security local offices. I said that we were working hard on the details of our scheme with a view to introducing it from April and that my officials would be keeping your Department and Treasury informed of progress. Our scheme has now been finalised and will be introduced on time. I understand that your officials have been involved at all stages of its development. I attach, for information, a short paper about the scheme and need only highlight the following features.

There are in fact two schemes, which we shall be running over a two year experimental period. Each local office will operate one scheme one year and the other the next. One scheme is tied to performance throughout the year, measured against targets and objectives; the other offers a pay-back on savings produced by ideas put forward by local office staffs. If all the awards which can be obtained are in fact made at the end of each year, savings will of necessity be almost double the amounts paid out. The strings attaching to the use to which awards may be put have been kept to the absolute minimum. The costs of administration will be negligible. The Trade Unions have been informed of the schemes.

I have hopes that the schemes, which contain real incentives and are intended to see us through to the full implementation of the budgetary control system which we are developing (and which may give scope for schemes of a different nature), will capture the imagination of local office staff and will be very successful. We shall be monitoring and evaluating them carefully.

I believe that the schemes are an important part of our overall policy for placing responsibility at the lowest possible level in the social security

E.R.

organisation both for the sake of efficiency and in order to motivate staff.

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 Fowler

NORMAN FOWLER

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INCENTIVES TO IMPROVE EFFICIENCY

1. The pilot schemes set out below reflect the outcome of discussions within DHSS and with MPO. In 1983/84, half the Group Manager Commands in the Social Security Regional Organisation will operate Scheme A, with the remainder operating Scheme B. In 1984/85 positions will be reversed, thus affording each office the opportunity to participate in both schemes. The Regional Award scheme will operate across the whole local office network each year.

Scheme A

2. Offices may put forward for the approval of the Group Manager schemes for making savings to which they are not already committed in any area of office activity.

3. In exercising his judgement as to whether or not to approve a scheme or schemes, the Group Manager will want to ensure that standards of performance and of service to the public will not be adversely affected by what is proposed and that schemes can be properly monitored and savings satisfactorily quantified. Savings accruing only in the course of the year in question will count towards an award. Where a scheme is approved at Group Manager level an office may have returned to it as an award, 25% of any savings made, up to a maximum of £1,000. Subject to this limit on awards deriving from individual schemes, an office may put forward and a Group Manager may approve more than one scheme for achieving savings.

4. Schemes should be formulated and submitted for Group Manager approval as soon as possible after 1 April in each of the 2 experimental years. Whilst there is no bar on the submission of schemes after this time in the course of a year, proper evaluation of the experiment requires that only savings accruing in that particular year may count towards an award. Savings may start to count immediately after any scheme has been approved.

Scheme B

5. Under this scheme awards may be made for good overall performance. It will be for the Group Manager to exercise his judgement in deciding what criteria to use for assessing performance although he may well decide to discuss with his Managers at the start of the year what should be taken into account. In judging performance, it is suggested that the Group Manager should have in mind not only the regularly available statistical measures of performance, but any other special factors with which an office has had to contend in the course of a year. He should pay particular attention to how resources have been both utilised and controlled, how the regional organisation's priorities for the year in question have been met, how special exercises have been handled and whether they have been completed on time and the extent to which improvements in performance over previous years and over agreed targets for the current year have been achieved.

6. It will not be open to a Group Manager to divide the available money equally or on a straight pro rata basis between all the

offices in the group. The level of awards will take account of the numbers of staff in each office.

e.g. a group of 18 offices

The top third (six offices) - £500 minimum plus a share based on the number of staff in each office (and using in total two-thirds of available funds);
Next one third (six offices) - £250 minimum plus a share based on staff numbers etc.

7. Six offices would receive no award. It will be open to a Group Manager to make fewer but not more than the total number of awards at the different levels.

Regional Awards

8. In addition to any awards made under Schemes A and B, there will be available each year in each region, two additional awards of £250 each for the offices promoting the best schemes for improving service to the public and a single award of £500 for the office with the most praiseworthy performance in the region as a whole. These regional awards will be decided by Regional Controllers in consultation with their Regional Management Teams.

DISPOSING OF AWARDS

9. During the experimental period, awards will be made to local offices immediately after the end of each financial year. There will be no strings attached to the uses to which awards may be put other than they should not be used for political purposes. A Group Manager may withhold or withdraw any award which it is proposed should be used in a manner which he considers might be regarded as in any way political. In broad terms, awards should be used for purposes from which benefit will accrue to the office as a whole. It will be for the Manager of each office to decide by what means the wishes of the staff should be identified. Incentive Scheme Committees or Working Parties, broadly representative of all the staff of an office, might be formed either to develop schemes or to decide how awards should be spent.

ADMINISTRATION AND FUNDING

10. It is particularly important that schemes should not carry with them a heavy administrative cost and the schemes outlined above have been designed with an eye to easy administration. Group Manager involvement is crucial in this respect. As well as being a means of achieving administrative simplicity however, involvement of the Group Manager is intended to emphasize his place in line management and to give him an additional means of bringing about an overall improvement in the efficiency of his offices.

INVOLVEMENT OF TRADE UNIONS

11. The Departmental Trade Union Side have been notified about the schemes which it is proposed to introduce experimentally and regional and local offices will be keeping the Trade Union Sides

at their respective levels abreast of developments. No formal negotiations by Group Managers or Regional Controllers as part of the award-making process are however envisaged. The extent to which local Trade Union Sides should be involved in the development of schemes or in decisions about how awards should be spent will be for local offices to decide.

Carl Meach, A-13
Raymer,

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6 MAR 1983



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

C J Walters Esq
PS/Home Secretary

Dear Walters,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Home Secretary's nomination of a scrutiny of the arrangements for staff training in the Home Office.

2. Mrs Thatcher considers that, taken with the Home Office's participation in two multi-department reviews in 1983 and the continuation of the important Resource Control Review of the Prison Service, this represents a good contribution to the Government's efficiency programme. She has commented that it will be important for the review of training to pay particular regard to the requirements identified as a result of the Review of Personnel Work and as part of the developments envisaged under the Financial Management Initiative. In view of the importance of this topic for the future good management of the department the Prime Minister will wish to take a particular interest in this scrutiny.

3. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C. Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

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M H Collon Esq
PS/Lord Chancellor

Dear Colan,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Lord Chancellor's letter of 11 February proposing two scrutinies this year. Mrs Thatcher notes that the scrutiny of the administration of means testing for legal aid has been postponed from 1982 and very much hopes that it will be possible to make rapid headway with the work. She is grateful to the Lord Chancellor for nominating a further subject for 1983 and has no difficulty in accepting it for the programme.

2. The Prime Minister has commented that she is particularly pleased that the expertise of the private sector will be brought to bear on the investment activity of the Department. *
3. In both cases the Prime Minister would like to be kept informed as the scrutinies develop and will take a particular interest in them.
4. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C. Priestley

C PRIESTLEY
Head of the Rayner Unit

** One of my staff, Ian Turner, is helping you
out on this and I hope that the scrutiny is
going well from his point of view.*



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

J Kerr Esq
PS/Chancellor of the Exchequer

Dear Sir,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Chancellor's minute of 18 February nominating the scrutinies in Customs & Excise, DNS and the Inland Revenue.

2. Mrs Thatcher welcomes the suggested topics for the Customs & Excise and the Inland Revenue. In both cases she judges that the proposals should maintain the departments' excellent record of contributions to the Government's efficiency programme and will wish to take a particular interest in the joint Inland Revenue/DHSS scrutiny.
3. The Prime Minister considers the Department of National Savings suggestion to be, at best, marginal. She would have thought that this kind of limited issue could be handled as part of the day-to-day management of the department and she is surprised that it is envisaged to spend a full 4 months of the examining officer's time on it. The Prime Minister would be grateful, therefore, if the Chancellor would consider whether this work might be done in a much shorter timescale, say, 60 working days, in which case she would be willing to include it in the programme as a limited scrutiny. Mrs Thatcher would also be grateful if a more substantial topic could be sought - possibly to start later in the year.
4. The Prime Minister agrees that the main Treasury need not undertake a scrutiny in 1983. She notes that Dr Freeman will be surveying the role and operation of the CCTA. She believes that the scrutiny approach would have much to commend it for undertaking such a review and would be grateful if the Chancellor would consider bringing this study into the scrutiny programme - in which case she would be pleased to take a particular interest in its conduct. Mrs Thatcher believes that the development of technologies

for application in the civil service offers scope for systematic improvement in civil service productivity. She is keen that the role and procedures associated with the central departments should be designed to encourage departments to make cost-effective gains urgently.

5. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours truly,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

B J P Fall Esq
PS/Foreign Secretary

Dear Fall,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Foreign Secretary's nominations of scrutinies into procurement in the FCO and the ODA, contained in your letter of 14 February.

2. Mrs Thatcher believes these are excellent proposals which would fit well with the multi-department review of contracts and procurement procedures which will start in the Spring and would be grateful if they could be included in that programme.

3. As regards the scrutiny programme, the Prime Minister wonders whether there would be a suitable topic in one of the London-based operations of the department (say, taken from the functional departments rather than the geographical departments). She would be grateful to know if the Foreign Secretary would see a prospect of carrying out such a scrutiny, possibly later in the year.

4. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

Mrs I Wilde
PS/Secretary of State for
Education and Science

Dear Mrs Wilde,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for your Secretary of State's scrutiny nomination described in your letter of 15 February. Mrs Thatcher believes that the suggested topic could make an exemplary contribution to the work to follow-up the Financial Management Initiative. She does, however, have two reservations:

- She thinks that the proposed terms of reference too easily assume that common (rather than consistent) procedures are required and is surprised that the proposals do not make any reference to ensuring that good value for money is obtained;
- She thinks that a DES official should be in the lead, supported as necessary by consultants.

2. The Prime Minister would be grateful if these points could be reflected in revised terms of reference and arrangements for carrying out the scrutiny. Perhaps I might offer a suggested redraft of the former, which might now read,

"To devise and secure the adoption of consistent, straightforward and appropriate accounting and control procedures; and to review the arrangements ensuring that good value for money is obtained from public funds provided to the colleges."

3. Mrs Thatcher has also indicated that she would like to take a particular interest in this scrutiny.

4. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,
C. Priestley
C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

S W Boys Smith
PS/Secretary of State for
Northern Ireland

Dear Boys Smith,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for your Secretary of State's letter of 10 February nominating a scrutiny of the stores in the Department of the Environment (Northern Ireland). Mrs Thatcher is aware that a great deal of progress has already been made on this topic in departments in Great Britain. She hopes that the lessons will be applied here too and, with that in mind, would be grateful if the experts in these matters in the Management and Personnel Office could be closely associated with the work.

2. The Prime Minister notes that the Secretary of State is considering identifying one or two policy areas which would be suitable for consideration as scrutiny areas later in 1983 or early in 1984. She would be very appreciative if an attractive topic of this sort could be included in the programme later in the year. Meanwhile, she is content to include the nominated subject in the 1983 programme as a "general interest" scrutiny.

3. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508

GTN 273

Switchboard 01-273 3000

Miss V K Timms
PS/Minister for Agriculture,
Fisheries and Food

See Kate,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for your Minister's letter of 11 February nominating a scrutiny of the agricultural science and food science central laboratories. Mrs Thatcher agrees that it would be appropriate to have a thorough investigation of the activities of the laboratories at this time. She would expect, for example, that the examining officers will consider whether the tasks carried out are essential and whether they need to be done in government or could be contracted out-especially given that your Minister suggests that there may be a need for capital investment. Mrs Thatcher has noted that this will be the third scrutiny exercise in MAFF scientific laboratories. She believes it is excellent that the activities of these institutions should be examined rigorously but has also commented that the scrutiny process is applicable more widely in departments and she hopes it will not become typecast as a means of investigating scientific laboratories. Nevertheless, the Prime Minister considers the proposals for 1983 to be sufficiently important for her to take a particular interest in the scrutiny.

2. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours ever,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

R C Mottram Esq
PS/Secretary of State
for Defence

R C Mottram,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Secretary of State's minute of 11 February. Mrs Thatcher is pleased that the Ministry of Defence will be participating in the multi-departmental reviews of inspection and review and of procurement and contracts procedures. She also notes that you will be undertaking a review of stocktaking and of productivity schemes. As regards the Resource Control Review of RAF support Mrs Thatcher has commented that she understands stage 2 of the review is now almost completed and wonders whether what your Secretary of State has in mind is to extend the operation further into RAF support or wider into the other services.

2. Mrs Thatcher fully understands why your Secretary of State wishes to give first priority to introducing MINIS into the Ministry and is content, for the time being, for there to be no specific scrutiny nominations. But, given the size and importance of the Ministry of Defence, the Prime Minister thinks it would be inconceivable to have a satisfactory scrutiny programme without MOD participation. She would be grateful, therefore, if your Secretary of State could make proposals in the Summer (when the first validation round of MINIS will have taken place) for scrutinies to start later this year.

3. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C P Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

J S Wilson Esq
PS/Secretary of State
for Scotland

Dear Wilson,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister has seen the scrutiny nomination from your Secretary of State attached to your letter of 10 February and is content for the proposal to be included in the scrutiny programme provided that the terms of reference are amended to make clear that the examining officer should consider the need for the work to be done at all. You may wish to reflect on how best to amend the terms of reference to reflect the Prime Minister's point. Perhaps it would be sufficient to insert into the third line, " ... to consider what are the essential requirements for the work; to consider what should be the relationship with other parts ... ".

2. This point should clearly also be reflected in the examining officer's study plan.
3. Subject to this amendment you may also care to know that the scrutiny will be handled as a "general interest" topic.
4. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C. Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

I K C Ellison Esq
PS/Secretary of State
for Industry

Dear Ellison,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for your Minister's minute of 11 February nominating a scrutiny of his department's accountancy needs (to be conducted jointly with the Department of Trade). Taken together with your intended participation in the multi-departmental review of internal consultancy, inspection and review the Prime Minister accepts that this is a reasonable contribution to the scrutiny programme for the present time. She hopes that in following through the Financial Management Initiative due regard will be paid to how topics for scrutiny are best identified.

2. You may also like to know that the scrutiny of accountancy needs will be handled as a "general interest" topic.

3. I am copying this to Mr Rhodes (PS/Secretary of State for Trade) and to Mary Brown (Lord Privy Seal's Office).

*Yours sincerely,
Cwi Priestley*

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE
WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

D Heyhoe Esq
PS/Lord President of the Council

Dear Heyhoe,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Lord President's minute of 4 February. In the circumstances she agrees that the Privy Council Office should not be included in the scrutiny programme for 1983.

2. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C. Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

R A J Mayer Esq
PS/Secretary of State for
Transport

Dear Mayer,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for your Secretary of State's nomination for the scrutiny programme 1983. Mrs Thatcher considers that a scrutiny of the Driving Test organisation will be an excellent contribution to the programme and is very pleased to accept it.

2. You will wish to know that the Prime Minister will wish to take a particular interest in this scrutiny.
3. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C. Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

D J Clarke Esq
PS/Secretary of State for
Social Services

Dear Clarke,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful to know of the scrutiny topics proposed by the Secretary of State for the 1983 programme. She has commented that the Department of Health and Social Security has an enviable record in nominating scrutiny topics and has once again put forward proposals of a good standard.

2. Mrs Thatcher will be pleased to include all three nominations in the programme. She notes that the scrutiny of the administration of means testing for legal aid has been postponed from last year and hopes that further delay in this and other nominations can be avoided.

3. The Prime Minister believes that the scrutiny of policy on the recovery of overpayment of social security benefit will need careful presentation and handling. But the effort and expenditure involved are large and the Prime Minister believes it is right they should be subject to scrutiny.

4. You may care to note that the Prime Minister has indicated she will wish to take a particular interest in all three nominations.

5. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C. Priestley

C PRIESTLEY
Head of the Rayner Unit

MRS BROWN

PS/Lord Privy Seal

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Lord Privy Seal's minute of 11 February and is pleased that there is a prospect of two good scrutinies in the MPO for 1983. She notes that the precise topic in the Civil Service Commission will not be nominated until about the middle of the year - which presumably means that the scrutiny itself will take place in the Autumn. In these circumstances, she very much hopes that the MPO can mount an earlier scrutiny along the lines suggested for the Civil Service College and would be pleased to include both topics in the 1983 programme. The Prime Minister feels that training is an important element in securing the changes in the civil service that are essential ^{and} believes that a scrutiny along the lines indicated would hold out the prospect of some progress.

2. You may find it helpful to know that in both cases the scrutiny would fall into the "general interest" category.

SP
C PRIESTLEY
Head of the Rayner Unit

The College study may need for various reasons, including credibility to the outside world, to be done by an outsider and I think it would be better not to try and commit the Lord Privy Seal further to an early scrutiny at this stage.

JR

4/3/83



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

J D West Esq
PS/Secretary of State
for Energy

Dear Julian,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister has seen your Secretary of State's minute of 15 February seeking exemption from the scrutiny programme 1983. She entirely agrees that it is essential to complete existing tasks but hopes that this can be done without delay so that a possible scrutiny can be considered for later in the year. Mrs Thatcher wonders, for example, whether an aspect of the operations of the United Kingdom Atomic Energy Authority would provide a suitable area.

2. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

A K Galloway Esq
PS/Chancellor of the Duchy of
Lancaster and Paymaster General

A K Galloway,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister has noted your Minister's request that the Paymaster General's Office should not undertake a scrutiny in 1983. Bearing in mind that there was a scrutiny in the office in 1982, and that the Paymaster General would expect to put forward another proposal in 1984 or 1985, she is content for there to be no contribution this year.

2. I am copying this letter to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,
C. Priestley
C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273 3508
Switchboard 01-273 3000

J M D Rhodes Esq
PS/Secretary of State
for Trade

J M D Rhodes,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for your Minister's minute of 11 February nominating two new scrutiny topics for 1983. She has also noted that the scrutiny of insurance supervision has been postponed from 1982 - leaving the department without a scrutiny in that programme - and hopes that further delay can be avoided.

2. Mrs Thatcher is appreciative of the nominations. In association with your participation in the multi-department review of internal consultancy, inspection and review and your efforts to develop the Financial Management Initiative, she believes they are a good contribution to the Government's efficiency programme.

3. You might like to know that all three scrutinies will be handled as "general interest" topics.

4. I am copying this to Mr Ellison (PS/Secretary of State for Industry) and to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,
C P Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

Helen Ghosh
PS/Secretary of State
for Environment

Helen Ghosh,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister has seen your letter of 15 February indicating the Secretary of State's intention to put forward a proposal shortly for a scrutiny in the 1983 programme. Mrs Thatcher is anxious that the programme should be put together as soon as possible. She believes that the Department of the Environment has a special place in the government's efficiency programme - especially as it would claim to be in the forefront in the development of a Ministerial information system for management. She very much hopes that the Secretary of State will be able to come forward soon with a substantial topic for the 1983 programme.

2. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

J Nursaw Esq
Legal Secretary
Law Officers' Department

Jen Nursaw,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the information in your letter of 10 February. She appreciates that in view of the size of the Law Officers' Department it would be unreasonable to expect a scrutiny contribution each year. But the Prime Minister would be grateful if the Attorney General would consider whether, from time to time, he might seek to apply the scrutiny technique to the procedures in his departments. She has commented that "demand orientated" activities are not necessarily suitable for exemption and that there have been many excellent scrutinies in such areas as social security payments and other demand determined areas.

2. Mrs Thatcher would appreciate hearing from the Attorney General again on this matter.
3. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours sincerely,

C Priestley

C PRIESTLEY
Head of the Rayner Unit



FWE

RM

cc: C. Hestley
M. Brown, LPS
R. Dunn. HMT

10 DOWNING STREET

From the Private Secretary

25 March, 1983

Thank you for your letter of 24 March about the forthcoming scrutiny of the CCTA. The Prime Minister has noted the Chancellor's decision and will, as has already been indicated, wish to take a special interest in the scrutiny.

I am sending copies of this letter to the recipients of yours.

(Timothy Flesher)

J. Kerr, Esq.,
HM Treasury



c.c. Mary Brown (LPS's office)

M Cassells

M Priestley

NBPM.

TF

RS/JS

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

Your Private Secretary's letter of 26 January invited proposals for the 1983 scrutiny programme.

I propose this year to undertake a study of the arrangements in DOE for disseminating information to the public and outside bodies. This is something which occupies a great deal of time within the Department where our policy divisions respond to many public enquiries about matters which could perhaps be better dealt with in some more organised way. In addition, we spend some £1½m to £2m a year on paid publicity, including free leaflets, advertising, films and so on. I would therefore propose to study the cost-effectiveness of the various techniques available for disseminating information, identify the best practice both within and outside the Department, and obtain recommendations both on the level of our activity in the area and the most cost-effective way of meeting the Government's objectives.

I attach draft terms of reference. However, this is a complex area where I will have to set out my objectives very carefully, and if you are broadly content I would like to give the matter some further thought before settling on precise terms of reference. I would not in any case propose to begin this study until later in the year: our studies for the 1982 programme are only now in their final stages and there are advantages in keeping up a steady momentum in the planning of reviews.

Thur

25 March 1983

TK

DRAFT TERMS OF REFERENCE FOR INFORMATION STUDY

To consider the methods used within the Department for disseminating information to the public and to interested bodies in those areas for which it has a policy responsibility and where a reasonable need to inform the public exists; to compare these methods with the best practice both within and outside the Department; and to make recommendations designed to improve the efficiency, effectiveness and value for money of the Department's arrangements.

The study should have particular regard to:

- a. the cost-effectiveness of different methods of dissemination, including free and paid publications, films, paid advertising, exhibitions and press briefing;
- b. the take-up of information through specific outlets, such as local authorities, citizen's advice bureaux, professional and trade associations;
- c. the use of different approaches in different parts of the Department, and the scope for rationalisation;
- d. the practice of selected outside organisations, including other government departments;
- e. the Department's use of COI and HMSO;
- f. the role of the Library in disseminating information to outside bodies ~~only~~;
- g. the role of officers in the Department in responding to public enquiries by letter and telephone, and the possible need to rationalise this (eg by increased use of enquiry points).

Govt. Mach : Payrol Prog '83

Pt 13

U



Mr. Fletcher - Please will you deal
 NBPM I suggest, and I
 doubt whether anything needs to be done
 other than acknowledge and say that this
 scrutiny will be included among those in
 which the PM will take an interest. But
 you may wish to check with Mr. Priestley.

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

FEB
 25.3.

Michael Scholar, Esq
 No 10 Downing Street
 LONDON SW1

24 March 1983

New Michael,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983:
 THE SCRUTINY PROGRAMME

In his minute to the Prime Minister of 18 February, the Chancellor mentioned that he did not propose a separate departmental scrutiny for the domestic Treasury in 1983, but referred to the forthcoming review of the CCTA. In his letter of 15 March (copy enclosed) Clive Priestley reported that the Prime Minister had suggested that the Chancellor might consider bringing this review into the scrutiny programme, and that she would wish to take a particular interest in it.

The Minister of State (C) had in fact already discussed the status of the CCTA review with the Lord Privy Seal, and both had agreed that it would be best to include the CCTA review within the scrutiny programme. The Chancellor too agrees. The review will start in April and will be conducted by Dr Freeman, the CCTA Director. His report is expected in the autumn.

Copies of this letter go to Clive Priestley in the Rayner Unit, to Mary Brown in the Lord Privy Seal's Office, and to Ros Dunn in the Minister of State's Office.

Yours ever,

J O Kerr

J O KERR
 Principal Private Secretary

attached



MANAGEMENT AND PERSONNEL OFFICE
WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

Week-end EXCHEQUER
16 MAR 1983
Mr Wilding 163
FST, MSTC
MSTR, Sir A. Warr,
Mr Moore,
Mr Gilbert JNS
PS (IR, PS/CTE)
15 March 1983

J Kerr Esq
Private Secretary to the
Chancellor of the Exchequer

(Handwritten initials in a circle)

Dear Sir,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

The Prime Minister was grateful for the Chancellor's minute of 18 February nominating the scrutinies in Customs & Excise, DNS and the Inland Revenue.

2. Mrs Thatcher welcomes the suggested topics for the Customs & Excise and the Inland Revenue. In both cases she judges that the proposals should maintain the departments' excellent record of contributions to the Government's efficiency programme and will wish to take a particular interest in the joint Inland Revenue/DHSS scrutiny. Mrs Thatcher has therefore asked the Rayner Unit to keep her in close touch with its progress and outcome.

3. The Prime Minister considers the Department of National Savings suggestion to be, at best, marginal. She would have thought that this kind of limited issue could be handled as part of the day-to-day management of the department and she is surprised that it is envisaged to spend a full 4 months of the examining officer's time on it. The Prime Minister would be grateful, therefore, if the Chancellor would consider whether this work might be done in a much shorter timescale, say, 60 working days, in which case she would be willing to include it in the programme as a limited scrutiny. Mrs Thatcher would also be grateful if a more substantial topic could be sought - possibly to start later in the year.

4. The Prime Minister agrees that the main Treasury need not undertake a scrutiny in 1983. She notes that Dr Freeman will be surveying the role and operation of the CCTA. She believes that the scrutiny approach would have much to commend it for undertaking such a review and would be grateful if the Chancellor would consider bringing this study into the scrutiny programme - in which case she would be pleased to take a particular interest in its conduct. Mrs Thatcher believes that the development of technologies

for application in the civil service offers scope for systematic improvement in civil service productivity. She is keen that the role and procedures associated with the central departments should be designed to encourage departments to make cost-effective gains urgently.

5. I am copying this to Mary Brown (Lord Privy Seal's Office).

Yours truly,

C Priestley

C PRIESTLEY
Head of the Rayner Unit

CVT
MATCH
Copy of 13

25 MAR 1983





10 DOWNING STREET

200 AH

CCS LPSO
CO
MPOX2

From the Principal Private Secretary

MR BEESLEY
MANAGEMENT AND PERSONNEL OFFICE

SCRUTINY PROGRAMME 1983

The Prime Minister has now had an opportunity to study your minute of 28 February. She agrees the subjects recommended, and is content that the responses attached in the form of letters over Mr Priestley's signature should be sent. Mrs Thatcher is also content with the recommendations about scrutinies in which she should take a particular interest. As regards the handling of scrutinies in which she is to take a particular interest, her view is that it is not necessary to nominate a particular person to exercise that interest on her behalf: she would prefer that departments should simply be told that the Prime Minister has decided to take a special interest in particular scrutinies and has asked the Rayner Unit therefore to keep her in close touch with their progress and outcome.

I am copying this minute to Mrs Brown, Sir Robert Armstrong, Mr Cassels and Mr Priestley.

F.R.B.

14 March 1983

AH

PRIME MINISTER

RAYNER PROGRAMME

I attach the submission from the Rayner Unit about the scrutiny programme for 1983. The returns from departments bear out Clive Priestley's comment that the rate at which good scrutiny projects are coming forward is slowing down.

Do you agree with the responses to the proposals of the departments which are recommended in the minute below and which are set out in the proposed letters over Clive Priestley's signature which are attached to the minute?

A particular issue discussed in paragraph 12 of the minute and in the covering minutes by Sir Robert Armstrong and Mr Cassels is the vexed issue of who should be charged with exercising a particular interest in certain scrutinies on your behalf. My own view is that there is no need for you to nominate any particular person to do so, and that we use a formula like

"The Prime Minister has decided to take a special interest in scrutinies [A, B and C] and has asked the Rayner Unit to keep her in close touch with the progress and outcome of these scrutinies".

I have consulted Clive Priestley who agrees that this would be a good way round the problem. Do you agree that we should deal with this problem in this way?

Yes
me
FERB

11 March 1983



Ref. A083/0809

MR BUTLER

cc PS/Lord Privy Seal
Mr Cassels
Mr Priestley
Mr Beesley

Scrutiny Programme 1983

Mr Beesley sent me a copy of his submission of 3 March, seeking the Prime Minister's approval for the 1983 scrutiny programme.

2. As to how to give practical expression to the Prime Minister's particular interest in the scrutinies set out in paragraph 11, I think that the choice has to be between the Head of the Civil Service and the Second Permanent Secretary, Management and Personnel Office. I should of course be very ready to undertake this, if the Prime Minister decided that that was what she would like; but, inevitably I should be able to give less time to it than the Second Permanent Secretary at the MPO, and I have no doubt that he would be able to give the Prime Minister's interest appropriate weight and expression.

REA

ROBERT ARMSTRONG

10 March 1983

STAFF IN CONFIDENCE

Thank you MB

PRIME MINISTER

CLIVE PRIESTLEY

You may like to know that Clive Priestley ^{has} talked both to Sir George Jefferson and to Clive Whitmore. Sir George Jefferson has made him an attractive offer, and Clive Priestley is inclined to accept it. Clive Whitmore could only offer him a transfer at Under Secretary without any firm promise about promotion to Deputy Secretary. But Clive Priestley said to me that he thought it reasonable that Clive Whitmore should not have gone further than he did in making promises.

Clive Priestley is thinking about the alternatives over the weekend and at present expects to accept Sir George Jefferson's offer on Monday or Tuesday. We had a further talk about the MPO. Clive Priestley said that, now that you have appointed Mr Le Cheminant as Second Permanent Secretary, his advice would be that you should not bring Mr Partridge in because, despite his high regard for Partridge, he thinks that a more important consideration is that the MPO should not get both a new Second Permanent Secretary and an extra Deputy Secretary. If he goes to British Telecom, his own view is that his deputy, Ian Beesley, should be promoted Under Secretary to head the Rayner Unit; but I think that Clive Priestley's view may be coloured by his loyalty to Beesley over this and that there may well be other and better candidates.

F.R.B.

11 March 1983

PERSONAL



Mr BUTLER

1 I attach your copy of a minute to Sir Robert Armstrong.

2 I have discussed with Lord Rayner, who was in earlier this afternoon, the points you made on the 'phone. He is of the clear and determined opinion that, in all the circumstances, the course you suggest on the Scrutiny Programme is right, namely that the Prime Minister should ask the Rayner unit to run the programme as a whole and look after her interest in her particular interest in some. He thinks that it would help greatly if this were clearly established on the record.

3 On the RU succession, Lord Rayner also has a firm view - that Mr Beesley has a proven track record; that it is not necessary to look further when someone of his quality is at hand; and that with Mr Allen, Mrs Thoms and me gone, the Prime Minister and he must have the continuity which Mr Beesley can provide.

4 Again, I agree, but I will think about other possible names as you asked. I hope that the Prime Minister will, even so, select Mr Beesley.

5 Lord Rayner's office will be in touch early next week with a view to an early meeting with the Prime Minister to bring her up to date with imminent developments in Baker Street and to offer her his thoughts about the future.

C Priestley
11 March 1983

ENC; Copy minute to Sir R Armstrong

PERSONAL

Sir ROBERT ARMSTRONG

ccfi Mr Butler
Lord Rayner

I am very grateful for your efforts to secure my movement to another department on promotion. When we met last week, you told me that your colleagues were reluctant to consider this, given their belief that I lacked sufficient experience ("But what has he done?"). And we both felt that if I went up an MPO ladder only, I would not be as well qualified for later advancement as others.

2. I have visited Mr Whitmore (MOD). He indicated that if I went to his department it would be on all fours with his many other USs, without any sort of undertaking as to the future: it would be up to me to show what I was made of. Fair enough.

3. As I believe you know, when I went to see the PM recently on the ROH/RSC scrutiny, she spoke instead about senior appointments in the MPO and very kindly offered me promotion to a new DS post, my own being abolished. I expressed my lively gratitude for this, but advised her that in my view there was not enough work to justify the creation of a DS post in addition to the 2/PS post, even given the abolition of my own, and that, given your colleagues' observations about me, she might be much criticised not only for creating the post but for putting me in it.

4. I also said that I believed that the Rayner Unit should, ideally, report to her.

5. Sir George Jefferson has now made me a firm and attractive offer which I am inclined to accept. I must let him have my decision on Monday or Tuesday.

PERSONAL

6. I have told Sir George that I am bound to finish the ROH/RSC scrutiny and that I would not be available until July. He accepts this. Whether I go or not, I suggest that I should devote most of my time to it until July.

7. If I am replaced, I very much hope that it would be by Mr Beesley, who is doing excellent work and promises very well for the future. Lord Rayner has seen this minute and agrees.

Sp

C PRIESTLEY

11 March 1983

MR BUTLER

I am sorry to trouble you with another post-Rayner problem. The attached minute from the Rayner Unit comments on the proposals we have received for centrally co-ordinated efficiency exercises for 1983 which were elicited from Departments by your Private Secretary letter of 25 January. The submission itself should not cause great difficulty although it reveals a less than enthusiastic response to the scrutiny programme for 1983 than in past years. The Unit proposes a number of approaches to Departments which it considers have responded inadequately to your request; for example it proposes that the MOD request for exemption on the grounds that minis is being introduced there should be converted into a postponement. Unless the Prime Minister has any particular points to make I think we shall be able to authorise the Unit to pursue matters with Departments as they suggest.

What is much more difficult and will require careful handling is the content of Mr. Cassels covering minute together with paragraphs 12-13 on the handling of scrutinies in which the Prime Minister will take a special interest. You will clearly have a better idea than I on how to play this at the moment. At the time of your earlier minute, no decision was taken. The PM implied that she did not wish anyone to look after her "special interest" scrutinies; but that is surely incompatible with the notion of a "special interest".

7 March 1983

TJ



cc SO
WO
Rayner
Unit

10 DOWNING STREET

From the Private Secretary

7 March 1983

Thank you for your letter of 4 March enclosing a draft Written Answer to accompany the publication of the detailed Policy Statement on H.M. Inspectorate. Subject to the comment which I passed on to you by telephone for your consideration, the Prime Minister is content that the Answer should issue as proposed.

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

Tim Flesher

Mrs. Imogen Wilde,
Department of Education and Science.

ls

Govt
Mach
Scrutiny.



Pa.

MR FLESHER

[Handwritten initials]
7/3

DRAFT WRITTEN ANSWER ON SCRUTINY OF HMI
IN ENGLAND AND WALES

Mr Priestley would prefer the answer
to read according to the attached redraft
of Mrs Wilde's draft.

[Handwritten signature]

C J P JOUBERT

Rayner Unit

7 March 1983

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 in 1981 of a Scrutiny of the Inspectorate within the programme co-ordinated by Lord Rayner, the report of which is also being published. Copies of both documents are available in the vote office.
2. The only acceptable way of carrying out the work of the education service is effectively and with full value-for-money obtained from the huge resources involved. The Inspectorate has a vital task to perform as auditor on behalf of Ministers and the nation as a whole; of every family that has children at school; and of the children themselves. Its effectiveness depends on its having comprehensive and up-to-date information about provision in schools and colleges; knowledge of the standards required; and a sense of priorities. Currently the Inspectorate is particularly concerned with improving the effectiveness of the initial training of teachers and their induction into the service; the changes needed to meet demands arising from technological change and youth unemployment; and with the effective education of ethnic minority pupils and of children with special needs.
3. We are all aware that, despite much dedicated effort, standards of education need to be improved. Families as well as the education system have a vital part to play. Much can be and is being done to improve the performance of our schools and colleges and their ability to ensure that each pupil receives an education appropriate to his or her needs, both as an individual and in relation to the society in which he or she lives.

4. This Government has given a vigorous lead. We have increased parental choice and are taking steps to improve the quality of the teacher force. We have asked LEAs to review their policies for the school curriculum and have launched pilot projects for the 40 per cent of pupils for whom external examinations are not generally appropriate. We are taking steps to improve the system of examinations at 16+ and 18+ and for the pre-vocational education of those over compulsory school age. Our new initiative in the provision of technical and vocational education will start in September.
5. 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. The Inspectorate can help them understand better how far the system on the ground matches the legitimate aspirations of the community and provides value for money. 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 inspections of individual institutions.
6. Formal inspections will continue at their current rate of some 260 a year in England and Wales. Most importantly of all, since the beginning of this year we have made the Inspectorate's reports publicly available and have introduced more systematic arrangements for ensuring effective follow-up. The publication of the reports is being speeded up.
7. Copies of the policy statement are being sent to each local education authority and to a wide range of other bodies.



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

Prime Minister:

4 March 1983

Dear Jim,

Yes

This is a
considerable improvement.
Agree to its issue?

RAYNER SCRUTINY OF HMI IN ENGLAND AND WALES

JR 4/3

Thank you for your letter of 14 February conveying the Prime Minister's comments on the drafts of a Written Answer, a Policy Statement and a booklet.

I now enclose a revised draft of the Written Answer which takes into account the Prime Minister's points and, as you will see, has been considerably shortened. I look forward to hearing whether the Prime Minister is content.

I am copying this letter and enclosure to Muir Russell (Scottish Office), Adam Peat (Welsh Office) and Christopher Joubert (Rayner Unit).

Yours ever

Inogen Wilde

MRS I WILDE
Private Office

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 in 1981 of a Scrutiny of the Inspectorate within the programme coordinated by Lord Rayner, the report of which is also being published. Copies of both documents are available in the vote office.
2. We are all aware that, despite much dedicated effort, standards of education need to be improved. Families as well as the education system have a vital part to play. Much can be and is being done to improve the performance of our schools and colleges and their ability to ensure that each pupil receives an education appropriate to his or her needs both as an individual and in relation to the society in which he or she will live.
3. This Government has given a vigorous lead. We have increased parental choice and are taking steps to improve the quality of the teacher force. We have asked LEAs to review their policies for the school curriculum and have launched pilot projects for the 40% of pupils for whom external examinations are not generally appropriate. We are taking steps to improve the system of examinations at 16+ and 18+ and for the pre-vocational education of those over compulsory school age. Our new initiative in the provision of technical and vocational education will start in September.
4. In this task of securing higher standards, the Inspectorate plays an important and effective role which this Government intends to strengthen. Its effectiveness depends on a sound and up to date knowledge of the education system, a proper sense of standards and the choice of priority targets. Inspection needs to be directed not only towards current policy concerns but particularly to the safeguarding for all children of suitable education opportunities. The Inspectorate continues to be much occupied with improving the effectiveness of the initial training of teachers and their induction into the service; with the changes needed to meet new

demands arising from technological change and youth unemployment; and with the effective education of ethnic minority pupils and of children with special needs.

5. 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. The Inspectorate can help them understand better how far the system on the ground matches the legitimate aspirations of the community and provides value for money. 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 inspections of individual institutions.

6. Formal inspections will continue at their current rate of some 260 each year in England and Wales. The publication of the Inspectorate's reports is being speeded up and, most importantly of all, since the beginning of this year we have made those reports publicly available and have introduced more systematic arrangements for ensuring effective follow-up.

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

Gov Mach Rayner #13

MAR 20 1951

U.S. AIR FORCE
COMMUNICATIONS CENTER
WASH DC



MR FLESHER

cc PS/LORD PRIVY SEAL
Mr Priestley
Mr Beesley

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 -
SCRUTINY PROGRAMME

*Submissions
in folder attached to file.*

I support this submission about the 1983 scrutiny programme.

Paragraph 12 rehearses the options for exercising responsibility on the Prime Minister's behalf for certain "special interest" scrutinies. I earlier recommended that the Lord Privy Seal might do this. If this is not thought desirable because of the extra workload it would impose on the Lord Privy Seal, I consider that this responsibility would best be discharged by the Second Permanent Secretary of the MPO. In my view it is best to assign responsibility at this level in order to signal the weight attached by the Prime Minister to the successful carrying out of the scrutinies in question and to ensure that any discussion that may be necessary with another department is conducted on a reasonably equal level in terms of rank - a consideration which perhaps should not, but in practice will, weigh with departments.

J S Cassels

J S Cassels

4 March 1983

MEMORANDUM

FROM

IAN BEESLEY

TO

Mr Fletcher (No. 10)

SUBJECT

Sentiment programme 1983

DATE

3/iii/83

You might like to have an advance
copy of my submission on a personal
basis.

33 3/iii

MANAGEMENT IN CONFIDENCE

*see minute attached
M
4/3/83*

1. MR CASSELS
 2. MR FLESHER (No 10 Downing Street)
- cc PS/Lord Privy Seal
Mr Priestley

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983 - SCRUTINY
PROGRAMME

This minute seeks the Prime Minister's approval for the 1983 scrutiny programme. Proposals were requested by 11 February and all bar three (Employment, Environment and Wales) are now in. These outstanding submissions are being chased.

2. I have discussed this submission with the Head of the Rayner Unit, Mr Priestley, who agrees with it.

Shape of the programme

3. The scrutiny programme is one element in the efficiency exercises for 1983 approved by the Prime Minister on 29 November 1982 and which comprise:

- Three multi-department reviews (audit capabilities in departments, support for administrative work, contracts and procedures) involving approximately 18-20 departments.
- Up to 30 scrutinies.
- A continuing programme of effectiveness reviews of common services.

4. Departmental Ministers were asked to look for scrutiny topics predominantly in six areas:

Policy processes

Large executive operations

Specialist groups

Advice and information
provided to the public

Administrative tribunals

Non-departmental public bodies

5. There are 19 nominations so far (two of which are postponed from 1982). They are summarised in the attached table. We have long recognised that suitable topics for 1983 do not lie thick on the ground and in total the proposals cover activities which only cost £180m a year and require 5,800 staff. This compares with £480m a year and 14,000 staff in 1982. The scrutinies must not be considered in isolation from the multi-department reviews, of course, but the sum result is on ^{the} thin side. There are few proposals in policy areas, no department is tackling a non-departmental public body, and some of the topics nominated are suspiciously like a re-run of earlier scrutinies.

6. On the other hand, two important Departments have yet to make proposals (MOD, DOE). And the scale of centrally co-ordinated efficiency work cannot continue at the pace of earlier years. We need to find a sustainable level and the programme so far for 1983 is perhaps not unreasonable at a time when large exercises, such as the Financial Management Initiative, are still at an early stage. Subject to the improvements indicated I therefore recommend that the Prime Minister accepts it subject to seeking improvements described in paragraphs 8-9 below.

Proposals which are generally acceptable

7. There are 14 proposals which are either wholly acceptable or broadly acceptable, subject to relatively minor amendments. These are listed in annex A and cover activities which involve around 5,500 staff.

Proposals which are dubious

8. Five nominations have serious flaws. These cover 300 staff:

8.1 Department of National Savings - The arrangements for withdrawal of National Savings Certificates (cost unstated but small). Any solution would have a limited life because the operation is shortly to be computerised. The proposed timescale (4 months) seems excessive for something which probably ought to be undertaken as part of the normal management of the department. Acceptance can only be recommended if the scrutiny is seen as of very limited scope and is done in rather less than 90 working days.

8.2&3 Foreign Secretary - The procurement procedures associated with communications in the FCO and the bilateral aid programme in the ODA (60-70 staff). Acceptable in themselves but should be undertaken as part of the multi-department review of procurement procedures. This would leave the FCO without a scrutiny proposal and it would be worth asking the Foreign Secretary to consider if one can be found.

8.4 Northern Ireland Office - The stores operation of the Northern Ireland Department of the Environment (cost £2m a year, 220 staff). This is well tilled ground. The department might be expected to apply the lessons of earlier work for itself. But the Secretary of State sees added force from the scrutiny clout and also offers to look for policy areas which will be suitable for consideration as scrutinies later in 1983 or early 1984. I propose acceptance subject to a determined effort to find a second subject for later in the year.

8.5 Department of Education and Science - The payment of grants to voluntary colleges and direct grant schools (only eight staff are involved but the total payment of grant is £95m a year.) There are a number of problems: (1) The proposed scope concentrates on accounting procedures and propriety with insufficient regard to value for money. (2) It is suggested that management consultants should be in the lead whereas one of the most important features of scrutinies is reform from within. It is essential that a DES official is put in charge of the exercise - especially with widened terms of reference - if it is to be accepted into the programme.

Requests for exemption

9. Six departments seek exemption:

9.1 Treasury - The Chancellor says that most areas of the department's work have been reviewed over the last 4 years. This year the role of the CCTA will be formally reviewed by its new Director, starting in the Spring. It is not obvious why the review should be outside the scrutiny programme.

*This is being discussed between Treasury and MPD officials
gn
4/13*

9.2 MOD - The Secretary of State makes the reasonable point that he is introducing MINIS on an urgent timescale and would prefer to look for scrutinies when he has the results of the first round. It is unclear whether this will be during 1983. Exemption throughout the year would not be acceptable from such a large department. Hence, I suggest that the Secretary of State should be asked to make nominations after the first validation round of MINIS (March to July 1983).

9.3 Department of Energy - The Secretary of State says he does not wish to commit himself to a scrutiny at this stage because he wants to complete existing tasks before starting new ones. He indicates, however, that there are areas where he shall want further reviews to be

considered, such as the scope for extending computerisation. Whilst it is true that the department has at least one major scrutiny still to implement (on energy conservation) it would still be worthwhile seeking a nomination later in the year.

9.4 The Paymaster General's Office - This is a relatively small department (930 staff) which did a scrutiny in 1982 and is proposing to find another one for 1984 or 1985. In all the circumstances that seems reasonable.

9.5 Attorney General - The Law Officer's Department have not hitherto made any proposals. The Attorney General says, "It would not be appropriate to propose a scrutiny of any aspect of the work of [The Law Officers'] department (22 staff), the Treasury Solicitor's Department (430 staff) or the Director of Public Prosecutions Department (230 staff)," because, "the work of all three is simply demand orientated." Such a description would apply to many areas where scrutinies have been successful (for example, social security benefits). I propose that the Law Officer's Department be asked to reconsider for later in the year.

9.6 Lord President - The Privy Council Office (35 staff) has been exempt hitherto - I recommend no change.

Handling

10. Your minute of 26 January recorded that the Prime Minister will want to take a personal interest in some of the scrutinies but, following Lord Rayner's departure, just how Mrs Thatcher can be kept in touch with those scrutinies should be considered when the programme was submitted to her for approval.

MANAGEMENT IN CONFIDENCE

11. I suggest that the following topics are of sufficient significance to warrant the Prime Minister's particular interest:

Home Office - training	LCD/DHSS - Administration of legal aid
LCD - investment activity	Inland Revenue/DHSS - Occupational Pensions Board and Super-annuation Funds Offices
MAFF - the agricultural and food science laboratories	DHSS - reclaiming overpaid social security benefits
Department of Transport - driving tests	DES - grants to voluntary colleges etc

and if nominated

HM Treasury - review of the CCTA

This leaves scope for further nominations if the suggestions from the Secretaries of State for Employment, Environment and Defence are significant.

12. As regards how the Prime Minister's interest can be given practical expression, you may wish to consider the following points. The main choices are:

- A special adviser as replacement for Lord Rayner who would continue the established pattern. He could give the required priority to the task and, depending upon who was appointed, could bring expertise and an established track record which would make him acceptable to Ministers and officials.
- The Lord Privy Seal, as the Minister who proposed the 1983 Centrally Co-ordinated Efficiency Exercises, is the obvious central Minister to take on the task. This

course would maintain the scrutiny programme as a Ministerial concern. On the other hand, the Lord Privy Seal is already heavily loaded and in relation to her colleagues would inevitably be seen - possibly unhelpfully - as a central Minister identified with central policies.

- The Head of the Civil Service might be an acceptable alternative. His position has the advantage that he speaks directly to Ministers and is logically the most appropriate official to assume the task. He is also seen to be close to the Prime Minister. His position also has the very great strength that it is less tied to a departmental interest than any other senior official. The drawback would be whether he has the time to be seen to be taking a personal interest in the designated scrutinies.
- The Second Secretary, MPO should have the time to take an interest in the scrutinies but is some way removed from the Prime Minister. He does not talk directly to Ministers. This route may therefore be seen as a diminution of the importance of the scrutiny programme. The Second Secretary is also, of course, tied to the MPO departmental role in setting standards and requiring departments to undertake certain business in prescribed ways.
- One way of overcoming the latter difficulty would be to put the responsibility on the shoulders of the Head of the Rayner Unit who is already charged with the co-ordination of the scrutiny programme. This would emphasise continuity in the running of the scrutinies though, of course, he would have less authority than Lord Rayner.

13. Subject to the Prime Minister's approval of the programme, the Rayner Unit will co-ordinate the necessary tasks and - as in all previous rounds of the scrutiny programme - the Head of the Unit will convey the Prime Minister's decisions to the Private Offices of the Ministers concerned. (I attach copies of the intended letters.) Decisions about how the Prime Minister's particular interest in certain scrutinies will be handled can, if necessary, be announced later.

Conclusion

14. The scrutiny nominations are a little disappointing so far, but there are some good topics among them and others can hopefully be improved. I should be grateful for the Prime Minister's approval for the subjects indicated above - subject to seeking the improvements indicated.

15. The Prime Minister may wish to indicate how her interest in particular scrutinies should be handled.

IB

IAN B BEESLEY

28 February 1983

Nominations which are wholly or mainly acceptable

Home Office - Training of staff (cost £5m a year, 60 staff) - subject to including training in financial management.

LCD - Investment activity (125 staff) - to be undertaken by a Rayner Unit staff officer (Mr Ian Trumper, FCA).

LCD and DHSS - Administrative arrangements for means testing for legal aid (cost £6m a year, 690 staff) - postponed from 1982.

Customs and Excise - The VAT central unit (cost £1.5m a year, 150 staff).

Inland Revenue and DHSS - Occupational Pensions Board and the Superannuation Fund Office (cost £6m a year, 400 staff) - where work is sometimes alleged to be insufficiently co-ordinated and burdensome on the private sector.

Departments of Industry and Trade - The use of Accountants (cost £2m a year, 120 staff) - a marginal subject but just worthwhile given the Parliamentary and public interest.

Management and Personnel Office - An aspect of the work of the Civil Service Commission (360 staff - as yet undefined pending appointment of the new First Civil Service Commissioner). Management and Personnel Office - the Lord Privy Seal also offers the prospect of a second scrutiny about the Civil Service College.

MAFF - The agricultural science and food science central laboratories (cost £9m a year, 500 staff). These are possibly a re-run of the 1981 topic (fisheries laboratories) but nevertheless acceptable.

The communication
to the Lord Privy
Seal should I
think be modified
for the reasons indicated
in the proposed
minutes flagged MPO.
gr
4/3/82

Scottish Office - The work of the publicity section (cost £0.8m a year, 10 staff). Relatively small, but might lead to further work in other departments. Must cover need as well as effectiveness.

DHSS - Policy for recovery of overpayment of social security benefits (cost £14.4m a year, 1,200 staff). Aimed at simpler, more universally applicable rules but potentially sensitive.

Trade - The supervision of insurance companies (cost £0.6m a year, 62 staff) - postponed from last year.

Trade - The National Weights and Measures Laboratory (cost £1.2m a year, 60 staff).

Transport - The Driving Test Organisation (cost £27m a year, 1,750 staff).

MINISTERIAL PROPOSALS FOR SCRUTINIES

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINIS-TRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Home Office	(1) Examination of staff training (60 staff, £5m pa administration cost)	A good topic in view of the training needs following the Personnel Work Review and the FMI	P	Yes	Yes	No
Lord Chancellor's Department	(2) Investment Activity (125 staff, cost 1.3m pa)	Acceptable: started February 1983	P	No	No	No
	(3) Assessment of legal aid in civil cases (690 staff, cost £6m pa)	Jointly with DHSS. Acceptable (deferred from 1982 programme started February 1983)	P			
HM Treasury	"Most areas of the department's work have been reviewed over the last four years ... "	Review of the role of CCTA (planned for Spring) would make a good topic for the scrutiny programme	<u>P</u> if nominated	No	Yes (CCTA)	Yes
Inland Revenue	(4) Control and supervision of Occupational Pensions Schemes (300 staff in Inland Revenue, 100 staff in DHSS, cost £6m pa)	Jointly with DHSS Acceptable	P	Yes	No	No

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINIS-TRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Customs & Excise	(5)VAT Central Unit, Southend (150 staff, £1.5m pa)	Acceptable	G	Yes	No	No
Department for National Savings	(6)Withdrawal arrangements for National Savings Certificates (Cost unstated, but small)	Barely acceptable if put on a shortened timescale	G	No	No	No
Foreign and Common-Wealth Office	(7)Procurement and technical support services in the communications division (62 staff, £14m pa)	Ought to be included in Procurement and contract procedures review	-	No	<u>/Yes/</u>	No
Overseas Development Administration	(8)Procurement of goods and services financed under bilateral aid programmes	Ought to be included in procurement and contract procedures - review	-	No	<u>/Yes/</u>	No
Department of Education and Science	(9)Payment of grant to voluntary colleges and direct grant schools (8 staff, £95m pa)	Acceptable subject to tightening of terms of reference	P	No	No	No

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINIS-TRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Northern Ireland Office	(10) Review of stores in the Department of the Environment (NI) (220 staff, £2m administration costs, £8m stores expenditure)	Barely acceptable as the lessons have already been identified elsewhere	G	No	No	No
MAFF	(11) Agricultural Science and food science central laboratories (500 staff, £9m pa cost)	A good topic of significance	P	Association with the review	No	No
Ministry of Defence	"I propose that the introduction of MINIS should be the centrepiece of my 1983 programme."	Reasonable as a first step, but MOD might be able to find a couple of good topics for later in the year. The scrutiny programme without MOD would be a weakling.	-	No	Yes Will associate MPO with the Management Audits starting on contracts organisation	Yes

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINIS-TRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Scottish Office	(12)Publicity section of the Scottish Information Office (10 staff, cost £760,000	A little thin but could open up issues with wider significance. Must tackle need for the service	G	No	No	Yes
Welsh Office	No reply yet seen			No	No	No
Department of Industry	(13)Provision of accountancy services to the Departments of Industry and Trade (120 staff, cost £2m pa approx.)	Thin but just about acceptable	G	No	No	Yes
Lord President of the Council	No proposals in respect of administrative Privy Council Office and Judicial Committee of the Privy Council	Small departments. Suggest accept continuation of exemption	-	No	No	No

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINISTRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Department of Transport	(14)The driving test organisation (1750 staff, cost £27m pa)	A good topic. (The status of the proposed examining officer needs clarification)	P	Associated with the review through PRIMUS information handling project	Yes	No
Department of Health and Social Security	(15)Policy for recovering overpayments of social security benefits (1200 staff, £14m pa) (3)Assessment of legal aid in civil cases (4)Control and supervision of Occupational Pensions Schemes	A good but sensitive topic Jointly with LCD see above Jointly with Inland Revenue see above	P	No	Yes	Yes

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINISTRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Management and Personnel Office	(16) Central recruitment activities provided by the Civil Service Commission (360 staff, cost £10m pa)	Fits in well with follow up to the review of personnel work	G	Yes (also providing Central Team)	Central Team	Central Team
	(17) Possibly a second subject: Civil Service College training arrangements	A good topic which needs doing to clear room for new initiatives	G			
Department of Energy	"... The best course would be ... to complete existing tasks before starting new ones."	Implementation of the scrutiny of energy conservation is outstanding - but the department could be lining up topics for later in the year	-	No	No	No
Department of Employment Manpower Services Commission Health and Safety Executive	No reply yet seen			Yes	No	Possibly one of the two
No				No		
No				No	No	

DEPARTMENT	PROPOSAL	COMMENT	PRO-POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINIS-TRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Paymaster General	Expects to put another topic forward in 1984 or 1985	Acceptable given the size of the Department	-	No	No	No
Department of Trade	(18) Practice relating to the supervision of insurance companies (62 staff, £600,000 pa) (19) National Weights and Measures laboratory (60 staff, £1m pa) (13) Provision of accountancy services to the Departments of Industry and Trade.	Acceptable (deferred from 1982 programme) Acceptable Jointly with DOI see above		No	No	Yes
Department of Environment Property Services Agency	} A holding reply only }			Yes No	No Yes	Possibly Yes

DEPARTMENT	PROPOSAL	COMMENT	PRO- POSED STATUS	PARTICIPATION IN MULTI-DEPARTMENT REVIEWS IN 1983		
				SUPPORT SERVICES FOR ADMINIS- TRATIVE WORK	PROCUREMENT AND CONTRACT PROCEDURES	CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES
Law Officers' Department	"The work is essen- tially demand. orientated and does not look a profitable area for a scrutiny of this kind."	Not a sufficient reason to be exempt		No	No	No



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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

2nd March 1983

Dear Robin,

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE
SCRUTINY PROGRAMME

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

My Secretary of State has considered possible candidates for
scrutiny in the light of the guidance you have set out. His
proposal is that there should be a study of the Welsh Office's
handling of Parliamentary and associated business. A detailed
specification, in the usual form, is attached.

No estimate of possible savings has been included on this
occasion. The Secretary of State takes the view that the
subject is one which would pay dividends in the way of
efficiency which must await quantification in the outcome of
the study.

/ I am copying this letter to Sir Robert Armstrong, Sir Douglas
Wass, Mr Sparrow and Mr Cassels. A copy also goes to Clive
Priestley.

Yours sincerely
Alan Peat

A E PEAT

Robin Butler Esq
Principal Private Secretary
10 Downing Street
LONDON

PROPOSED WELSH OFFICE SCRUTINY 1983

Subject: The Welsh Office's handling of Parliamentary and associated business.

Cost of the activity and staff involved: The main activity is believed to be the preparation of draft answers to Parliamentary Questions and the preparation of contributions to and briefing for speeches and debates. There is also a substantial task in the drafting of written evidence and preparation for and appearances at oral evidence sessions of Select Committees, particularly the Welsh Affairs Committee and the Public Accounts Committee. For example, during the 1981-82 Parliamentary Session there were 112 Oral Questions, 895 Questions for Written Answer, 5 Questions to the Prime Minister which needed substantive answers, and a single Question in the House of Lords. There were also 2 Welsh Day/Supply Day Debates, 5 Adjournment Debates, 5 Welsh Grand Committee Debates, 3 Statements, 3 Affirmative Orders debated in both Houses, 1 Private Notice Question and 1 Private Member's Motion. Additionally, Ministers or officials were examined by the Welsh Affairs Committee on 11 occasions and there were 5 appearances before the Public Accounts Committee. No quantification of staff and other costs is readily available. The Permanent Secretary, both Deputy Secretaries and a great majority of other staff at and above Principal level are involved and there are also considerable demands on staff in lower grades. Dealing with Ministerial correspondence (with MPs) is a further significant activity for Assistant Secretaries and Divisional staffs. There were 3,965 cases during the 1981-82 Session.

Reason for selecting the subject: An increasing proportion of the Department's resources appears to be devoted to briefing activity, mainly for Parliamentary business but also for visits by Ministers and the Permanent Secretary to local authorities and other public and private sector organisations. In view of the Department's multi-functional responsibilities there may be a tendency on many occasions to provide material over a wide range of subjects, merely to guard against the possibility of matters being raised in overlapping subject areas within the overall sphere of responsibility. This results often in the presentation of voluminous and ultimately superfluous briefing. The cost-effectiveness of effort of this kind is questionable.

The task is mainly one of assisting Ministers and senior officials to report on or account for action taken or in train. Presentation of existing information is a large element of the work. Any staff resources which could be saved could be redeployed on the provision of material which would assist policy decisions on other lines of action which might be followed in the future.

Terms of reference:

1. To examine the Welsh Office's procedures and practice for handling Parliamentary and associated business, taking account particularly of the needs of Ministers and senior officials for advice and assistance.
2. To assess the efficacy of existing procedures and practice, having regard to their cost-effectiveness in meeting those needs.
3. To identify continuing needs, some of which may require redefinition, and ways of meeting them.
4. To make recommendations.

Proposed starting date: 1 April 1983.

Examining Officer: To be selected.

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10 DOWNING STREET

From the Private Secretary

1 March 1983

Thank you for your letter of 28 February. The Prime Minister is content with the draft Written Answer announcing the publication of the policy statement and scrutiny report on Her Majesty's Inspectorate of Schools in Scotland.

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

(Timothy Flesher)

A. Muir Russell, Esq.,
Scottish Office

SJ

PART 13 ends:-

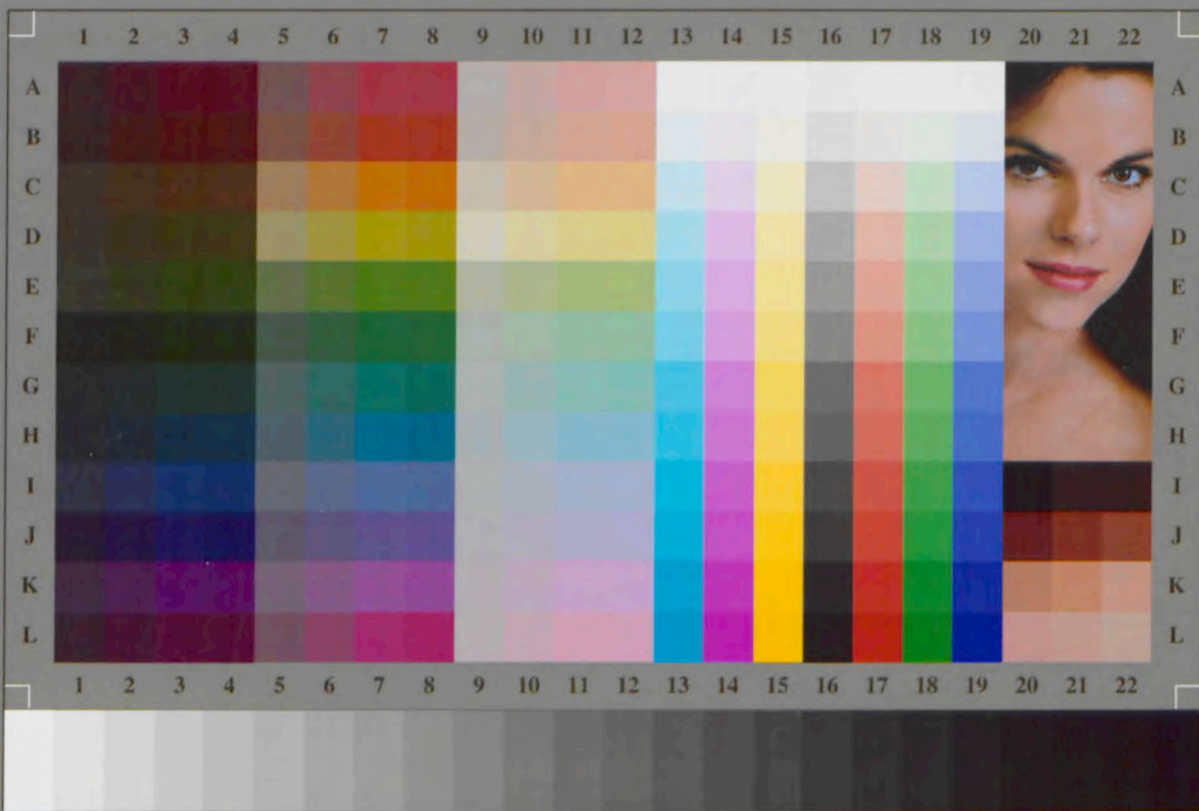
Scottish Office to TF 28/3

PART 14 begins:-

TF to Scottish Office 1/3

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