

PREM 19/1518

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The Rayner Programme

GOVERNMENT
MACHINERY

Promotion of Efficiency & Waste

The Scrutiny Programme

Pt 1 : May 1979

(In folder attached: C.A.T.S. & Urban Housing
Renewal Report and

Pt 19 : August 1985

MINISTRY OF HEALTH NOTES AND REPORT ON REGISTRATION OF BIRTHS, MARRIAGES AND DEATHS							
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PREM 19/1518

Material used by
official historians
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PART 19 ends:-

MEA GO CR 29/11

PART 20 begins:-

NW GO P/S LPC 1/12

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.

Efficiency Unit. Making Things Happen: a report on the implementation of government efficiency scrutinies. Report to the Prime minister. Published by HMSO

Efficiency Scrutiny Report – Registration of Births, Marriages and Deaths. Crown copyright 1985. Office of Population, Census and Surveys. ISBN 0 904952 18 5

Signed

J. Gray

Date

6/2/2014

PREM Records Team

MRS. RYDER

You will see from the attached that I have now written both to Robin Young at DOE and to Stephen Boys Smith at the Home Office putting them on notice that we shall be arranging Value for Money Seminars shortly. Each Seminar (separately, one for DOE and one for the Home Office) needs an hour in the diary. The Secretary of State concerned, his Permanent Secretary, Sir Robin Ibbs and Sir Robert Armstrong need to be invited. Nigel will be doing the honours.

The Home Office Seminar needs to be fixed around early summer of next year. The DOE date should, I think, be fixed sometime in February. When you ring the Home Office you will need to check that they received my letter. There is some confusion here about whether or not it was actually despatched.

MAA

Mark Addison

29 November 1985

- SEE PAGE
20 for
full details

11 Feb -

10.00

18 Feb

9.30

BEMBEV



NO3AQI

10 DOWNING STREET

From the Private Secretary

25 November 1985

VALUE FOR MONEY IN GOVERNMENT

I expect that Mr. Baker knows that since July 1984 the Prime Minister has been holding a series of small "Value for Money" seminars with individual Secretaries of State. The intention is that the Minister and his Permanent Secretary describe examples of the most important improvements in value for money in operations or programmes in the past year and look forward to planned improvements in the future.

Sessions have so far been held involving the Home Office, the Department of Trade and Industry, the Scottish Office, and the Department of Employment. The Prime Minister would now be grateful if your Secretary of State could attend a further session to describe his recent improvements in value for money and his targets for future improvements. I will shortly be getting in touch with you to arrange the meeting.

The Prime Minister is keen to keep the session small, but your Secretary of State might want to be accompanied by his First Permanent Secretary. The discussions are not to be seen as part of the public expenditure negotiations and, apart from the Prime Minister, the only others present will be Sir Robin Ibbs, Sir Robert Armstrong and Nigel Wicks.

The Prime Minister hopes that your Secretary of State will speak for up to 20 minutes, roughly half to display the main improvements actually achieved in the past year and roughly half to explain what is going to be achieved. This would be followed by a further 40 minutes of discussion.

I am sending a copy of this letter to Sir Robin Ibbs and to Sir Robert Armstrong.

MARK ADDISON

Robin Young, Esq.,
Department of the Environment.

VALUE FOR MONEY IN GOVERNMENT

It is now just over sixteen months since the Prime Minister had a meeting with Mr. Brittan and Sir Brian Cubbon about value for money in the Home Office. Since then she has held a number of such seminars about improvements in value for money and she intends to continue with them.

This letter is to give you advance warning that the Prime Minister has it in mind to invite Mr. Hurd and Sir Brian Cubbon to a further seminar in the early summer of 1986 at which she would be looking to discuss progress against the targets agreed on 10 July 1984 and the targets set for 1986/87 and beyond. (For ease of reference I am enclosing a copy of Robin Butler's note of the meeting of 10 July 1984.)

The Prime Minister envisages that the format of the meeting would be substantially as before. In addition to the Prime Minister, Mr. Hurd and Sir Brian Cubbon, the only other participants would be Sir Robin Ibbs, Sir Robert Armstrong and Nigel Wicks. The format would be for Mr. Hurd to speak for about 20 minutes, split roughly half and half between the targets agreed in 1984 and the targets for 1986/87 and beyond. This would be followed by 40-45 minutes of discussion intended to address two main issues: how to set and deliver targets for the results to be achieved and how the department has been able to make target setting a force for securing improvement in the delivery of policy objectives.

I will be in touch with you nearer the time to arrange the meeting. Meanwhile, I am sending copies of this letter to Sir Robin Ibbs and Sir Robert Armstrong.

(MARK ADDISON)

Stephen Boys Smith Esq.,
Home Office.

17/24 June
7.30-10

cc BG



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460.....

Switchboard 01-213 3000

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London SW1

29 NOV 1985

DEREGULATION

When Kenneth Clarke wrote to you on 22 November, he said I would be writing shortly to colleagues with a copy of an agreed document, a "concordat" on inter-departmental arrangements on deregulation. I have now written to Leon Brittan and other colleagues (copy attached) and as you may also be aware the first meeting of MISC 121 has now been convened on Monday 9 December.

I regret to say that despite fairly extensive consultations my officials have been unable to reach agreement with yours on the final text of the "concordat". I am sure you will understand my concern at the delay this is causing and at the implication that there is some reluctance to carry forward the action required by our White Paper "Lifting the Burden". I appreciate that you are under pressure from amongst others the environmentalist lobby and the local government associations - all of whom have misplaced fears about what deregulation means. But it is clear to me that your Department has a key role to play in following up "Lifting the Burden", as we have seen from the action taking place in the planning field.

The White Paper is a statement of Government policy, agreed by colleagues at the meeting chaired by the Prime Minister on 1 July. Most Departments have been active in setting up arrangements to pursue our objectives on deregulation.

The White Paper set out our case for more freedom in the business sector and signalled our determination as a Government to stem the tide of regulations which imposes burdens on business. It proposed the repeal of outdated and unnecessary regulations and action to ease the cost of compliance with others. We also agreed that we need to build into the rule-making process an awareness of the effect on business: the

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new arrangements in the "concordat" are a key element in this.

The response to "Lifting the Burden" showed that we had struck a chord with the business community: deregulation will encourage enterprise and create employment. As you know, the Prime Minister has endorsed our proposal for a further White Paper on deregulation in the Spring. It is essential that we have real progress to report in following up proposals contained in "Lifting the Burden", particularly in demonstrating the action Departments have taken in assessing the costs to business of complying with regulations and new regulatory proposals.

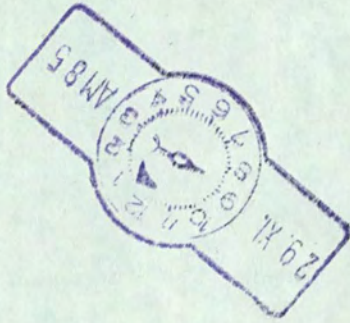
I am anxious to finalise the text of the "concordat" and get the new arrangements up and running as soon as possible, certainly before MISC 121 meets on 9 December. I attach a revised version of this document. To meet the views of your Department, I have, with considerable reluctance, accepted that we should drop, for the time being at least, the idea of numerical targets and comprehensive inventories of regulations, and that in the first instance it will be for Departments, rather than the EDU to judge if a regulation makes an impact on business and hence requires a compliance cost assessment. I do not think that the agreement could be diluted further and maintain its function as an effective inter-departmental mechanism for looking at regulations.

I hope, therefore, that you will be prepared to accept these proposals so that we can set up the arrangements next month. I should be glad to have your agreement by 4 December.

I am copying this letter to the Prime Minister only.

A handwritten signature in dark ink, appearing to be "C. A. D." followed by a large, stylized flourish that resembles a capital "P" or "M".

GOVT MACH: Rayner: Pt 20.



cc BG

Caxton House Tothill Street London SW1H 9NF
6460

Telephone Direct Line 01-213

Switchboard 01-213 3000

The Rt Hon Douglas Hurd MP
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

29 November 1985

DEREGULATION

When Kenneth Clarke wrote to you on 22 November, he said I would be writing shortly to colleagues with a copy of an agreed document, a "concordat" on inter-departmental arrangements on deregulation. I have now written to ... Leon Brittan and other colleagues (copy attached) and, as you may also be aware, the first meeting of MISC 121 has now been convened on Monday 9 December.

I regret to say that despite fairly extensive consultations my officials have been unable to reach agreement with yours on the final text of the "concordat". I am sure you will understand my concern at the delay this is causing and at the implication that there is some reluctance to carry forward the action required by our White Paper "Lifting the Burden". I recognise that the Home Office has its particular difficulties with deregulation in the field of law and order. These were recognised in the White Paper and it has been agreed that special arrangements should apply to these Home Office issues.

The White Paper is a statement of Government policy, agreed by colleagues at the meeting chaired by the Prime Minister on 1 July. Most Departments have been active in setting up arrangements to pursue our objectives on deregulation.

The White Paper set out our case for more freedom in the business sector and signalled our determination as a Government to stem the tide of regulations which imposes burdens on business. It proposed the repeal of outdated and unnecessary regulations and action to ease the cost of compliance with others. We also agreed that we need to build into the rule-making process an awareness of the effect on business: the new arrangements in the "concordat" are a key element in this.

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The response to "Lifting the Burden" showed that we had struck a chord with the business community: deregulation will encourage enterprise and create employment. As you know, the Prime Minister has endorsed our proposals for a further White Paper on deregulation in the Spring. It is essential that we have real progress to report in following up proposals contained in "Lifting the Burden", particularly in demonstrating the action Departments have taken in assessing the costs to business of complying with regulations and new regulatory proposals.

... I am anxious to finalised the text of the "concordat" and get the new arrangements up and running as soon as possible, certainly before MISC 121 meets on 9 December. I attach a revised version of this document. To meet the views of your Department, I have, with considerable reluctance, accepted that we should drop, for the time being at least, the idea of numerical targets and comprehensive inventories of regulations, and that in the first instance it will be for Departments, rather than the EDU, to judge if a regulation makes an impact on business and hence requires a compliance cost assessment. I do not think that the agreement could be diluted further and maintain its function as an effective inter-departmental mechanism for looking at regulations.

I hope, therefore, that you will be prepared to accept these proposals so that we can set up the arrangements next month. I should be glad to have your agreement by 4 December.

I am copying this letter to the Prime Minister only.

Law A.
[Signature]

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CCBA

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460
Switchboard 01-213 3000

The Rt Hon Leon Brittan QC MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON SW1

29 November 1985

NBPT.

To Leon,

DEREGULATION

WITH DEN?

When Kenneth Clarke wrote to you on 22 November, he said I would be writing shortly to colleagues with a "concordat", setting out my proposals for the inter-departmental arrangements on deregulation, a key element in the follow-up to our White Paper "Lifting the Burden".

Your own Department set in train the whole deregulation exercise through the scrutiny of administrative burdens on business. The response to "Burdens on Business" and subsequently to "Lifting the Burden" showed that we had struck a chord with the business community: deregulation will encourage enterprise and create employment. As you know, the Prime Minister has endorsed our proposals for a further White Paper on deregulation in the Spring. It is essential that we have real progress to report in following up proposals contained in "Lifting the Burden", and in identifying new areas for action on deregulation and in demonstrating the action Departments have taken in assessing the costs to business of complying with regulations and new regulatory proposals.

As you know, Kenneth Clarke will shortly be holding a series of bilateral discussions with those Departments which are to be represented on MISC 121 to consider progress on

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... deregulation in individual Departments in advance of the Ministerial Group's meeting. I am anxious to finalise the text of the "concordat" and get the new arrangements up and running as soon as possible, certainly before we hold the first meeting of MISC 121 on 9 December. I attach a final version of this document which has been discussed extensively at official level. To meet the views of some Departments I have, with considerable reluctance, accepted that we should drop, for the time being at least, the idea of numerical targets and comprehensive inventories of regulations, and that in the first instance it will be for Departments, and not the EDU, to judge if a regulation makes an impact on business, and hence requires a compliance cost assessment. I do not think that the agreement could be diluted further and still maintain its function as an effective inter-departmental mechanism for looking at regulations.

I hope, therefore, that you will be prepared to accept these proposals so that we can set up the arrangements later this month. I should be glad to have your response by 4 December.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nigel Lawson, Douglas Hurd, Peter Walker, Kenneth Baker, Norman Fowler, Michael Jopling, Nicholas Ridley, Norman Tebbit, Richard Luce and Sir Robert Armstrong.

*Case,
Hain*

DEREGULATION - THE NEW ARRANGEMENTS

INTRODUCTION

1. The purpose of this Note is to outline for the benefit of Departments the way in which the arrangements outlined in Chapter 8 of the White Paper, "Lifting the Burden", will operate and how the EDU and individual Departments will work together. Our joint objective is to reduce significantly the level of government regulation of business.

DEPARTMENTS

2. The prime responsibility for ensuring that burdens on business imposed by Government requirements are reduced rests with regulatory Departments, in consultation with the Department or Departments (often including DTI) which "sponsor" the business sectors concerned. In general, therefore, regulatory Departments should ensure that the appropriate sponsor Departments are sent copies of material prepared and provided to the EDU under these arrangements.

3. The formulation of policies and how Departments carry out their deregulatory tasks is essentially a matter for them, subject to normal collective Ministerial discussions. We suggest, however, that each Department may wish to establish a small "deregulation unit", carrying out a central co-ordinating role with adequate resources and powers to deal with the regulation-making divisions in the Department. The important point is that an individual official at working level should be clearly charged by Ministers and senior officials with special responsibility for deregulation within each Department. Assuming that Deregulation Units will be established in each Department we envisage that they will operate on the lines set out in Annex A.

Targets or Objectives

4. Regulatory Departments will wish to consider, in consultation with the Enterprise and Deregulation Unit (EDU), whether it would be appropriate to set targets for deregulation within its field of responsibility. If it is decided not to set numerical targets Departments will no doubt wish to consider what other system of objectives might be introduced so that performance can be assessed over a period (eg between now and the next White Paper to be published in Spring 1986).

Compliance Costs Assessments

5. Departments will need to carry out compliance cost assessments (CCA's) of all proposed regulations which could affect business for which they have responsibility, including those which stem from, or may be affected by, EC legislation. The volume of regulations prepared by Departments is considerable, and it is important to concentrate effort on those proposals which have potentially the greatest effect on business. The depth of analysis and extent of quantification required for the compliance cost assessment will therefore depend on the burden. The more contentious and burdensome regulations will require a full assessment with numerical material and a paper on cost/benefit analysis. At the other extreme, there may be proposals where minimal impact on business is expected; in such cases it may be permissible, with the EDU's agreement and that of the relevant sponsoring Department(s), to forgo the need for a formal CCA. In effect there will be a two tier system - each proposal will have a brief assessment (not quantified unless data are readily available) with only a selected number of proposals requiring a full CCA. In all cases, Departments will wish to pay special attention to the implications of proposed regulations for small businesses, and the scope for

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mitigating their effects (eg by exemption). Assessments will also need to set out briefly the options which Departments have looked at when considering the justification for introducing regulations and their content.

6. Many regulatory proposals go through the process of an initial draft proposal; circulation of the proposal to interested parties for comment; final preparation of the regulation. In such cases, the requirement for a full CCA arises at the third stage, before final decisions are taken. It is however important, particularly where formal consultation or publication is involved, that proposals going out for comment should already reflect a prima facie balance between costs and benefits, taking account of the need to minimise burdens. Otherwise business may be put to unnecessary work and the Government's deregulatory stance be undermined. In such cases, Departments should consult the EDU and the relevant sponsor Departments at a sufficiently early stage in the formulation of the proposals which are to be the basis of consultation. Where significant burdens are anticipated, this should ideally be done on the basis of the draft CCA, which would ultimately be revised in the light of consultations.

Regular Reports

7. Departments are asked to prepare regular reports for the EDU on their deregulatory activities. These will look forward, by listing all regulations - derived from primary legislation, Statutory Instruments and administrative procedures - the Department is likely to publish within the forthcoming six months. The reports will also review progress since the previous report (eg in terms of how far objectives have been met, how many regulations have been proposed. how many have been amended, how many dispensed with, etc).

8. In the first instance, we suggest that there should be an initial "forward look" report prepared by 16 December, followed by a further report after three months. Subsequently, we anticipate that once the system has been run in, reports need only be prepared at six-monthly intervals, or possibly annually.

Existing Regulations

9. As well as conducting assessments of proposed regulations, Departments may wish to identify those existing regulations which generate the highest level of complaint (or which on the face of it impose the greatest burdens on business) and then systematically review these. Departments' proposals for dealing with existing regulations should be sent to the EDU.

Monitoring Effect of Regulations

10. Regulatory Departments will also need to keep adequate records of the effect of regulations - old as well as new - on businesses. This would involve noting and analysing complaints (and perhaps occasionally commissioning surveys). These records should be sent to the EDU with proposals for dealing with those where there is evidence that the burdens imposed are excessive.

THE ENTERPRISE AND DEREGULATION UNIT

11. The EDU comprises officials seconded from a variety of Departments. It will include a few staff from the private sector, whose experience of industrial and commercial management practices will provide help in assessing the level of burdens placed on business. The EDU will also be assisted by an advisory panel of individual businessmen. The Director of the EDU reports to the Secretary of State for Employment and the Paymaster General.

12. The functions of the EDU will be:-

- (i) to provide Ministers with an overall picture of Government regulatory activity and its impact on business. The EDU will report on the progress of deregulation annually, to the Secretary of State for Employment and through him to the Prime Minister;
- (ii) to "audit" Departments' systems of compliance cost assessment;
- (iii) to provide Departments with expert help and guidance on the preparation of compliance cost assessments and on the establishment of systems to monitor the effect of regulation. To act as a central point for disseminating information on techniques involved in assessing the effect of regulations on business.
- (iv) to examine the compliance cost assessment prepared by Departments. Initially, the EDU will examine all assessments. Once the system of periodic reports is established, then the EDU will use the reports to monitor progress and to pick out proposals in the pipeline for special attention. In practice, the EDU will work "by exception", looking at all the brief assessments (see para. 5) but requiring full CCA's to be sent only in a minority of cases (eg those which it judges may raise particular difficulties for business). Assessments will, however, still need to be prepared, and should - unless otherwise

continue to be submitted to DTI where appropriate and the relevant sponsor Departments. Where proposals in the pipeline are singled out for special attention, then the EDU will itself be involved in preparation of the compliance cost assessment from the start. In cases where there is disagreement at official level about the impact on business and desirability of a proposed regulation, then the issue will be referred to the Secretary of State for Employment and the other Ministers concerned, for resolution;

- (v) to agree targets or objectives for each Department, subject to Ministerial agreement;
- (vi) to provide the main UK input into the European deregulation initiative (in consultation with FCO, DTI and the European Secretariat in the Cabinet Office) and to act as a source of information on deregulatory work in other countries;
- (vii) to undertake in conjunction with Departments, occasional reviews of particular areas of regulation which cut across Departmental responsibilities (eg licensing requirements).

Working Relationships

13. DTI will retain prime responsibility for representing the interests of business overall within Government. The EDU will liaise with DTI and will look to it for information and advice. It will also work closely with other sponsor Departments.

14. The EDU will work with Management and Efficiency Division in MPO on such aspects of deregulation as improved forms and the use of plain English; and with the Central Unit on Purchasing on such aspects of deregulation which impact on the ability of firms to obtain government business. It should also work with Training Division in the Management and Personnel Office and the Civil Service College (to ensure that the appropriate messages about deregulation are taken on board by officials with responsibility for regulations). Close links with the Efficiency Unit and the Prime Minister's Policy Unit will be maintained.

ENTERPRISE & DEREGULATION UNIT

27 November 1985

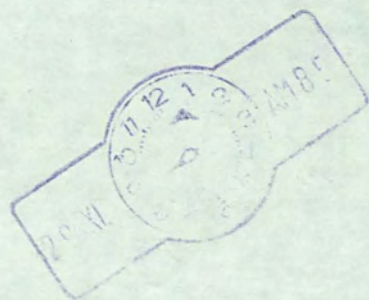
GUIDELINES FOR DEPARTMENTS

In individual regulatory departments we suggest that their own "deregulation units" might operate in the following manner:-

- (i) they might produce an inventory of existing regulations and then suggest appropriate targets for reducing these; if it is decided not to set numerical targets, they will wish to consider what other objectives might be appropriate;
- (ii) they will check and bring together the cost of compliance assessments (CCA's) carried out by regulatory divisions;
- (iii) they will act as a preliminary filter mechanism, examining assessments before their being sent to the EDU (it is hoped that proposals at this stage will be rejected or amended if they are not in accordance with the Government's overall deregulatory approach);
- (iv) they will be a channel through which assessments from regulatory divisions are sent to the EDU;
- (v) they will ensure that draft regulatory proposals and, when they are available, associated CCA's are copied to DTI if the sponsor Department and to other Departments with relevant sponsorship responsibilities in good time for them to take a considered view of the proposals;

- (vi) they will wish to send CCA's (at least in outline form) to the EDU in good time for the latter to take a considered view of the proposals. In the case of primary legislation this would mean well before discussion by the relevant Cabinet policy sub-committee; for secondary legislation, before the Statutory Instrument is laid, and for other significant administrative changes, before they are made public. A full CCA would probably best be produced after public consultation but before final decisions are made.
- (vii) the Departmental unit will prepare the forward-look and progress reports for transmission to the EDU;
- (viii) in some cases the need to consider regulating in a particular area will emerge very quickly and action will need to be taken urgently. It may not be possible to include a proposed regulation in the periodic reports to the EDU. In such cases the Department concerned should pass details of the proposed regulation to the EDU, copying to other interested Departments (with a CCA if possible) as soon as possible, preferably at least one month before publication, together with an explanation of why this shortened procedure has proved necessary;
- (ix) it is possible that in some exceptional and very urgent cases even the shortened procedure outlined in paragraph 8(viii) above may prove impracticable. In these cases, Departments should submit details of the proposed regulation to the EDU, copying to other interested Departments, as soon as is practicably possible, again with an explanation of why it has been necessary to proceed so urgently;

- (x) any cases dealt with under either of the two 'fast-track' methods in sections (viii) and (ix) above should be mentioned in the next periodic report submitted by the Department concerned to the EDU and the DTI;
- (xi) on proposed EC legislation within each Department's area of responsibility the Department will wish to prepare a CCA at an early stage (eg when "COM" papers are circulated). In some cases, directives may be permissive and there may be scope for implementing the regulation in different ways, some of which would be less burdensome than others. This should be addressed by the Department in its submission to the EDU. Further consideration will be given to the problems involved in dealing with EC Agricultural regulations;
- (xii) as well as consulting those Departments which sponsor affected industries, regulatory Departments should maintain and improve their existing contacts with business, in order to be able to draw on knowledge and expertise from outside when formulating and assessing proposed new regulations.



Card
Room
Pl type up
letter below
Ref. A085/3078

MR WICKS
✓

Prime Minister
This arose out of your
meeting with Sir R. Tibbs.
Content for me to write
as in draft attached?
(NB X is new, but
worthwhile.)
Policy Work and the FMI
N.L.W.
28.11.

Thank you for your minute of 12 November.

2. Instructions have been issued to Departments by means of a revision to the handbook for Cabinet Documents Officers. The new edition, circulated in September, now includes an injunction that in the preparation of papers for Cabinet and Cabinet Committees, "all proposals with value for money implications should (unless it has been agreed with the Treasury that the circumstances are exceptional) state what is to be achieved, by when, at what cost, and how this achievement is to be measured".
3. In addition, I have written to Departments to remind them of these instructions and of the importance of ensuring that all policy papers provide a clear criterion by which performance in achieving a policy objective can be measured. The message has been reinforced by a short brief circulated to Departments by the Joint Management Unit.
4. Since the instructions were issued, we are not aware of any occasions on which Departments have failed to comply with the instructions, but I should add that none of the policy papers which have been submitted to the Cabinet Office since then would have required such a statement. Treasury divisions have been asked to ensure that papers sent to them for clearance include a note about policy evaluation consisting either of actual proposals of or a statement why, with the agreement of the Treasury, something different is being suggested. We shall keep a close eye on the papers we receive to ensure that they comply with this requirement.



5. Between them, I hope that these arrangements will cover the position at official level. It occurs to me, however, that it would be helpful if you were to write on the Prime Minister's behalf reinforcing the importance she attaches to policy evaluation and the provision of cost estimates - and also reminding them that the instructions given in the Handbook should be read as applying equally to papers put to informal collective Ministerial meetings. I attach a possible draft of such a minute.

6. I will report again on progress in applying these arrangements in 12 months time.

ms

M C STARK

28 November 1985

SRWALS

DRAFT LETTER FROM N L WICKS TO MISS JOAN MacNAUGHTON

Value For Money.

Michael Stark's letter of 18 November to you reminded Departments that all policy proposals with value for money implications in Cabinet and Cabinet Committee papers should (unless it has been agreed with the Treasury that the circumstances are exceptional) state what is to be achieved, by when, at what cost and how it is to be measured.

Attached —

X | The Prime Minister has asked me to emphasise the importance she attaches to these instructions. She also attaches importance to Departments complying with the other instructions in paragraph 1.4 of the Handbook for Cabinet Documents Officers, especially the requirement that Cabinet and Cabinet Committee papers should be discussed in advance with the Treasury and the results of those discussions, including the best possible estimate of costs, should be indicated in the paper. These requirements in the Handbook should be read as applying equally to papers put to informal collective Ministerial meetings.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, the Minister of State, Privy Council Office and the Minister for Overseas Development, Sir Robert Armstrong and Sir Robin Ibbot.

GOVT MACH
RAYNER
PT 19



PART I

General

1.1 Cabinet and Cabinet Committee business consists, in the main, of—

- (i) Questions which significantly engage the collective responsibility of the Government, because they raise major issues of policy or because they are likely to occasion public comment or criticism.
- (ii) Questions on which there is an unresolved argument between Departments.

Matters wholly within the responsibility of a single Minister and which do not engage collective responsibility as defined above need not be brought to the Cabinet or to a Cabinet Committee unless the Minister wishes to have the advice of colleagues. A precise definition of such matters cannot be given; in borderline cases a Minister is well advised to seek collective consideration. Questions involving more than one Department should be examined inter-departmentally, before submission to the Cabinet, so that the decisions required may be clearly defined.

1.2 The Cabinet is supported by Ministerial Committees which have a two-fold purpose. First, they relieve the pressure on the Cabinet itself by settling as much business as possible at a lower level; or failing that, by clarifying the issues and defining the points of disagreement. Second, they buttress the principle of collective responsibility by ensuring that, even though an important question may never reach the Cabinet itself, the decision will be fully considered and the final judgment will be sufficiently authoritative to ensure that the Government as a whole can be properly expected to accept responsibility for it. When there is a conflict between Departments, it should not be referred to the Cabinet until other means of resolving it have been exhausted, including personal correspondence or discussions between the Ministers concerned.

1.3 If the Ministerial Committee system is to function effectively, appeals to the Cabinet must clearly be infrequent and the Chairmen of Committees are required to exercise their discretion in advising the Prime Minister whether to allow them. The only automatic right of appeal is if Treasury Ministers are unwilling to accept expenditure as a charge on the contingency reserve: otherwise the Prime Minister will only entertain appeals to the Cabinet after consultation with the Chairman of the Committee concerned. Departmental Ministers should normally attend in person meetings of the Committees of which they are members or to which they are invited: unless they make it possible for their colleagues to discuss with them personally issues which they consider to be important, they cannot—except where their absence is due to factors outside their control—expect the Prime Minister to allow an appeal against an adverse decision taken in their absence.

1.4 Proposals involving expenditure or affecting general financial policy should be discussed with the Treasury before being submitted to the Cabinet or to a Ministerial Committee; and the results of those discussions together with the best possible estimate (or estimates, if the Department's figures cannot be reconciled with the Treasury's) of the cost to the Exchequer, should be indicated in the memorandum. All proposals with value for money implications should (unless it has been agreed with

the Treasury that the circumstances are exceptional) state what is to be achieved, by when, and at what cost, and how this achievement is to be measured. Where proposals affect United Kingdom obligations or interests as a member of the European Community, this should be clearly explained. If proposals have manpower implications or may give rise to problems of recruitment, these should be clearly stated after consultation with the Treasury and/or Cabinet Office (Management and Personnel Office) as appropriate. Attention should also be drawn to any accommodation problems, after consultation with the Property Services Agency. No memorandum should be circulated to the Cabinet unless any legal implications which it raises have been cleared, or at least clarified, with the Law Officers. The Cabinet Office will not normally accept a memorandum for circulation to the Cabinet or a Ministerial Committee unless these steps have been taken.

1.5 Within the Cabinet Committee system there are also official inter-departmental Committees. These Cabinet Official Committees are the most important official Committees; they normally report to a Ministerial Cabinet Committee and they are serviced by the Cabinet Secretariat. They have however no constitutional function and do not derive collective authority from the Cabinet itself. Their role is the assembly of material and the presentation of options for Ministerial decision. Memoranda submitted to such committees should take account of the requirements referred to in paragraph 1.4 above, and appropriate (though if necessary preparatory) references should be made to the implications for the Treasury, Cabinet Office, (Management and Personnel Office) the Property Services Agency, the Law Officers, and our obligations and interests as a member of the European Community.

1.6 All classified documents are protected by certain standard security procedures. The additional rules applying to Cabinet and Cabinet Committee papers are set out in Parts II and III of this handbook.

VALUE FOR MONEY IN GOVERNMENT

It is now just over sixteen months since the Prime Minister had a meeting with Mr. Brittan and Sir Brian Cubbon about value for money in the Home Office. Since then she has held a number of such seminars about improvements in value for money and she intends to continue with them.

This letter is to give you advance warning that the Prime Minister has it in mind to invite Mr. Hurd and Sir Brian Cubbon to a further seminar in the early summer of 1986 at which she would be looking to discuss progress against the targets agreed on 10 July 1984 and the targets set for 1986/87 and beyond. (For ease of reference I am enclosing a copy of Robin Butler's note of the meeting of 10 July 1984.)

The Prime Minister envisages that the format of the meeting would be substantially as before. In addition to the Prime Minister, Mr. Hurd and Sir Brian Cubbon, the only other participants would be Sir Robin Ibbs, Sir Robert Armstrong and Nigel Wicks. The format would be for Mr. Hurd to speak for about 20 minutes, split roughly half and half between the targets agreed in 1984 and the targets for 1986/87 and beyond. This would be followed by 40-45 minutes of discussion intended to address two main issues: how to set and deliver targets for the results to be achieved and how the department has been able to make target setting a force for securing improvement in the delivery of policy objectives.

I will be in touch with you nearer the time to arrange the meeting. Meanwhile, I am sending copies of this letter to Sir Robin Ibbs and Sir Robert Armstrong.

(MARK ADDISON)

Stephen Boys Smith Esq.,
Home Office.



LO3AQI

10 DOWNING STREET

From the Private Secretary

25 November 1985

VALUE FOR MONEY IN GOVERNMENT

I expect that Mr. Baker knows that since July 1984 the Prime Minister has been holding a series of small "Value for Money" seminars with individual Secretaries of State. The intention is that the Minister and his Permanent Secretary describe examples of the most important improvements in value for money in operations or programmes in the past year and look forward to planned improvements in the future.

Sessions have so far been held involving the Home Office, the Department of Trade and Industry, the Scottish Office, and the Department of Employment. The Prime Minister would now be grateful if your Secretary of State could attend a further session to describe his recent improvements in value for money and his targets for future improvements. I will shortly be getting in touch with you to arrange the meeting.

The Prime Minister is keen to keep the session small, but your Secretary of State might want to be accompanied by his First Permanent Secretary. The discussions are not to be seen as part of the public expenditure negotiations and, apart from the Prime Minister, the only others present will be Sir Robin Ibbs, Sir Robert Armstrong and Nigel Wicks.

The Prime Minister hopes that your Secretary of State will speak for up to 20 minutes, roughly half to display the main improvements actually achieved in the past year and roughly half to explain what is going to be achieved. This would be followed by a further 40 minutes of discussion.

I am sending a copy of this letter to Sir Robin Ibbs and to Sir Robert Armstrong.

MARK ADDISON

Robin Young, Esq.,
Department of the Environment.



cc: Sir Robin Ibbs
Nick Owen

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

CAPITAL EXPENDITURE CONTRACTS

Earlier this year the Prime Minister asked Sir Robin Ibbs to advise on how time and cost overruns on major capital projects could be reduced. The Efficiency Unit presented the attached report to her in June.

Last month you and Sir Robin Ibbs discussed the report with the Permanent Secretaries most closely concerned. In the light of that discussion Sir Robin Ibbs has submitted to the Prime Minister the short memorandum of advice attached, listing four specific areas of action.

The Prime Minister has seen Sir Robin's note, and has approved the four recommendations. She has asked me to send copies to the Private Secretaries to all Ministers in charge of Departments with her request that Departments should act accordingly.

The Prime Minister would be grateful if you and Sir Peter Middleton would ensure that the recommendations are implemented speedily and report to her in November 1986 on the progress that has been made.

I am sending a copy of this minute to the Private Secretaries to the Ministers on the attached list.

N.L.W.

(N.L. Wicks)

21 November 1985

dy

Ministers in charge of Departments

The Rt Hon Michael Jopling, MP	-	MAFF
Richard Luce Esq MP	-	Arts and Libraries
The Rt Hon Norman Tebbit, MP	-	Chancellor of the Duchy of Lancaster
The Rt Hon Michael Heseltine, MP	-	MOD
The Rt Hon Sir Keith Joseph, Bt MP	-	DES
The Rt Hon The Lord Young of Graffham	-	DEm
The Rt Hon Peter Walker, MBE MP	-	DEn
The Rt Hon Kenneth Baker, MP	-	DOE
The Rt Hon Sir Geoffrey Howe, QC MP	-	FCO
The Rt Hon Norman Fowler MP	-	DHSS
The Rt Hon Douglas Hurd, CBE MP	-	HO
The Rt Hon Sir Michael Havers QC MP	-	Law Officers' Dept
The Rt Hon The Lord Cameron of Lochbroom, QC	-	Lord Advocate's Department
The Rt Hon Lord Hailsham of St Marylebone, CH	-	Lord Chancellor
The Rt Hon Tom King MP	-	NIO
The Rt Hon Kenneth Clarke, QC MP	-	PGO
The Rt Hon Viscount Whitelaw, CH MC	-	Privy Council Office
The Rt Hon George Younger, TD MP	-	Scottish Office
The Rt Hon Leon Brittan QC MP	-	DTI
The Rt Hon Nicholas Ridley, MP	-	DTp
The Rt Hon Nigel Lawson MP	-	HMT
The Rt Hon Nicholas Edwards MP	-	Welsh Office

1. Ownership" of Projects

The Department for whom work is being done must "own" the project. They must regard themselves as responsible for specifying what they want, in all necessary detail, and for seeing that they get it within expenditure and time constraints set at the time that approval for the project is given. The PSA or an external contractor may be the "managing agent" charged with the task of ensuring physical performance of the project but this in no way reduces the responsibility of the "owning" Department for ensuring that it gets what it needs within the expenditure and time constraints. For this the "owning" Department needs to have a Project Manager with appropriate skill and experience who can be given this task, made personally accountable for it, and have undivided loyalty to the Department. (The same principle applies to projects on behalf of a statutory body other than a Department - eg the CEGB "owns" power station projects, the NHS "owns" new hospital projects.)

Action: The Prime Minister to state that Departments will be held responsible for "owning" projects in this way.

Sir Robert Armstrong and Sir Peter Middleton, working through other Permanent Secretaries, to ensure this becomes a reality, and to report progress to the Prime Minister one year hence.

2. Project Managers

Each Department that has a substantial project needs to have a Project Manager with undivided loyalty to oversee it and be personally accountable for it. He should normally be involved first at the specification stage prior to formal approval of the project. For this work to be done successfully, skill and experience are required - a generalist briefly posted to it is unlikely to be able to do what is needed. Departments involved regularly in projects can build up a small cadre with the required skill and experience; other Departments should have seconded to them (from elsewhere in the Civil Service or from outside) an appropriate person when the need arises. Departments should pool experience and co-operate in building up Project Managers who are professionally highly competent with a good grasp of relevant techniques for ensuring efficient performance (eg competitive tendering, post-tender negotiation, value analysis etc). Greater flexibility in upgrading of posts and in payment should be developed to secure appropriate people as project managers.

Action: Permanent Secretaries in the Departments regularly involved in projects must ensure that the required skill and experience is built up through appropriate appointments and career planning. MPO to organise inter-Departmental co-operation and to monitor progress, as well as arranging together with the Treasury the necessary flexibility of grading and pay. Sir Robert Armstrong and Sir Peter Middleton to report progress to the Prime Minister one year hence.

3. Approval of Projects

Performance in terms of completion within budget and time depends crucially on thorough specification, and careful assessment of cost and time required, before a project is approved. An experienced project manager has an important role to play at this stage and can then own the cost and time figures to which he subsequently has to work. Greater thoroughness before formal approval is a key to better control and performance. A tighter process for formal approval, and more professional probing at this stage is needed.

Action: Ministers to agree that projects for, say, £25m expenditure and above shall not be approved until a brief note defining what is to be done, at what cost and within what time, and the benefits expected, has been submitted by a Minister of the Department concerned and accepted by a Treasury Minister. The Treasury to increase its expertise for probing projects at this stage to ensure they have been properly thought through. Permanent Secretaries to arrange for this procedure to be followed. Sir Robert Armstrong and Sir Peter Middleton to report to the Prime Minister one year hence on practical experience of these arrangements.

4. Performance

Clarification of "ownership", the availability of much more skilful project managers and stricter arrangements for formal approval of projects are not ends in themselves but are only worthwhile if they improve performance in terms of cost and time for individual projects. Departments will need to keep simple systematic records on this which the Treasury can collate.

Action:

The Treasury to arrange for simple systematic records to be kept of project performance, with an annual report to Sir Robert Armstrong and Sir Peter Middleton who in the light of it can propose any necessary further actions to the Prime Minister.

JS9/MA3

MR ADDISON

VALUE FOR MONEY SEMINARS

When the Prime Minister saw Sir Robin and me on 6 November we discussed possible candidate departments for a seminar in February. Environment seemed the best bet, not the least because it has more experience of handling MINIS systems than any other department, and because its PES allocation has recently been increased. I therefore attach a draft private secretary letter of invitation to the Secretary of State for the Environment.

The Prime Minister also agreed that the Inland Revenue or the Customs and Excise should be considered for a seminar in April - ie after the Budget - and that we should give a warning to the Home Office that they will be called in for a second seminar in the early summer. The purpose of this latter meeting would be to show that results are expected to flow from the seminar discussions. It would forestall any tendencies for departments to relax their efforts because they might feel that their turn would not come round again for some little time. Hence, the seminar would review progress on Mr Brittan's targets discussed on 10 July 1984 and look forward to new targets for 1986/87 and beyond. I will provide you with a draft to either the Inland Revenue or Customs, as appropriate, nearer the time. Meanwhile here is a draft which you could use to alert the Home Office.

I am copying this to Sir Robert Armstrong.

IAN B BEESLEY
20 November 1985

Mr Addison

Mr Wicks.

NW
22-11

I like the meeting you attended
recently provides cover for these
two letters for me to send.
Correct? MSA 22/11

13

GR

PL type up the
2 letters (to DOE & HO)
for my sig.
MSA 22/11

DRAFT PRIVATE SECRETARY LETTER:

Robin Young Esq
Private Secretary to the Secretary
of State for the Environment

CO 3 AQT

VALUE FOR MONEY IN GOVERNMENT

I expect that Mr Baker knows that since July 1984 the Prime Minister has been holding a series of small "Value for Money" seminars with individual Secretaries of State. The intention is that the Minister and his Permanent Secretary describe examples of the most important improvements in value for money in operations or programmes in the past year and look forward to planned improvements in the future.

Sessions have so far been held involving the Home Office, the Department of Trade and Industry, the Scottish Office, the Department of Employment and the National Health Service. The Prime Minister would now be grateful if your Secretary of State could attend a further session to describe his recent improvements in value for money and his targets for future improvements. I will shortly be getting in touch with you to arrange the meeting.

The Prime Minister is keen to keep the session small, but your Secretary of State might want to be accompanied by his First Permanent Secretary. The discussions are not to be seen as part of the public expenditure negotiations and, apart from the Prime Minister, the only others present will be Sir Robin Ibbs, Sir Robert Armstrong and Nigel Wicks.

The Prime Minister hopes that your Secretary of State will speak for up to 20 minutes, roughly half to display the main improvements actually achieved in the past year and roughly half to explain what is going to be achieved. This would be followed by a further 40 minutes of discussion.

I am sending copies of this letter to Sir Robin Ibbs and to Sir Robert Armstrong.

L03AQT

DRAFT PRIVATE SECRETARY LETTER:

Stephen Boys Smith Esq
Private Secretary to the Secretary of
State for the Home Department

VALUE FOR MONEY IN GOVERNMENT

It is now just over 16 months since the Prime Minister had a meeting with Mr Brittan and Sir Brian Cubbon about value for money in the Home Office. Since then she has held a number of such seminars about improvements in value for money and she intends to continue with them.

This letter is to give you advance warning that the Prime Minister has it in mind to invite Mr Hurd and Sir Brian Cubbon to a further seminar in the early summer of 1986 at which she would be looking to discuss progress against the targets agreed on 10 July 1984 and the targets set for 1986/87 and beyond. (For ease of reference I am enclosing a copy of Robin Butler's note of the meeting of 10 July 1984.)

?x The Prime Minister envisages that the format of the meeting would be substantially as before, ~~but with the difference that it would be about one department only.~~ In addition to the Prime Minister, Mr Hurd and Sir Brian Cubbon the only other participants would be Sir Robin Ibbs, Sir Robert Armstrong and Nigel Wicks. The format would be for Mr Hurd to speak for about 20 minutes, split roughly half and half between the targets agreed in 1984 and the targets for 1986/87 and beyond. This would be followed by 40-45 minutes of discussion intended to address two main issues: how to set and deliver targets for the results to be achieved and how the department has been able to make target setting a force for securing improvement in the delivery of policy objectives.

I will be in touch with you nearer the time to arrange the meeting. Meanwhile, I am sending copies of this letter to Sir Robin Ibbs and to Sir Robert Armstrong.



CCBG
Seesley

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/2955

18 November 1985

Dear Joan,

Policy Work and the FMI

FLAP PT 18

The Chief Secretary's minute of 15 May to the Prime Minister on Policy Work and the Financial Management Initiative proposed, among other things, that all policy proposals in Cabinet and Cabinet Committee papers should include a statement of the way in which performance in achieving and implementing the proposed policies would be assessed. The Prime Minister endorsed this.

I am therefore writing to remind Departments that save in exceptional circumstances, all such papers should include a statement of what is to be achieved, how it is to be measured, by when and at what cost. Instructions to this effect have already been incorporated in the revised version of the Cabinet Document Officer's Handbook CSI(85) 1, which was circulated to all Departments in September. The intention is not to add new sets of woolly words to every paper, but to provide a clear criterion by which performance in achieving a policy objective can be measured.

I should be grateful therefore if you could ensure that officials preparing policy papers are aware of this requirement.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, the Minister of State, Privy Council Office, and the Minister for Overseas Development.

Yours ever,

Michael

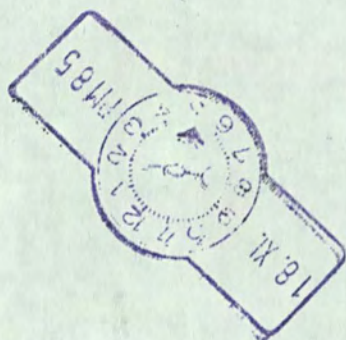
(M C Stark)
Private Secretary

Miss Joan MacNaughton

GOUT MACH

RAYNER

PT 19



I have explained to HB
that Treasury have got to write.
to have no. Mon 4/11

MR ADDISON

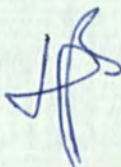
CF
= Could I see the file
please? MHA 12/11

14 November 1985

ORDNANCE SURVEY

There will be an Adjournment Debate on the trading practices of ordnance survey on Thursday week, initiated by Mark Wolfson MP. The Finance Director of Ordnance Survey, on behalf of DoE Minister Angela Rumbold, asks what was in the PM's letter to the Treasury concerning the Ordnance Survey. They need to know in order to prepare their briefing to the Minister.

Could I have a sight of this letter if sent, or the draft if not sent?



HARTLEY BOOTH

Ref. David Mason/OS and Mr Leonard/OS
GTN 2027/2558

JS9/RI7

Prime Minister

Agree to write as
proposed?

DS

19/11

cc NO
BF4 any comments?
DS
14/11

PRIME MINISTER

In my minute dated 5 July I reported to you the outcome of my examination of time and cost overruns on major capital projects. I proposed and you agreed that I should have a discussion with Sir Robert Armstrong and some senior Permanent Secretaries on how best to take my recommendations forward.

I have now had this discussion. The four specific areas of action I recommend in the light of it are set out in the attached note. Except for a suggestion that you should state that Departments will be responsible for "owning" projects, and a suggestion that Ministers should agree a procedure for tightening up the formal approval of projects, all the actions are for Permanent Secretaries and civil service managers to take. I am sure this emphasis is right as the subject is basically one of management and attention to detail. However in order to maintain pressure for improvement I propose that Sir Robert Armstrong and Sir Peter Middleton should report progress to you one year hence.

If you agree I suggest that your private secretary circulates my attached action note (and the Efficiency Unit report of June) to Ministers in charge of departments and to Sir Robert Armstrong. I attach a possible draft.

[Signature]

ROBIN IBBS
13 November 1985

Nigel
The Treasury say these don't show
any effect of their comments. But they
will kick up a fuss.

David.



1. Ownership" of Projects

The Department for whom work is being done must "own" the project. They must regard themselves as responsible for specifying what they want, in all necessary detail, and for seeing that they get it within expenditure and time constraints set at the time that approval for the project is given. The PSA or an external contractor may be the "managing agent" charged with the task of ensuring physical performance of the project but this in no way reduces the responsibility of the "owning" Department for ensuring that it gets what it needs within the expenditure and time constraints. For this the "owning" Department needs to have a Project Manager with appropriate skill and experience who can be given this task, made personally accountable for it, and have undivided loyalty to the Department. (The same principle applies to projects on behalf of a statutory body other than a Department - eg the CEEB "owns" power station projects, the NHS "owns" new hospital projects.)

Action: The Prime Minister to state that Departments will be held responsible for "owning" projects in this way. Sir Robert Armstrong and Sir Peter Middleton, working through other Permanent Secretaries, to ensure this becomes a reality, and to report progress to the Prime Minister one year hence.

2. Project Managers

Each Department that has a substantial project needs to have a Project Manager with undivided loyalty to oversee it and be personally accountable for it. He should normally be involved first at the specification stage prior to formal approval of the project. For this work to be done successfully, skill and experience are required - a generalist briefly posted to it is unlikely to be able to do what is needed. Departments involved regularly in projects can build up a small cadre with the required skill and experience; other Departments should have seconded to them (from elsewhere in the Civil Service or from outside) an appropriate person when the need arises. Departments should pool experience and co-operate in building up Project Managers who are professionally highly competent with a good grasp of relevant techniques for ensuring efficient performance (eg competitive tendering, post-tender negotiation, value analysis etc). Greater flexibility in upgrading of posts and in payment should be developed to secure appropriate people as project managers.

Action: Permanent Secretaries in the Departments regularly involved in projects must ensure that the required skill and experience is built up through appropriate appointments and career planning. MPO to organise inter-Departmental co-operation and to monitor progress, as well as arranging together with the Treasury the necessary flexibility of grading and pay. Sir Robert Armstrong and Sir Peter Middleton to report progress to the Prime Minister one year hence.



3. Approval of Projects

Performance in terms of completion within budget and time depends crucially on thorough specification, and careful assessment of cost and time required, before a project is approved. An experienced project manager has an important role to play at this stage and can then own the cost and time figures to which he subsequently has to work. Greater thoroughness before formal approval is a key to better control and performance. A tighter process for formal approval, and more professional probing at this stage is needed.

Action: Ministers to agree that projects for, say, £25m expenditure and above shall not be approved until a brief note defining what is to be done, at what cost and within what time, and the benefits expected, has been submitted by a Minister of the Department concerned and accepted by a Treasury Minister. The Treasury to increase its expertise for probing projects at this stage to ensure they have been properly thought through. Permanent Secretaries to arrange for this procedure to be followed. Sir Robert Armstrong and Sir Peter Middleton to report to the Prime Minister one year hence on practical experience of these arrangements.

This figure may not be appropriate for all departments, but it is a fair starting point.

4. Performance

Clarification of "ownership", the availability of much more skilful project managers and stricter arrangements for formal approval of projects are not ends in themselves but are only worthwhile if they improve performance in terms of cost and time for individual projects. Departments will need to keep simple systematic records on this which the Treasury can collate.

Action:

The Treasury to arrange for simple systematic records to be kept of project performance, with an annual report to Sir Robert Armstrong and Sir Peter Middleton who in the light of it can propose any necessary further actions to the Prime Minister.



DETAILED

N L Wicks

Draft letter for Mr. Wicks's signature to:

Sir Robert Armstrong GCB, CVO
Cabinet Office.

CAPITAL EXPENDITURE CONTRACTS

Earlier this year the Prime Minister asked Sir Robin Ibbs to advise on how time and cost overruns on major capital projects could be reduced. The Efficiency Unit presented the attached report to her in June.

Last month you and Sir Robin Ibbs discussed the report with the Permanent Secretaries most closely concerned. In the light of that discussion Sir Robin Ibbs has submitted to the Prime Minister the short memorandum of advice attached, listing four specific areas of action.

The Prime Minister has seen Sir Robin's note, and has approved the four recommendations. She has asked me to send copies to the Private Secretaries to all Ministers in charge of Departments with her request that Departments should act accordingly.

The Prime Minister would be grateful if you and Sir Peter Middleton would ensure that the recommendations are implemented speedily and report to her in November 1986 on the progress that has been made.

N L WICKS

N L Wicks

Ministers in charge of Departments

The Rt Hon Michael Jopling, MP	-	MAFF
Richard Luce Esq MP	-	Arts and Libraries
The Rt Hon Norman Tebbit, MP	-	Chancellor of the Duchy of Lancaster
The Rt Hon Michael Heseltine, MP	-	MOD
The Rt Hon Sir Keith Joseph, Bt MP	-	DES
The Rt Hon The Lord Young of Graffham	-	DEm
The Rt Hon Peter Walker, MBE MP	-	DEn
The Rt Hon Kenneth Baker, MP	-	DOE
The Rt Hon Sir Geoffrey Howe, QC MP	-	FCO
The Rt Hon Norman Fowler MP	-	DHSS
The Rt Hon Douglas Hurd, CBE MP	-	HO
The Rt Hon Sir Michael Havers QC MP	-	Law Officers' Dept
The Rt Hon The Lord Cameron of Lochbroom, QC	-	Lord Advocate's Department
The Rt Hon Lord Hailsham of St Marylebone, CH	-	Lord Chancellor
The Rt Hon Tom King MP	-	NIO
The Rt Hon Kenneth Clarke, QC MP	-	PGO
The Rt Hon Viscount Whitelaw, CH MC	-	Privy Council Office
The Rt Hon George Younger, TD MP	-	Scottish Office
The Rt Hon Leon Brittan QC MP	-	DTI
The Rt Hon Nicholas Ridley, MP	-	DTp
The Rt Hon Nigel Lawson MP	-	HMT
The Rt Hon Nicholas Edwards MP	-	Welsh Office

Copied to
Govt Mach:
PSA: Sept. 1983.

27



File 100

10 DOWNING STREET

From the Private Secretary

MR. STARK,
CABINET OFFICE.

The Prime Minister recently met Sir Robin Ibbs to discuss the scrutiny programme and other efficiency issues.

During the meeting, the Prime Minister asked about the progress which had been made on the review of the future role, aims and objectives of the Property Services Agency. This review was set in hand following a meeting to discuss the PSA held on 29 March 1984, at which Sir Robert Armstrong was present (David Barclay's letter of 2 April contains a record of the meeting). I should be grateful if you would let me know where matters now stand so that we may report to the Prime Minister.

I am copying this minute to Mr. Young (Department of the Environment) and to Sir Robin Ibbs.

MA

MARK ADDISON

13 November 1985



lute
bc .lan
Beesley
EA

10 DOWNING STREET

From the Principal Private Secretary

MR. STARK
Cabinet Office

POLICY WORK IN THE FMI

The Prime Minister recalls that she asked, as was recorded in Mark Addison's letter of 28 May to Richard Broadbent in the Chief Secretary's Office, that instructions should be given to Departments that all proposals with value for money implications, save any exceptional circumstances, should include a statement of what is to be achieved, how it is to be measured, by when, and at what cost.

// The Prime Minister would be grateful for a report on the progress in implementing these arrangements and an assessment on the extent to which Departments have complied with this request.

I am copying this minute to Mr. Broadbent (Chief Secretary's Office).

12 November 1985

EA



NARIT
PC spl

10 DOWNING STREET

Nigel

Nigel Wicks.

I think we need to
discuss these two
"reviews" with DOE before
writing to them. The story
seems rather confused to
me, and I wonder whether
the "two" are in fact distinct.
I will speak to DOE if you wish.
MCA 12/11



MR WICKS

Thank you for your letter of 8 November recording the conversation last Wednesday when Sir Robin and I came to see the Prime Minister.

Indent (i) refers to an outstanding remit on the future of Crown Suppliers. We have not been much involved with that work - the example we quoted was about the future of the PSA where the Prime Minister's meeting of 29 March 1984 agreed that the Secretary of State for the Environment would give further thought to the future role, aims and objectives of the Agency. It may be worth chasing up both in a similar way.

13
IAN B BEESLEY
11 November 1985

CF / Can I see
the record of that

pl?

MSA 11/11

Can MERA see
the file from
whence it came. see below.

Goont Maeh: Rayner Pt 19



CONFIDENTIAL

SUBJECT
cc Master.

RAMADE

file



10 DOWNING STREET

From the Principal Private Secretary

8 November, 1985

MEETING WITH THE PRIME MINISTER

The Prime Minister had a meeting with Sir Robin Ibbs and yourself on 6 November about the scrutiny programme and other efficiency issues.

Sir Robin said that the scrutiny technique and the FMI had already achieved a great deal. But these techniques needed to be used more positively if the full benefit of savings were to be achieved. For example, if scrutiny findings had been exploited more quickly, another £280 million could have been saved on top of the £750 million saved since 1979. His main concern was that Ministers were insufficiently eager to push departments to exploit the scrutiny technique to its fullest extent. Ministers had to squeeze the maximum benefit from a given level of public expenditure. Crucial here was the establishment of targets against which performance could be measured. Certainly more targets had been erected, but many were imprecise or weak. He had no feeling that there was within Government the same urge to save and squeeze as he felt as a Director of ICI.

Follow-up of scrutinies was often weak, as was demonstrated in the case of the follow-up to the inner city scrutiny. Despite the establishment of the CATS, there was too much effort still being devoted to complicated negotiations between Departments. Departments were fettered too by the need to work through local authorities, many of whom were not supportive of the Government's approach. He had, therefore, proposed the "agency" approach which would cut down on the inter-departmental negotiation and promote more direct action. In this instance the scrutiny technique had undoubtedly identified a problem but the follow-up had not solved it.

After further discussion, the follow-up action listed below was agreed:

- (i) No.10 Private Office would chase up the progress on the review of the future of Crown Suppliers which was commissioned by the No.10 letter of 19 March, 1985.
- (ii) Sir Robin Ibbs would consider, and advise on, the action which might be taken to encourage Departments to

h

adopt better targets.

(iii) The Prime Minister would hold a further value for money presentation by the Home Office next summer. Mr. Beesley would provide No.10 Private Office with the draft of a letter which might be sent to the Home Office specifying the format of their presentation.

(iv) The Efficiency Unit would advise No.10 on the Department which should be asked to present a value for money seminar in February: the Departments of the Environment and Industry were possible candidates. Either Customs and Excise or Inland Revenue should be asked to make a presentation in April or May after the Budget.

(v) No.10 Private Office would seek a report from MPO on progress made so far on the implementation of the performance bonus scheme. The two reports produced by Hay-MSL on the scheme were relevant.

(v) A report should be sought from the Cabinet Office on Departments' response to the requirement, set out in the No.10 letter of 28 May, that Departments should indicate that all proposals with value for money implications should include a statement of what is to be achieved, how it is to be measured, by when and at what cost.

N.L. Wicks

*Long
DPM
12/5
Aut
11/2*

I.B. Beesley, Esq.,
Efficiency Unit.

PRIME MINISTER

You are meeting Sir Robin Ibbs tomorrow at 1700 to discuss value for money targets. Nigel Wicks will also be present.

Your meeting with Sir Robin arises from a suggestion he put to you in September, when he reported to you on the progress departments were making on targets (flag F).

A note from Sir Robin setting out what he wants to discuss tomorrow is at Flag A. The three key issues are:

(a) your value for money seminars with individual departments (he wants you to press ahead with these);

(b) the scrutiny programme (he wants to apply these more widely and more imaginatively, and to focus on speeding up implementation);

(c) sanctions on those who do not meet targets (he is casting around for ideas).

Sir Robin may also wish to touch on his note on urban policy (flag B). You may wish to raise his suggestion for a single and separate executive agency at your meeting on inner cities next week.

At Flag C is a note from the Cabinet Secretary counselling a degree of caution before embarking on fresh scrutiny-type initiatives from the centre. John Redwood's note (flag D) sounds an alarm bell about the grip departments have achieved on running costs.

Also attached for information is a note from Sir Robin (flag E) covering the recently published report on the implementation of scrutinies, which contains a forward from you and which has attracted some press coverage.

In your discussion with Sir Robin, you will wish to emphasise to him the full support he has from you in all his efforts to improve the value for money which departments give, and the encouragement you offer them to cooperate with Sir Robin's initiatives. The letter I sent round to departments on 5 September (flag G) makes your commitment quite clear, and they should be in no doubt about your personal support for Sir Robin's work.

Mark Addison

MARK ADDISON

5 November 1985

C
QC Bop

Ref. A085/2834

PRIME MINISTER

You are meeting Sir Robin Ibbs on 6 November to discuss value-for-money targets. You may like to have a few comments from me.

2. In my view, the reforms introduced since 1979 and focusing on value for money in the public service are now solidly established in Departments. An informal seminar of Permanent Secretaries at Sunningdale last month, in which Sir Robin Ibbs participated, revealed that Departments saw the Financial Management Initiative (which seeks to extend personal responsibility for financial decisions throughout Departments, while strengthening the overall control of its top management collectively) as a permanent and positive reform. As Sir Robin Ibbs noted in his minute to you of 3 September accompanying his second report on value-for-money targets, the principle of target-setting has also been widely even if not yet universally adopted in Departments, and has taken firm root.

3. Permanent Secretaries would endorse Sir Robin Ibbs's comments about the importance of their own leadership role in securing better value for money. I did not notice in the comments made at Sunningdale any tendency to delay or fudge these issues. But some Permanent Secretaries said that they were concerned that aspects of public spending controls (the sometimes arbitrary nature of cuts, annuality etc) determining the financial and other resources available were difficult to reconcile with a long-term, efficiency-oriented target-setting approach. I think this is a real difficulty, with which Departments have to come to terms; it is inevitable that

CONFIDENTIAL

Departments will find that some of their targets are not achieved for no fault of their own, but rather because the resources which would be required cannot be made available.

4. I agree generally with the comments which Sir Robin Ibbs makes on his three suggested points for discussion. In particular I think Departments would welcome the extension of the scrutiny approach. My only caveat is that there is a feeling that we have had as many central initiatives, reforms and investigations as the system can take, and that there is a case for not pressing too hard: there may now be a need to allow the new structures to settle down and produce results.

5. I am sending a copy of this to Sir Robin Ibbs.

Carl Bowdery

ROBERT ARMSTRONG

(Approved by Sir Robert Armstrong
and signed in his absence.)

5 November 1985

13



MR ADDISON

Sir Robin Ibbs has asked me to send the enclosed minute to you this evening so that the Prime Minister might know that it is around before they meet tomorrow - even though she may not have had chance to read it.

I
B

IAN B BEESLEY
5 November 1985

Pamie Minister

I suggest that this proposal should be considered as part of the review of inner city spending and priorities on which you are holding a meeting next week.

DBS

5/4



KC3:PM1/11

CONFIDENTIAL

PRIME MINISTER

URBAN POLICY

Eighteen months ago Patrick Jenkin and Peter Rees commissioned a scrutiny of Urban Policy. Its main recommendation was that the efforts of DOE (through the Urban Programme) the MSC (the Community Programme) and the DTI (regional assistance) needed to be better coordinated and targeted.

I remain concerned that the implementation of its findings is too little and too slow. My advice to you then was that the only way to bring a proper managerial approach to bear is to take these responsibilities out of the hands of rival Departments and give them to an executive agency with the single-minded purpose of urban renewal. The City Action Teams are a partial and compromise response. They rely heavily on bureaucratic co-ordination and are unlikely to make significant improvement rapidly in delivering existing policies and expenditure to the people in inner cities. They cannot have the same stature or incentive to produce results as those who are personally visible as the men and women who have the job of improving the situation in a specific locality.

A better way would be a small agency, answering to a forceful Minister who could give it substantial attention. The Agency should have a full-time Director and a team of city Agents who would take responsibility for the execution of all relevant Government programmes in their respective areas.

The Agents might in some areas want to hire professional teams, as Nigel Broackes did in the London Docklands, to oversee physical redevelopment. In other areas they might want to operate primarily through voluntary or charitable agencies for the distribution of small grants to 'social' projects.

The need for progress is urgent. I believe that strong political leadership will be needed to keep the initiative and that the scrutiny proposals for an agency are a ready base on which to act.

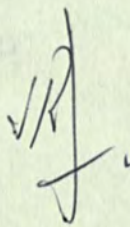
I am copying this to Sir Robert Armstrong.

ROBIN IBBS
November 1985

0/10
SR10:PM31/10

PRIME MINISTER

I thought you would like to see the published version of our report on Implementation and the New Notes for Guidance on scrutinies. All the indications are that departments are now taking the process of implementation a great deal more seriously as a result of this study. I shall be reporting to you on progress in the course of the year in April 1986.



ROBIN IBBS

November 1985





JS9/MAL

MR ADDISON

PRIME MINISTER'S VALUE FOR MONEY SEMINARS

You asked for a list of Ministers who have given already given presentations to the Prime Minister:

Mr Norman Tebbit (DTI)	10 July 1984
Mr Leon Brittan (Home Office)	10 July 1984
Mr George Younger (Scottish Office)	27 November 1984
Mr Tom King (DE)	5 June 1985

Mr Norman Fowler is due to give a presentation to the Prime Minister on the National Health Service on 9 December.

Jean Sullivan

Jean Sullivan
ps to Ian B Beesley
Norfolk
6 December 1985

Prime Minister

SV ystis 85/86 for
John to play

Agree to write as recommended?

DLW 1/11

PRIME MINISTER

1 November 1985

Chief Sec office confirming
are about to write, saying they have not
agreed, and copying F in F
papers as with a note to the Comptroller. Not 5/11

ORDNANCE SURVEY

CS to C.B.

Yes

Last year, Ordnance Survey cost the taxpayer £21.3 million. In December last year, Government announced in the Commons that Ordnance Survey has been through a period of long uncertainty about its future, and that this uncertainty was now ended. This referred to our decision that OS would not be privatised. This you repeated in a letter to Mr Ross Stewart on 29 July this year, but you added: "Government-owned trading activities . . . should be run, so far as possible, on a commercial basis". In September, guidelines for Ordnance Survey for the current year were issued to Treasury for their approval (attached). Treasury has refrained from giving permission because they were aware that we were researching this matter.

We have concluded that:

1. Pricing policy of Ordnance Survey is far from commercial: they have arbitrarily decided to sell their large-scale maps at less than half price. They have also aimed to recover from their other sectors - ie their provision of services, and their publication of small-scale maps and books and royalties only a break-even return or 10% excess revenue". They have failed to adopt a policy which would cross-subsidise their

loss-making sector. Nor, in their commercial publications, have they done any research as to what prices the market would bear. It is obvious to us, having looked at the prices and royalties charged, that OS could recoup more for their so-called "commercial work" and should be charging more to the 60% of their public sector customers for their large-scale maps.

2. Despite using Saatchi and Saatchi(!) to promote their products, the users of Ordnance Survey - both Government Departments and the public - have not been made aware that they are being helped and subsidised by the taxpayer. (Maybe Saatchis were understandably confused by OS's lack of normal policy.) So while Government is spending valuable resources comparable to most of the drugs programme, we are receiving no credit, and some brickbats, for this hand-out.
3. The aim of Ordnance Survey to recover 35% of costs is too low, even allowing for return on Exchequer grant this year of £1.5 million for digitisation. We believe a figure nearer to the commercial target the Government has set would be 40-50% return on costs. Even though it may be too late to change their objective for this year halfway through the year, we suggest that next year should be the first of a 3-year régime aiming, in the third year, to recover 100% costs. [We note that the objective of OS this year to recover 35% of costs

was put up to the Exchequer 6 months after the financial year began. If they are to be commercial, they must put up their objective next year well before March.]

We recommend that you write to John MacGregor saying that you are not happy with the aim of 35% this year; and that you ask officials urgently to consider ways in which a much higher percentage may be recovered next year. The new management that has been approved should be asked to draw up a clear plan as to the ways in which, and the timetable when, they will recover 100% of their costs.

Sources

The above is based on internal documents produced by OS; their published reports and price lists; two meetings with the Director General and his Finance Director; one visit to Southampton headquarters; and a meeting with their Marketing Director.

H. Booth

HARTLEY BOOTH



Wgandly to Mr H Booth
Policy Unit, No 10 Downing St
Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 3434

CHIEF SECRETARY	
REC.	27 SEP 1985
ACTION	Mr Instone
COPIES TO	RTS EST MST EST Sir Peter Middleton Mr Jamason Mr Schell Mr Turnbull Mr Goppe

26 September 1985

Mr Bailey

Dick Meadows.

Mr Lord

ORDNANCE SURVEY FINANCIAL OBJECTIVES

In January 1984, the Secretary of State for the Environment announced his intention "that targets for financial performance of the Ordnance Survey should continue to be set and should in future be reviewed about every three years."

I am writing to let you know that following discussions between your officials and Ordnance Survey officials on this matter, I have now agreed that the Ordnance Survey financial objectives for the three years April 1985-March 1988 will be:-

- A. To aim to recover 35% of the total costs of core activities.
- B. To aim to maximise revenue on Commercial activities and to recover not less than 110% of total costs of that category.
- C. To recover 100% of the total cost of both Public Sector repayment and Overseas business categories.
- D. To aim to reduce the net operating cost (excluding additional bid money for accelerated digital mapping programme) of the Department by 1% each year in real terms.

I intend to announce this by means of a written Question soon after the House reassembles.

This is essentially for information. I believe your officials have agreed the lines.

W
W

WILLIAM WALDEGRAVE

DN

File
Rayner

pk



10 DOWNING STREET

Ordnance Survey

Working Documents
for the file

AFB

1.11.85.

Commercial in
Confidence.

Sales by Customer Category 1984/85

Category	LS Maps £K	SS Maps £K	FPS £K	Copyright £K	Repayment £K	TOTAL £K	% of GRAND TOTAL	% excluding SS & ODA	% excluding SS, ODA & Repay
Local Authorities	116.0	161.2	520.2	2600.0	154.7	3552.1	13.5	18.6	27.5
Public Utilities	154.7	201.5	502.8	2896.5	274.5	4030.0	15.4	21.0	30.2
HMLR	356.2	0.3	48.4	681.0	1552.0	2637.9	10.0	14.4	9.2
Other Govt. Dept's	256.3	66.7	168.4	404.0	4052.0	4947.4	18.9	26.7	7.1
Education	59.6	145.6	-	3.0	163.1	371.3	1.4	1.2	0.5
Libraries	51.4	39.4	14.8	-	-	105.6	0.4	0.4	0.6
Publishers	-	-	-	685.0	-	685.0	2.6	3.8	5.8
Professionals	402.3	201.5	442.6	896.5	-	1942.9	7.4	9.5	14.8
Private customers	72.6	3649.7	307.7	125.0	292.0	4447.0	17.0	4.4	4.3
ODA	-	-	-	-	3503.0	3503.0	13.4	-	-
GRAND TOTAL	1469.1	4465.9	2004.9	8291.0	9991.3	26222.2	100	100	100
%	5.6	17.1	7.6	31.6	38.1	100			

MANAGEMENT IN CONFIDENCE

DATE 18/04/85

BBS V2

1985/86

BUDGET.

COST OF SALES/REVENUE BY PRODUCT GROUP

FINANCE AND AUDIT COMMITTEE REF 11/85 - REVISED

	COST OF SALES + 10c	REVENUE	PROFIT/ LOSS
CORE			
. 1:1250	18,080	5,299	-12,781
. 1:2500	12,152	4,412	-7,740
. 1:10000	3,138	1,283	-1,855
. MISCELLANEOUS	2,718	149	-2,569
. 1:25000	2,346	620	-1,726
. OUTDOOR LEISURE	483	623	140
	38,917	12,386	-26,531
. 1:50000	2,901	3,581	680
TOTAL CORE	41,818 75	15,967 52	-25,851
COMMERCIAL			
. 1:250000	369	518	150
. 1:625000	160	144	-16
. TOURIST	262	221	-41
. TOWN MAPS	124	81	-43
. CD PUBLICATIONS	843	1,144	301
. MISC PRODUCTS	409	109	-300
. REPAYMENT SERVICES	994	821	-173
	3,160 6	3,038 10	-122
REPAYMENT (HOME)			
. MOD	2,206	2,600	395
. LAND REGISTRY	2,587	2,650	63
. BOUNDARIES	198	220	22
. EXCHEQUER OTHERS	100	123	23
. BGS	417	416	-1
. NATS	184	150	-34
. MET POLICE	1,009	904	-105
. NON-EXCHEQUER OTHER	133	200	67
	6,833 12	7,265 24	430
REPAYMENT (OVERSEAS)			
. CORE	954	935	-19
. PROJECTS	3,159	3,150	-9
. REPAYMENTS	55	100	45
. MERGER	97	100	3
	4,265 7	4,285 14	20
TOTAL	56,076 100	30,553 100	-25,523
=====			
Cost absorbed in stock increase	270		
Under recoveries, Spare accommodation and Loaned & Seconded Staff	1,624		
	57,970	30,553 100	-27,417
=====			

Minister for Local Government



Please fax a copy of this
urgently to Mr H Booth
Policy Unit, No 10 Downing St
Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 3434

1.10.85

26 September 1985

CHIEF SECRETARY	
REC.	27 SEP 1985
ACTION	MH Instone
COPIES TO	PM EST MTEST
	Li Peter Middleton
	Mr Jamason Mr Schuler
	Mr Turnbull Mr Goppel

Mr Bailey

Mr Lord

ORDNANCE SURVEY FINANCIAL OBJECTIVES

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- To recover 100% of the total cost of both Public Sector repayment and Overseas business categories.
- To aim to reduce the net operating cost (excluding additional bid money for accelerated digital mapping programme) of the Department by 1% each year in real terms.

I intend to announce this by means of a written Question soon after the House reassembles.

This is essentially for information. Before you officials have agreed the lines.

W
W

WILLIAM WALDEGRAVE

Re Hon John McGregor OBE MP

151
46

7. Financial

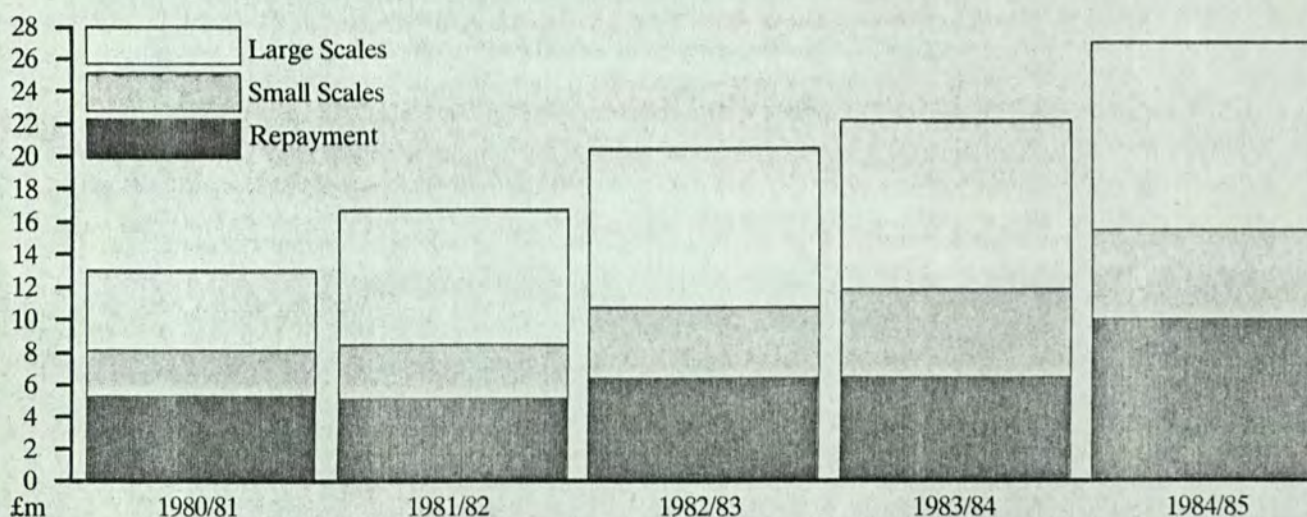
The figures for 1984/85 are provisional and unaudited. Audited accounts for 1984/85 will be published later in 1985 and will be available from Ordnance Survey Headquarters.

Revenue

	1982/83		1983/84		1984/85	
	Quantity in thousands	£000	Quantity in thousands	£000	Quantity in thousands	(Provisional) £000
Large Scales and 1:25 000	869	3 265	948	3 638	792	4 066
Copyright	—	6 397	—	6 543	—	7 363
Total Large Scales	869	9 662	948	10 181	792	11 429
Small Scales	2 830	3 688	2 753	4 542	2 690	4 591
Copyright	—	594	—	763	—	805
Total Small Scales	2 830	4 282	2 753	5 305	2 690	5 396
Repayment Services	—	6 387	—	6 471	—	10 032
Total	—	20 331	—	21 957	—	26 857

Note Repayment Services revenue in 1984/85 includes the Overseas Surveys Directorate.

Revenue Expressed Graphically



Expenditure

	1982/83 £m	1983/84 £m	1984/85 £m (Provisional)
Staff salaries and superannuation	27.7	27.7	30.3
Other operating costs	6.2	7.9	9.1
Accommodation	3.4	3.1	3.4
Depreciation and interest	4.6	5.2	5.3
Total	41.9	43.9	48.1

Revenue and expenditure by product group

Product Group		1980/81	1981/82	1982/83	1983/84	1984/85 (Provisional)
Large Scales and 1:25 000						
Revenue	£m	6.6	8.1	9.7	10.2	11.4
Expenditure	£m	30.0	31.8	31.7	33.1	33.6
Revenue as % of Expenditure		22%	25%	31%	31%	34%
Small scales and repayment services						
Revenue	£m	8.4	8.7	10.6	11.8	15.4
Expenditure	£m	8.4	9.0	10.2	10.8	14.5
Revenue as % of Expenditure		100%	97%	105%	109%	106%
Totals						
Revenue	£m	15.0	16.8	20.3	22.0	26.9
Expenditure	£m	38.4	40.8	41.9	43.9	48.1
Revenue as % of Expenditure		39%	41%	49%	50%	56%
Exchequer support as % Expenditure		61%	59%	51%	50%	44%

Note Expenditure includes interest on capital charges determined retrospectively by HM Treasury.

Capital employed at 31 March 1985

		(Provisional) £m	
Fixed Assets (see note)	Land and Buildings	19.4	
	Plant and Equipment	9.3	
		28.7	- 35.
Current Assets	Stocks and work-in-progress	4.5 - 4.9	
	Debtors, prepayments and bank balances	7.1 - 7.9	
		11.6	- 4.9.
Current Liabilities		3.9	8.4 (note)
Net Current Assets		7.7	4.6.
Net Assets		36.4	39.

Note The value of fixed assets reflect revaluation to net replacement cost at 1 April 1983. Depreciation is calculated on the estimated useful lives of the assets.

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CE/BY
NW

IBB2-PM6NOV

CONFIDENTIAL

PRIME MINISTER

We are due to meet on 6 November to discuss value for money targets and progress in steadily improving the use of taxpayers' money. Substantial advances have been achieved in introducing good techniques and better systems - the need now is more determination and leadership - particularly in departments - to ensure that these improvements are used to good effect.

In 1979 you asked Derek Rayner to help Ministers manage government. He did an excellent job and created both a technique for getting action to improve things now - the scrutiny - and a programme of wider structural change - the lasting reforms. Since you appointed me in 1983 I have concentrated on strengthening the forces in the government system which push people to look for better ways of doing things. I have asked Ministers to show that value for money matters to them and have focused attention on the leadership role of the Permanent Secretaries in securing better value for money in departments.

My report to you of 3 September evaluates the progress on getting Ministers to adopt targets to improve value for money. It shows that targets and actual performance are improving year by year, but in many instances the endeavours are still insufficiently ambitious. Those of us who live in a competitive environment know that what is good enough today will not be good enough tomorrow and that you have to work unceasingly to stay ahead of the game. The performance of departments varies widely but in general I do not believe that this is yet appreciated sufficiently well in government.

There is insufficient urgency to get good results delivered on the ground; the instinctive reaction to a problem is a committee discussion (often inconclusive) and a willingness to fudge. The culture still attaches more importance to co-ordination and consensus than to speedy results. Some of the promising people who are attracted away from the civil service go because they see opportunities outside government to do things.

In my experience, whether in the private or the public sector, people only go really hard for value for money if there is a sense of crisis or if they have a natural burning passion to do so. The latter occurs from time to time in great leaders but most people will only deliver better value for money substantially and quickly when they are faced with dire consequences if they do not do so. The problem is how to produce this sense of urgent need.

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CONFIDENTIAL

In the light of this I suggest concentrating on the following specific points when we talk:

1. Your value for money seminars galvanise departments into action. Ministers' targets to improve value for money are a good focus for those occasions. We need to keep them pointed firmly at results.
2. How to persuade your colleagues that it is in their direct political interest to get every possible pound of value from the resources available. This is a matter of will not techniques. But given the determination, scrutinies could be used far more extensively, in some instances with imaginative adaptation of the approach. We have had success in moving them into programme areas - for example to reduce burdens on business and to assess the targeting of the urban programme. We need to build on this. My report to you on implementation of scrutiny findings which has just been published provides a mechanism to pin action on Permanent Secretaries to deliver results which, to their credit, they have generally welcomed. But in cases where there is no such mechanism implementation of decisions can be unconscionably slow. Would more statements in public of your determination to improve value for money for the taxpayer's pound have a galvanic effect on your colleagues?
3. Within the system, can life be made more uncomfortable for those who fail to make agreed targets (for example on holding down running costs)?

I am copying this to Sir Robert Armstrong.

Robin Ibbes

pp ROBIN IBBS
31 October 1985

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

CONFIDENTIAL

ms





10 DOWNING STREET

From the Private Secretary

16 October 1985

Thank you for your letter of 7 October proposing arrangements for the publication of the scrutiny report on the Registration Service.

I can confirm that there is no objection to this report being published as soon as possible without commitment to particular recommendations. I know, however, that the Prime Minister will be grateful if, given the period which has elapsed before publication, the opportunities to secure greater value from public spending can be pursued with urgency.

(Timothy Flesher)

G.H. Langsdon, Esq.
Department of Health and Social Security.

ry



c Mr Owen (Policy Unit)

MR FLESHER

SCRUTINY OF THE REGISTRATION SERVICE

ATTACHED

Lady Trumpington's office has sent you proposals for the publication of this report.

2. The Registration Service works under legislation dating back to the 1830s. Responsibility for the service is split (in an unsatisfactory way) between the Registrar General and local authorities. The service costs about £26m pa (£10m is recovered).

3. The scrutiny shows how the service can be brought into this century. It proposes:

- rationalisation of the management structure to give more responsibility to local authorities
- discontinuing the central records at St Catherine's House and having County Register Offices instead
- closing some outstations (the scrutiny found one in Wales which was open for half an hour one day a month! Many open rarely.)
- in depth study of new technology

as well as various other procedural and managerial changes. These could lead to annual savings of about £5m pa.

4. Some of the changes proposed are potentially controversial (eg closing rural outstations, discontinuing the central records); there is a need for consultation; a final package of changes may differ from that recommended by the scrutiny. But this was a good scrutiny and it showed beyond doubt that there is a real opportunity here to secure better value for money.

5. The signs so far that this opportunity will be taken are not good (8 months to propose publication and the Registrar General's gloomy briefing note). It would be extremely helpful if the Prime Minister felt able to lend her weight to securing a greater sense of commitment to action on this scrutiny.

6. I attach the sort of draft reply which would do that.

IB

IAN B BEESLEY
16 October 1985

aj2/regsl014

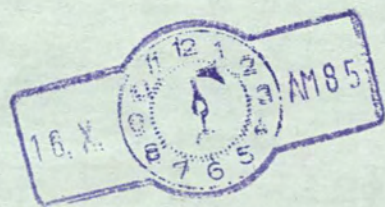
DRAFT LETTER FOR MR FLESHER TO SEND TO:

G H Langsdon Esq
Private Secretary to Lady Trumpington
Department of Health and Social Security

PUBLICATION OF THE SCRUTINY REPORT ON THE REGISTRATION SERVICE

Thank you for your letter of 7 October proposing arrangements for the publication of this scrutiny report.

The Prime Minister agrees that the report should be published as soon as possible without commitment to particular recommendations. She has noted that it has taken 8 months to propose publication and has commented that opportunities to secure greater value from public spending should be pursued with urgency and vigour. The Prime Minister would be grateful if your Minister would ensure that a greater sense of commitment is now attached to taking this scrutiny forward.



010

CCND



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

15 October 1985

NBBM
for now,
await serial
coming up.

Dear Mark,

VALUE FOR MONEY TARGETS

FILE WITH TK
RAYNER PT19

My Secretary of State was grateful for the copy of Sir Robin Ibbs' report on value for money improvements enclosed with your letter of 5 September.

Immediate follow-up is covered by my Secretary of State's reply to the Prime Minister's personal minute of 10 September, and in Mr Heiser's letter to Sir Robin Ibbs of 9 October. We look forward to hearing about this programme in due course. Our main value for money field is, of course, local authority expenditure; which was the subject of a fairly recent presentation to full Cabinet. I therefore imagine that DOE is unlikely to be at the head of the queue for the new series of seminars.

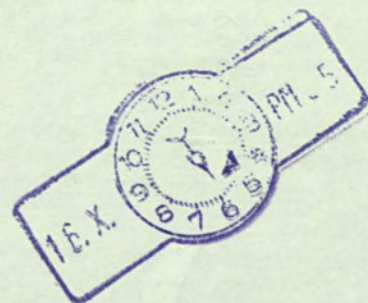
A copy of this letter goes to Sir Robin Ibbs.

Yours sincerely,

R U Young.

R U YOUNG
Private Secretary

Mark Addison Esq



CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

14 October, 1985

DEREGULATION, CITY ACTION TEAMS AND TOURISM

The Prime Minister has now seen your Secretary of State's minute of 3 October about deregulation, city action teams and tourism.

On deregulation, the Prime Minister has agreed that the membership and terms of reference of MISC 114 should be amended as your Secretary of State proposes with the aim of a report to E(A) in February. The Prime Minister would be content to agree in principle to chair a further meeting if necessary in January.

On tourism, the Prime Minister agrees that your Secretary of State should proceed by convening periodic meetings of colleagues and officials from other departments, without the need for a formal MISC committee.

On city action teams, the Prime Minister has agreed that the work of MISC 116 should continue subject to the changes in membership to which your Secretary of State refers.

I am sending a copy of this letter to Michael Stark (Cabinet Office) and Stuart Lane (Paymaster General's Office).

(Timothy Flesher)

L.Lewis, Esq.,
Department of Employment.

CONFIDENTIAL



FILE

Ly

10 DOWNING STREET

From the Private Secretary

14 October, 1985

Thank you for your letter of 8 October about the new Management Board for the Ordnance Survey. The Prime Minister was content with the revised announcement attached to your letter.

(Timothy Flehser)

Miss S. Vandervord,
Department of the Environment.

EC



10 DOWNING STREET

From the Private Secretary

14 October 1985

The Prime Minister was grateful for your Secretary of State's minute of 8 October about his proposals for pursuing value for money in the Department of the Environment.

(DAVID NORGROVE)

Robin Young, Esq.,
Department of the Environment.



file
sf

10 DOWNING STREET

From the Private Secretary

IAN BEESLEY

Cabinet Office

VALUE FOR MONEY TARGETS

Thank you for your minute of 8 October.
I have had a word with the Prime Minister
and she would like to see Sir Robin Ibbs
at 1700 hours on Wednesday 6 November.
The meeting will have to take place in
the House of Commons as it is the opening
of Parliament that day and the Prime
Minister will be making a major speech
in the afternoon.

CAROLINE RYDER

14 October 1985

A handwritten signature, likely of Caroline Ryder, consisting of a stylized 'C' and 'R'.

PRIME MINISTER

Attached is a minute from Lord Young about arrangements for taking forward deregulation, city action teams and tourism following the Cabinet reshuffle.

i) On city action teams Lord Young proposes and the Cabinet Office supports, a continuation of MISC 116 with the addition of the Paymaster General to the committee.

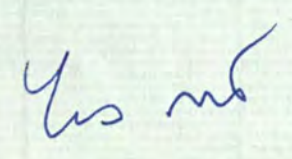
ii) On tourism Lord Young proposes and the Cabinet Office supports, Lord Young himself continuing to take the lead in his role as Secretary of State for Employment and arranging ad hoc co-ordinating meetings as seems necessary.

iii) On deregulation Lord Young proposes and the Cabinet Office supports, that MISC 114 should continue with some small changes in its membership, including the addition of the Paymaster General and a revised Terms of Reference to ensure that it follows up the proposals in the recent White Paper.

There should be no difficulty about any of this and I suggest that you agree to what Lord Young proposes. Agree?

Lord Young also proposes that you should indicate your willingness to chair a deregulation meeting yourself early next year to emphasise the importance you place on deregulation proposals. Since the membership of MISC 114 is mostly Junior Ministers this would be a useful 'big stick' for Lord Young to keep up his sleeve to encourage the reluctant.

Agree in principle to chair a meeting early next year as suggested by Lord Young and supported by the Cabinet Office?

 
Timothy Flesher

9 October 1985



file
SH

10 DOWNING STREET

From the Private Secretary

IAN BEESLEY
Cabinet Office

Mark Addison is away on holiday so I am acknowledging your minute, reference JS9/MA of 8 October.

I will have a word with the Prime Minister when she gets back from Blackpool about the possibility of Sir Robin Ibbs having a word with her about Value for Money targets and come back to you with a suitable date.

MRS CAROLINE RYDER
9 October 1985

ls



Permanent Secretary
Terry Heiser CB

CC NO
Department of the Environment

2 Marsham Street London SW1P 3EB

01-212 8051

Sir Robin Ibbs
Efficiency Unit
70 Whitehall
LONDON SW1

N 16/10
9 October 1985

Dear Sir Robin,

VALUE FOR MONEY TARGETS

You will have seen the Prime Minister's personal minute to my Secretary of State of 10 September, and his reply. I am writing to follow up both that exchange and the No 10 private secretary's letter of 5 September enclosing a copy of your report to the Prime Minister on value-for-money targets.

Although the eventual DOE contribution to your report was adequate (I am told it drew 2½ cheers from your staff), we may not have drawn sufficiently upon the Efficiency Unit in the early stages of our setting. As you know, the MINIS round is the key point in the year formulating our goals and benchmarks. I am therefore asking David Heigham to consult your staff over the next few weeks so that we may have the benefit of the Unit's thinking before we get into my and Kenneth Baker's rounds of review meetings with our Under Secretaries and Deputy Secretaries. These contracts need to be sufficiently early to leave time for a top level meeting with you if that appears likely to add to the conclusions of the working level discussions. They would be in addition to the specific discussion Ian Beasley suggests in his letter of 23 September.

It would be useful if you could find the time to talk over these matters. But in any event we shall, fairly certainly, want further meetings at the appropriate levels towards the end of our MINIS round to review our progress in target setting, and to

agree our related scrutinies. That would probably be in March 1986. It may also prove useful to have working level contacts towards the end of January or in early February. These dates are based on the MINIS timetable set out on page 2 of the enclosed booklet. You may also want to glance through pages 4 to 6 of the booklet (paragraphs 10 to 19) which outline the changes we are making in MINIS this year. This text shows how the thinking that you saw in our video last year has been developing. Your staff may be interested in the guidance notes and examples in the rest of the booklet.

I am copying this letter to the Prime Minister's private secretary, and to Sir Robert Armstrong.

3 copies (Private Secretary)

for T M HEISER

GOUT MACH

RAYNER DT 19

E. R.
PRIME MINISTER

● VALUE FOR MONEY TARGETS

Sir Robin Ibbs has requested 45 minutes with you on the above subject. He has given me a list of dates, none of which is possible except for 1600 hours on 30 October and 1700 hours on 6 November. I attach relevant diary sheets.

Which one would you prefer.

6th November
after lunch or CR.

CAROLINE RYDER

9 October 1985

CONFIDENTIAL

AS AT 4.10.85

NOT TO BE COPIED

COPY NO. 13

10 DOWNING STREET

GR

PRIME MINISTER'S ENGAGEMENTS FOR THE YEAR BEGINNING 25 OCTOBER 1985

Friday 25 October

	Arrive London Heathrow
0930	Cabinet
1145	Depart No.10
1230	Ladies luncheon Finchley
1430	Depart for 212 Ballards Lane
	Return to No 10
1630-1800	Tea Party in aid of Finkin Street Methodist Church, Grantham
c1830	Look in at Derek Edgar's farewell party To Chequers

Sunday 27 October

Carol's lunch at Chequers

Monday 28 October

0830	Hair
1000	Lord Young
1030	Banking Supervision Seminar
1200	Chief Whip
1215	Chief Whip, Lord Privy Seal, Lord President and Chairman
1300	Lunch in flat or Lunch with colleagues
1430	MISC 111
1600	OD
1730	Chancellor + DN
1830-2000	Reception for Imperial War Museum Re-Development Appeal No.10

Tuesday 29 October

0900	Questions Briefing Team
0930	Diary Meeting
1000	Mr. David Williamson & Sir David Butler +CDP
1200	Memorial service for Pat Hornsby-Smith St. Margaret's + MA
1300	Lunch and Questions Briefing
1515	Questions
1545-1615	Janet Fookes MP + 2-3 colleagues re: animal welfare H/C
1615	Cranley Onslow H/C
1630-1700	George Gardiner MP and others
1800	Drinks with MPs H/C

Wednesday 30 October

0915-0930	Call by Japanese Ambassador Keep free for DN
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CONFIDENTIAL

Thursday 31 October

0830 Hair
0900 Questions Briefing Team
1030 Cabinet
1300 Lunch and Questions Briefing
1515 Questions
1545 Keep free for MPs
1630-1830 Talks with Hungarian Party Secretary
1945 for 2000 Dinner in Honour of Mr Kadar,

Friday 1 November

Sellafield

Saturday 2 November

1030 Keep free

Sunday 3 November

Keep free for Speech

Monday 4 November

0830 Hair
1130 Chief of Defence Staff to say farewell
1200 Chief Whip
1215 Chief Whip, Lord Privy Seal, Lord President
and Chairman
1300 Lunch for colleagues
Keep free for speech

Tuesday 5 November

Keep free for speech
1800 Audience
1930 for 2000 Eve of Session Dinner
United and Cecil Club Reception Carlton
Club

Wednesday 6 November

1130 State Opening of Parliament
After opening Look in at CPA Reception, Westminster Hall
1430 Speech on the Address
1730 Chancellor H/C

Thursday 7 November

0830 Hair
1030 Cabinet
1300 Lunch with Private Secretaries
1430-1515 Look in at Introductory seminar for junior
Ministers, No.10
1700-1800 Meeting of Ministers
1830-1930 Look in at Industrial and Liaison Group
Reception Temple Place, Victoria
Embankment

Friday 8 November

1000 Sir Robert Armstrong

Keep free for Lord Mayor's Banquet speech
Working lunch in Flat
Overnight at No.10

Saturday 9 November

1015 Depart No.10
Finchley Autumn Fair
1300 Return to No.10
1900 Festival of Remembrance - +DT Royal Albert
Hall

Sunday 10 November

Lunch Remembrance Sunday +DT
Bishop of London?

Monday 11 November

0830 Hair
Keep free for speech
1300 Lunch in Flat
1800 Lord Mayor's Banquet +DT

Tuesday 12 November

0900 Questions Briefing Team
1000 Diary Meeting
1030 Boy Scouts delegation for Spastics Society
1200 Arrive Victoria Station
1230 Amir of Qatar arrives
1300 Lunch and Questions Briefing
1515 Questions
1530 Possibly Autumn Statement
1545 Cranley Onslow, MP
1600 Keep free for MPs
1800 Malcolm Rutherford for FT interview
1900 Change
c1950 Depart No.10
Between 1950 Arrive Buckingham Palace
and 2018
2030 State Banquet +DT - Buckingham Palace

Wednesday 13 November

0900-1000 John Newhouse of New Yorker
1000 Chancellor or Meeting of Ministers
1030 Lord Young
1200 Talks
1300 Lunch for Amir of Qatar +DT
1600 Meeting with Nat. Union Officers & Area
Chairmen
1700 Foreign and Commonwealth Secretary
1800 Audience
Between
1900-2030 Look in at Scottish Office Reception
Dover House

2

CF/ce Sir Robin Ibbs
and pa please.

DHW

14/10.

PRIME MINISTER

You minuted me on 10 September about "value for money". I am fortunate to have inherited a Department which has made relatively good progress. I note, for instance, that Sir Robin Ibbs cites our water industry targets as an example of good practice in the report attached to your Private Secretary's letter of 5 September.

But we cannot be content with isolated examples. I am making it my practice throughout my Department to expect that my expenditure managers as a matter of course will produce information setting out what we expect to achieve for the public resources devoted to all of the wide variety of "businesses" which come under the DOE umbrella. This approach must become second nature throughout the Civil Service if we are to change the Whitehall culture from one of generalised and unfocussed spending to cost-effective targetting on defined policy objectives.

The key note of the process of review and target setting in my Department is the annual MINIS round. We are reshaping MINIS this year to concentrate on just these issues. I intend that we should make further advances in that direction over the next 12 months.

I am asking my Permanent Secretary to write in parallel to Sir Robin Ibbs setting out the MINIS timetable, so that he can see when we can expect to produce our next advance in value for money targets. My officials will also be contacting Sir Robin's unit at working level before we get deep into the next MINIS round to tap them for ideas on how we can next move forward. Sir Robin's report to you already gives some pointers on the types of target we can look for.

k.s.

K B

8 October 1985

GOVT MACH

RATNER PT 19





Ref. A085/2581

MR FLESHER

Deregulation, City Action Teams, and Tourism

You sought advice in your minute of 3 October on the proposals in the Secretary of State for Employment's minute to the Prime Minister of 3 October about future arrangements in respect of deregulation, city action teams and tourism.

2. We see no difficulties in the arrangements proposed on the first two. On city action teams, MISC 116 is, as Lord Young notes, due to meet on 31 October, and the Economic Secretariat are in touch with Lord Young's office about the arrangements. On tourism, Lord Young will be able, by virtue of his new responsibilities, to arrange ad hoc co-ordinating meetings as seems to him appropriate, and no further formal arrangements by the Cabinet Office are necessary at this stage.

3. On deregulation, Lord Young proposes in effect that MISC 114 should continue, with some small changes in the membership (including the addition of the Paymaster General) and revised terms of reference that will ensure that it follows up effectively the proposals in the recent White Paper, "Lifting the Burden" (Cmnd 9571).

4. There would be no difficulty in arranging now for the Group to continue in this revised form, and if the Prime Minister so wishes the Secretariat can arrange for this forthwith so that work can proceed without delay in advance of the Prime Minister's 7 November meeting. Lord Young also enquires, however, whether the Prime Minister would be willing to chair a meeting herself early next year to emphasise the importance she attaches to positive action by Departments on the deregulation proposals. Since Departmental



representation at MISC 114 is generally at junior Ministerial and/or official level, this would provide a useful opportunity for the Prime Minister to check on progress herself in advance of consideration by E(A), and directly to involve key senior Ministers, such as the Secretary of State for Trade and Industry, whose Departments are likely to be involved. The arrangements for this could, of course, be discussed further at the meeting on 7 November.

5. If the Prime Minister agrees, she may wish to authorise you to respond briefly to Lord Young on the above lines. I should in any case be grateful to know whether you wish the Cabinet Office to arrange in advance of the 7 November meeting for MISC 114 to continue on the lines suggested by Lord Young.

MS

M C STARK

8 October 1985



JS9/MA

MR ADDISON

c Mrs Ryder

VALUE FOR MONEY TARGETS

When Sir Robin Ibbs reported to the Prime Minister on 3 September about the second round of departmental targets to improve value for money he suggested that it would be helpful if he could talk to the Prime Minister about possible steps to improve further the Government's willingness and ability to improve value for money from its activities. (I attach a marked copy of the relevant minute for ease of reference.) I wonder if it is now possible to fix a time for that? If he could have, say, 30 - 45 minutes in the early evening on any of the following dates that would most appreciated:

21 October from 5 30 pm x

23 October from 5 00 pm x

30 October from 4 00 pm ✓

5 November from 3 00 pm until 5 30 pm x

6 November from 5 00 pm ✓

25 November from 5 30 pm x

26 November from 5 30 pm x

But of course if the Prime Minister would prefer a different time I would do my best to have Sir Robin other arrangements re-fixed.
Thank you.

I3

IAN B BEESLEY
8 October 1985

Enc: Minute of 3 September on Value for Money Targets

JS8/PM

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

VALUE FOR MONEY TARGETS

I attach my second report to you on the targets Ministers have set to improve value for money in all areas of expenditure. As you know I should like to generate greater motivation and commitment but nonetheless I am encouraged by progress in the past twelve months. Targets are now quite widespread. But there is still some way to go before you can be confident that:

- (1) Departments know what their standard of performance should be in each main activity - by which I mean not what has been achieved, but what should be attainable if they try hard enough; and
- (2) Staff throughout government feel that they are working to targets which will improve things that matter.

There is an understandable reluctance by Ministers to admit to targets (even in private) unless their achievement is high on certain. One result of this caution is that Ministers may not always have done themselves justice in the discussions I have had with them.

A more serious flaw is that Ministers are prey to conventional wisdom about what scale of improvement is possible. If you had accepted the conventional wisdom in 1979 you would not have achieved a dramatic reduction in the size of the civil service.

Caution of this type emasculates the ability to shape events. In the private sector even the best businesses have obtained fundamental and continuing improvement only by breaking parts of the mould of conventional wisdom. Leaders have set targets which they know, from their experience and business knowledge, are ambitious yet attainable.

Government can do the same.

What needs to be done

It is important to strike a note of encouragement so that Ministers persevere in setting targets for improvement. With that in mind I have written the attached report, which is intended for circulation to your colleagues, in encouraging terms. But the fact is that there is still a need for performance targets which are more extending and which tax the Permanent Secretaries and their senior managers to find new ways of doing things. The "bottom line" in government is complex and is not susceptible to expression as a simple measure. But performance indicators can tell Ministers whether the results they seek are actually being delivered - and they can then judge spending accordingly. Overall there is still too little concern with the output from spending the taxpayers' money.

PERSONAL AND CONFIDENTIAL

I have put into Annex 1 of the report a selection of targets which are especially praiseworthy - clear, stretching targets which indicate unambiguously how success is to be judged. I also attach a fuller (bound) note summarising the targets approved by each relevant Minister. If you glance at this you will see how the quality varies.

The contrast is marked between, say, the very specific, hard-nosed, target for the Immigration Service - to reduce average waiting times for nationality cases by one half with a 19% reduction on staffing: the much less satisfactory target for the Patent Office - to reduce the backlog of unexamined Trade Mark applications from 16,500 to 11,000 by October 1986 (with no indication of what that means for the customer or for productivity): and the vagueness of the PSA's targets on maintenance - to complete reviews and to issue guidance on the range of contracts available.

Ministers need to be provided with more imaginative insight into what can be achieved. Those in the system who are trying to push for rapidly improving performance need to be encouraged further.

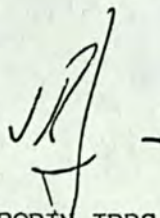
Action now

I suggest taking things forward in the following way:

- (1) You continue the value for money seminars. There have been real improvements in the Home Office, DTI, Scottish Office and Department of Employment since your seminars with them. Their targets show this.
- (2) I continue my discussions with Ministers and Permanent Secretaries to encourage them to use MINIS-type systems to set value for money targets and to choose areas for scrutiny.
- (3) You invite me to carry out a scrutiny of the effectiveness of individual value for money targets within departments.
- (4) In the light of this scrutiny, and the implementation of this year's targets, I should report to you on how to build into the normal governmental processes the use of stretching targets as a permanent feature.

I should like to talk to you about all this if that is possible, but as a first step I think it would help if my report was circulated to Ministers in charge of departments. If you agree, your private secretary could send it round under the draft letter at Annex 3.

I am sending a copy of this minute and of my report to Robert Armstrong only at this stage.



ROBIN IBBS
3 September 1985



Prime Minister

This announcement
has been revised as
you phoned.

19. 2
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref: *nr*

Dr
8 October 1985

Dear Mark

Thank you for your letter of 26 ~~September~~ about the Prime Minister's reaction to the proposal to create a new Management Board for the Ordnance Survey.

/ I enclose a revised announcement which has been amended to reflect the Prime Minister's view that the responsibilities and reporting arrangements for the Board should be clearly spelt out. It also makes clear that the role of the Director General as Accounting Officer remains unchanged and that Ministers retain ultimate responsibility for ensuring that Ordnance Survey gives value for money and is set realistic financial targets.

/ A short list of 7 potential independent directors has been drawn up from a primary list of 29 names supplied by the Public Appointments Unit and other independent sources, and Mrs Rumbold is currently sounding their availability and suitability for the Board. The criteria for inclusion on the long list require that candidates have already demonstrated success in their particular field and do not represent any sectional interest involved with OS. The search for candidates concentrated on the fields of marketing, information technology and financial management. I also attach a copy of the outline description of the Board which is being sent to the 7 shortlisted candidates.

I am copying this letter to the recipients of my letter of 11 September and taking up with each of them any particular issues they have raised.

Yours sincerely

Sue Vandervord

SUE VANDERVORD
Private Secretary

Mark Addison Esq

ORDNANCE SURVEY (OS) MANAGEMENT BOARD
RESPONSIBILITIES AND REPORTING ARRANGEMENTS

1. Composition of the Board. The Board will consist of the Director General as Chairman, his 5 senior managers, and up to 3 independent directors. It is hoped to establish the Board by the end of 1985.
2. Responsibilities. The Ordnance Survey is a Government Department and therefore acts on behalf of Ministers. Independent directors will not have any formal responsibility in the way that the Board of Directors of a Company has. The Secretary of State and the Director General, as Accounting Officer will retain their present statutory responsibilities and the responsibility of the Board is to support these functions.
3. Terms of Service for Independent Directors. Appointments will be made by the Secretary of State for an initial period of 2 years but with provision for an extension for a further one or 2 periods at most. It is intended that a regular turnover will occur. Independent directors will be required to sign the Official Secrets Act before taking up their duties.
4. Meetings of the Board. Meetings will be approximately monthly (probably 10 a year) and will usually each need a day's preparation. They will take place in the Headquarters of OS on the outskirts of Southampton. (70 minutes by train from Waterloo.) Occasional visits to other establishments may be arranged at the mutual convenience of all concerned.

5. Board Business. The Board will be primarily responsible for reviewing policy, planning, and monitoring of performance by:

- a. reviewing trading results;
- b. discussing reports on particular aspects of Ordnance Survey activities;
- c. assisting with the preparation of the rolling Corporate Plan, Annual Report and accounts;
- d. Contributing informal advice and actively participating in the preparation of discussion papers.

In this way Ordnance Survey will continue to flourish as an efficient and cost-effective organisation which satisfies current and future user needs, meets the financial objectives set for it, reduces Exchequer support by increased involvement in the commercial market place, and remains in the forefront of technological change.

6. Reporting Arrangements. The formal reporting channel to the Secretary of State will be through the Accounting Officer (Director General) but independent directors will have a right of access to Ministers if they have serious reservations about the management of Ordnance Survey which they feel are being ignored without good reason.

Additionally, independent directors may meet Ministers informally from time to time.

DRAFT PARLIAMENTARY QUESTION AND ANSWER TO ANNOUNCE THE ESTABLISHMENT OF
THE ORDNANCE SURVEY MANAGEMENT BOARD

Q: To ask the Secretary of State for the Environment if he will make a statement about future arrangements for the management of Ordnance Survey?

A: Following discussions with the Ordnance Survey Advisory Board I have decided to set up a Management Board for the Ordnance Survey composed of executive and non-executive directors. It will replace the present Advisory Board. The Advisory Board agreed that a Management Board was the most suitable structure for the Ordnance Survey, but recommended that the new Management Board should have an independent chairman. After careful consideration I have concluded that in the case of the Ordnance Survey this would create needless problems of accountability to Ministers and Parliament. I have therefore decided that the Director General, who is the Accounting Officer, should be Chairman of the Management Board and report directly to Ministers as at present. In this way the chain of command and responsibilities remain clear and unaltered. The executive directors will be five Ordnance Survey senior managers.

I am pleased to announce that X Y and Z have agreed to serve as independent non-executive directors of Ordnance Survey. They will bring valuable private sector experience into the management of Ordnance Survey. They will also have direct access to Departmental Ministers as necessary.

The Management Board will be primarily responsible for reviewing policy, planning and the monitoring of performance in order to ensure that Ordnance Survey:

1. continues to flourish as an efficient and cost-effective organisation, satisfying current and future user needs;
2. meets the financial objectives set by the Secretary of State;
3. reduces Exchequer support by increased involvement in the commercial market place;
4. remains in the forefront of technological change.

Ministers, however, will continue to have final responsibility for ensuring that Ordnance Survey gives value for money and is set challenging and realistic performance targets.

In particular, one of the early matters which the Board will consider will be the creation of a sub-committee, composed of independent and Ordnance Survey members, to advise generally on scientific and technical matters, and with particular reference to the needs of digital mapping. Such a group was recommended by the Advisory Board and accepted by Ordnance Survey.

I believe the new arrangements will provide Ordnance Survey with better strategic direction and will contribute to the sound development of the organisation. I would like finally to express my gratitude to the members of the Advisory Board for their good work and advice over the past two and a half years, and to thank them for their services.

GOVT MACH : Rayner : Pt 19



80/10

 BF efficiency
 unit
 comments

DEPARTMENT OF HEALTH & SOCIAL SECURITY
 Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Joint Parliamentary Under Secretary of State

Tim Flesher Esq
 Private Secretary
 Prime Minister's Office
 10 Downing Street
 London
 SW1

 1/6
 8/10/85

7 OCT 1985

Dear Tim,

PUBLICATION OF THE EFFICIENCY SCRUTINY REPORT ON THE REGISTRATION SERVICE

Lady Trumpington has asked me to clear with you the arrangements for publishing the enclosed Efficiency Scrutiny Report on the Registration Service.

This study report is part of Sir Robin Ibbs' programme of Whitehall scrutinies. The local authorities asked for a review and Ministers agreed to this in July 1984.

The study has 47 recommendations which are summarised on pages vi-ix of the report. A large number of these would need primary legislation although many seem uncontroversial. But a few of the recommendations could be controversial, notably recommendation one which proposes that local authorities should have greater freedom in local provision of the registration service (subject to reserve powers for the Registrar General to ensure consistent national standards) and that the registration officers should become local authority employees. There is also a recommendation that the number of registration offices should be reduced from 672 to 417 and that the 425 outstations should be reviewed with a view to closure. There would also cease to be a proper central copy of the register entries of births, deaths and marriages from which certificates could be issued. I am enclosing a short brief on the scrutiny with initial comments by the Registrar General, who is the Statutory Officer appointed by the Queen to administer the registration service.

My Secretary of State and Lady Trumpington take the view that because of the size and complexity of the issues raised it would not be sensible to formulate even a preliminary Government response before having the views of the interested parties, particularly the local authorities. They therefore propose that the report should be published and circulated to those concerned for comment with a three month consultation period, stressing that the Government is not committed to the recommendations. Sir Robin Ibbs would also welcome the publication of the report and has suggested that any draft press statement should be cleared with the Prime Minister.

The report was completed in February but because of other heavy preoccupations in the Department and changes in Ministerial responsibilities in the meantime,

E.R.

consideration of publication has taken longer than Ministers would have liked. In view of this fact and that the Association of County Councils for one is pressing for news, Ministers are of the opinion that publication should proceed without further delay.

I am enclosing the drafts of the proposed reply to an arranged PQ and an accompanying Press Notice.

I am copying this to Ian Beesley in Sir Robin Ibbs Office.

Yours Ever
G H Langsdon
G H LANGSDON
Private Secretary

DRAFT PARLIAMENTARY QUESTION (LORDS)

To ask *Whether* *H.M.G.* will make a statement on the Efficiency Scrutiny into the service for the registration of births, deaths and marriages in England and Wales.

SUGGESTED REPLY

A scrutiny of the Registration Service has been carried out as part of the series which is being organised and coordinated by the Government Efficiency Unit. The local authorities, who at present fund a large proportion of the costs of the Registration Service, asked for such a review. The decision that it should be held was announced in another place by my hon friend the then Parliamentary Under Secretary of State for Health on 12 July 1984 (Official Report Col. 658).

The Report on the Efficiency Scrutiny is being published today and I am sending it for comments within the next three months to government departments, local authority associations, Proper Officers for Registration, registration officers, trade unions and others concerned. The Report makes 47 recommendations, many of which would require new legislation. The Government is not committed to the recommendations and will consider the comments before making decisions. Further consultations would then follow before decisions are finally taken on any major changes which could substantially affect the service to the public or the staff of the Registration Service.

Copies of the report are being placed in the Libraries of both Houses.

DRAFT PRESS RELEASE

GOVERNMENT TO CONSULT ON EFFICIENCY SCRUTINY OF THE
REGISTRATION SERVICE

Lady Trumpington, Parliamentary Under Secretary for Health, announced today that the Government intends to consult with a number of organisations on the recommendations of the Efficiency Scrutiny into the Registration Service, which is the organisation responsible for the registration of births, deaths and marriages in England and Wales.

In a written reply to a Parliamentary Question from Lord

Lady Trumpington said -

"A scrutiny of the Registration Service has been carried out as part of the series which is being organised and coordinated by the Government Efficiency Unit. The local authorities, who at present fund a large proportion of the costs of the Registration Service, asked for such a review. The decision that it should be held was announced in another place by my hon friend the then Parliamentary Under Secretary of State for Health on 12 July 1984 (Official Report Col. 658).

The Report on the Efficiency Scrutiny is being published today and I am sending it for comments within the next three months to government departments, local authority associations, Proper Officers for Registration, registration officers, trade unions and others concerned. The Report makes 47 recommendations, many of which would require new legislation. The Government is not committed to the recommendations and will consider the comments before making decisions. Further consultations would then follow before decisions are finally taken on any major changes which could substantially affect the service to the public or the staff of the Registration Service.

Copies of the report are being placed in the Libraries of both Houses."

Copies of the Efficiency Scrutiny Report: Registration of Births, Marriages and Deaths are available (price £3) from OPCS Information Branch, St Catherines House, 10 Kingsway, London WC2B 6JP. A summary of the recommendations is attached.

NOTES FOR EDITORS

1. The Registration Service is responsible for the registration of births, deaths and marriages and for conducting civil marriage ceremonies and the civil preliminaries to marriages outside the Established Church.
2. At present, registration officers are recruited, accommodated and paid by local authorities. Once appointed they become statutory office holders, following regulations and instructions which are issued by the Registrar General in accordance with the Registration Service Act 1953.
3. The gross cost of the Registration Service is financed partly from the fees which are paid by the public for civil marriages and for birth, death and marriage certificates, which cover over one third of the gross cost. Most of the remainder is financed by local authorities from the rates and rate support grant, and there is also a small direct payment from central government.
4. The central scrutiny programme is organised and co-ordinated by the Efficiency Unit on behalf of the Prime Minister. Scrutinies are specific analyses of central government policies or activities aimed at achieving increased value for money. Topics for scrutiny are selected by Ministers and agreed by the Prime Minister and Sir Robin Ibbs, her advisor on efficiency.



10 DOWNING STREET

From the Private Secretary

MR STARK
CABINET OFFICE

I attach a minute from Lord Young proposing new arrangements to take forward work on deregulation, city action teams and tourism. As you will see the minute has not been copied outside Department of Employment. I should be grateful for your advice on how to proceed: in particular, instead of arrangements such as the Secretary of State for Employment suggests being promulgated in advance of the meeting on 7 November, should they be as a result of that meeting?

Tim Flesher

3 October 1985

CC 15



PRIME MINISTER

DEREGULATION, CITY ACTION TEAMS, AND TOURISM

1. We are meeting on 7 November to discuss our strategy on enterprise and employment. I shall let you have a note in advance as your Private Secretary requested.

2. Before then, however, I would hope - with your agreement - that we might be able to set in hand new central arrangements in respect of deregulation, city action teams and tourism to ensure that there is no break in our efforts on any of these fronts.

Deregulation

3. I see the recent White Paper as a beginning rather than an end to our efforts. There is a long way still to go domestically. In addition, a major commitment will be required from all Departments if we are to ensure that the initiative on deregulation in the European Communities which you introduced at the March Council in Brussels produces results. I have already said publicly that I envisage a second White Paper on deregulation by April of next year; this will be a major task, but in my view it is crucial.

4. I think this work could progress most effectively if we continue to use the device of a committee of Ministers and officials on deregulation along the lines of MISC 114. That Committee was very successful in focusing attention on deregulation and keeping Departments up to an ambitious



timetable which in the event we met with the publication of "Lifting the Burden" before last Summer's recess. The timetable I have proposed for the second White Paper, while slightly longer, is no less ambitious.

5. I would suggest a committee with similar membership and terms of reference to MISC 114 with the addition of the Paymaster General, and of representatives of MAFF and the Department of Transport as there are a number of issues in their fields which are of interest in terms of both domestic and European deregulation. As before I would see the committee being supplemented by a series of bilateral discussions on deregulation with each Department, being taken by either Kenneth Clarke or myself.

6. If you agree to the establishment of such a Committee, I would suggest terms of reference as follows:-

"To coordinate action to implement the proposals contained in "Lifting the Burden" (Cmnd 9571); to consider what further steps should be taken on deregulation; to prepare a timetable for action, to accelerate and monitor progress thereafter; to oversee the arrangements for assessing the compliance cost of all new regulations; to review systematically existing regulations and more generally to consider how the burden of regulation can be kept to a minimum; and to make recommendations to the Ministerial Sub-Committee on Economic Affairs (E(A))."

I would envisage a report to E(A) in February, with a view to publication of a White Paper before the Easter recess. As I mentioned to you, I would find it invaluable if you could find the time to continue to take a close interest in this work, possibly by offering to chair a further meeting in, say, January and by indicating to colleagues that in addition you would want to hold one or two bilaterals to deal with the burden of regulations being imposed by certain Departments.



City Action Teams (CATS)

7. On the CATS, MISC 116 provides a continuing vehicle for monitoring the effectiveness of the teams against the targets we have set them. I understand that the Cabinet secretariat intend putting forward to me as Chairman suggestions for revised membership of the Committee which will reflect recent ministerial changes. Apart from these, however, and the addition of the Paymaster General to the Committee, no further changes in MISC 116's scope or terms of reference seem called for. It next meets on 31 October.

Tourism

8. On tourism, 'Pleasure, Leisure and Jobs' announced our intention of arranging for the Departments concerned with tourism and tourism related responsibilities to keep under coordinated and regular review the range of Government policies which impinge on tourism and leisure. Before the report was issued I discussed with the Secretary to the Cabinet the form which such coordination might take. One option is clearly a MISC Committee but that carries the disadvantage that, for reasons which I accept, we could not refer publicly to its existence, still less to its membership. This leads me to the view - which I believe the Cabinet Secretariat also favour - that I might convene periodic meetings of colleagues and officials from the other Departments concerned to ensure that the necessary coordination is happening. Any issues which could not be resolved in such a forum could, of course, come to the appropriate Cabinet committee for decision.

9. If you were to agree to such an approach, I would foresee the need for no more than an invitation to me from you to ensure that the tourism policies of other Departments were reviewed regularly and to report any issues needing more formal collective consideration to the appropriate Committee.

CONFIDENTIAL



10. If you were to agree with the proposals in this minute then it would be particularly helpful if you were able to instruct me accordingly with copies to colleagues concerned. This will be sufficient to ensure that work goes ahead without delay.

11. I should, of course, be happy to discuss.

12. I am copying at this stage only to Kenneth Clarke here.

Ref

DY

3 October 1985

CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

Value for money from government spending is vital to the nation and scrutinies are a powerful way of improving it - provided that action follow analysis. This report has reviewed the results of scrutinies and how they are implemented. It demonstrates conclusively the effectiveness of the scrutiny as a method of identifying better ways of achieving value for money in government departments. Its recommendations are sensible and straightforward. They will help Ministers and their Permanent Secretaries to ensure that improvements identified are pushed through to implementation.

I commend the report and the notes of guidance on carrying out scrutinies as a valuable statement of how to achieve better results.

Nargant Shaiter

October 1985

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Treasury Chambers, Parliament Street, SW1P 3AG

Miss S L Vandervord
Private Secretary to the
Rt Hon Kenneth Baker MP
Secretary of State for the Environment
2 Marsham Street
London
SW1P 3EB

30 September 1985

Dear Miss Vandervord

ORDNANCE SURVEY

Thank you for sending me a copy of your letter of 11 September to Mark Addison about the proposal for a new management board for the Ordnance Survey.

The Chief Secretary welcomes your Secretary of State's proposal to bring in more outside expertise. He is anxious to see the department run as commercially as possible and for its dependence on Exchequer support to be reduced from its present level. The main issue is whether the inclusion of 2 or 3 outside non-executive members on the board would be a satisfactory way of bringing such experience to bear on the way in which the department is run.

In view of the fairly recent decision not to proceed with trading fund or grant in aid status the Chief Secretary does not wish to press for a more radical solution at present. But he sees some advantage in a trading fund compared with vote funding and feels that if satisfactory solutions could now be found to the earlier problems it would be worth looking at that option again. In the meantime, he is content for your Secretary of State to establish the new board on the lines proposed in your letter. This is however subject to the following provisos.

He considers that it will be essential for people of the right calibre to be chosen if the proposals are to be of benefit. The emphasis will need to be on proven business ability. The inclusion of people who would simply represent map users' interests would defeat the object of the exercise.

X He is also anxious that new and tougher financial targets should be introduced as quickly as possible. He looks forward to receiving your Secretary of State's proposals. He will want to consider these carefully, since it is vital that Exchequer support is reduced to the absolute minimum.

Finally, the detailed arrangements will need to ensure that there are adequate safeguards to protect the position of the Director General (DG) as Accounting Officer given the non executive members' rights of direct access to Ministers. Your Secretary of State will have to take account of the DG's responsibilities and be prepared to resolve any conflicts which might arise if the outside members' advice had implications for expenditure by the Department or in the way in which the business was being run which the DG as Accounting Officer could not support.

... Copies of this letter go to the Private Secretaries on the attached list.

Yours sincerely
Richard Broadbent
R J BROADBENT
Private Secretary

Copies to the Private Secretaries
to:

The Prime Minister

The Rt Hon Douglas Hurd MP

The Rt Hon Sir Keith Joseph Bt MP

The Rt Hon Peter Walker MBE MP

The Rt Hon Michael Heseltine MP

The Rt Hon George Younger MP

The Rt Hon Norman Fowler MP

The Rt Hon Leon Brittan MP

The Rt Hon Nicholas Ridley MP

The Rt Hon Michael Jopling MP

The Rt Hon Lord Hailsham of St Marylebone CH

The Rt Hon Nigel Lawson MP

The Rt Hon Timothy Raison MP

Sir Robert Armstrong GCB CVO





10 DOWNING STREET

From the Private Secretary

26 September 1985

Thank you for your letter of 11 September, seeking the Prime Minister's agreement to your Secretary of State's proposal that a new Management Board be created in the Ordnance Survey.

The Prime Minister is content in principle with your Secretary of State's proposal. Before any announcement is made, however, she would like to see a statement specifying the responsibilities and reporting arrangements which would apply to the new Board. She has noted that the new code for departments on non-departmental public bodies emphasises the importance of establishing these clearly at the outset. The Prime Minister would like the announcement to include an outline of those responsibilities. She also wishes the announcement to make clear that Ministers have the final responsibility for ensuring the OS gives value for money and is set tough and realistic performance targets.

I am sending a copy of this letter to John Mogg (Department of Trade and Industry), Rob Smith (Department of Education and Science), Geoff Dart (Department of Energy), Richard Mottram (Ministry of Defence), John Graham (Scottish Office), Colin Williams (Welsh Office), Tony Laurance (DHSS), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Richard Allan (Department of Transport), Ivor Llewelyn (MAFF), Richard Stoate (Lord Chancellor's Office), Rachel Lomax (HM Treasury), Michael McCulloch (ODA), Sir Robin Ibbs and Michael Stark (Cabinet Office).

MARK ADDISON

Miss Sue Vandervord
Department of the Environment.

Boye



10 DOWNING STREET

From the Private Secretary

MS KATE JENKINS

IMPLEMENTATION REPORT

Thank you for your minute of 17 September. The Prime Minister has agreed to sign the short foreword to the Implementation Report. I attach this in a format which I hope you will find helpful.

Mark Addison

Mark Addison

26 September 1985

Ca

PRIME MINISTER

ORDNANCE SURVEY

The minute from DOE at flag A seeks your agreement to the Secretary of State's proposal that a new form of Management Board should be created to run the Ordnance Survey. The note explains that Mr. Jenkin in 1984 decided not to put the Ordnance Survey on a trading fund basis, but to strengthen its existing planning and financial framework. None of the five independent outsiders who make up the existing Advisory Board want to serve again on the present basis, and they agree with the Ordnance senior management that a better arrangement for the future will be to run the OS under an integrated Management Board, consisting of outsiders and top management together.

Advice from Sir Robin Ibbs is at flag B and Sir Robert Armstrong at flag C.

Sir Robin Ibbs sees no harm in the proposal, but stresses that the only way to create real value for money on the Ordnance Survey would be through Ministers, and he would like the draft announcement to reflect Ministers' responsibility for the OS. The Policy Unit agree with him.

The note from Sir Robert Armstrong's office suggests that the responsibility and reporting arrangements for the new body need to be clarified, and that an outline of those responsibilities should be incorporated into the proposed announcement, which is to be by way of a reply to an arranged PQ.

The top management of the Ordnance Survey is in a fairly unhappy state at present. The Secretary of State's recommendations are pretty modest in organisational terms but should help to improve matters.

Content that I should respond to DOE saying:

- (i) you are content in principle with the Secretary of State's proposal to create a new form of Management Board for the Ordnance Survey; *Yes*
- (ii) you would like however to see a statement of the responsibilities and reporting arrangements which will apply to the new Board; and *Yes*
- (iii) you would like the proposed reply to include an outline of those responsibilities in such a way that Ministers' final responsibility for ensuring value for money is brought home? *Yes*

Mark Addison

Agreed

MARK ADDISON

25 September 1985

EL3AOM

cc 2/0



Y 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

CT/2116/85

25 September 1985

Dear Miss Vandervord,

Thank you for the copy of your letter of 11 September to Mark Addison enclosing a draft of a Parliamentary question and Answer to announce the establishment of a Management Board for the Ordnance Survey.

Your letter sets out the background to this issue and, from what you say, it seems clear that changes to the present system are necessary. My Minister, too, feels that the establishment of an integrated management board to replace the present Advisory Board, with the Chairmanship going to the current Director General of the Ordnance Survey, is a sensible and reasonable proposition which should lead to overall improvements.

My Minister is also content with the terms of the draft Parliamentary Question and Answer.

Copies of this letter go to the Private Secretaries on the list attached.

Yours sincerely,

Simon Morris

SIMON MORRIS
Private Secretary

Miss S.L. Vandervord
Private Secretary to the
Rt Hon Kenneth Baker MP
Secretary of State for the Environment
2 Marsham Street
London SW 1

Copies to the Private Secretaries
to:

The Prime Minister

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The Rt Hon Sir Keith Joseph Bt MP

The Rt Hon Peter Walker MBE MP

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The Rt Hon Norman Fowler MP

The Rt Hon Leon Brittan MP

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The Rt Hon Lord Hailsham of St Marylebone CH

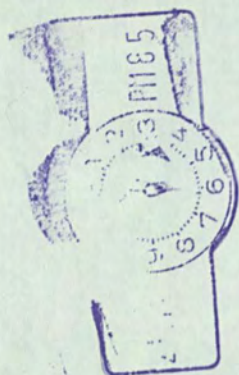
The Rt Hon Nigel Lawson MP

The Rt Hon Timothy Raison MP

Sir Robert Armstrong GCB CVO

GOVT MACHINERY

RAYNER PROG PT. 19



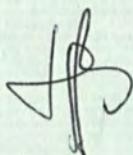
MR ADDISON

24 September 1985

ORDNANCE SURVEY

We have ordnance survey in our sights to suggest possible privatisation. We feel it should be on the candidates list for sale. However, for the time being, "Colonel Blimps" feel ordnance survey has a special connection with MoD, and the political battle may not be worthwhile when we have better fish to fry. Better to concentrate on the big fish and in the meantime to put much more pressure on ordnance survey through ministerial threats for losses (£17 million last year).

We suggest you minute the Prime Minister with the Ibbs recommendation which we support.

A handwritten signature in dark ink, appearing to be 'Hb' or 'HB' with a stylized flourish.

HARTLEY BOOTH

PRIME MINISTER

SCRUTINIES: IMPLEMENTATION REPORT

You will remember you approved publication of this Implementation Report, and the notes for guidance. The text is now being cleared with the departments concerned.

The Efficiency Unit have suggested you might like to sign a short foreword to lend weight to the Report. This seems a good idea. A draft for your signature is attached.

Mark Addison

(MARK ADDISON)

24 September 1985

G.R.
To return to me with
paper please.
at Glap



Ref. A085/2434

MR ADDISON

Scrutinies: Implementation Report

✓ Thank you for your minute of
23 September. I agree that it would be
useful if the Prime Minister wrote a
foreword as proposed. On a point of detail,
I should prefer the phrase in the last
sentence to read "how to carry out scrutinies"
rather than as drafted.

M C STARK

24 September 1985

Ragner.





Feb 12

10 DOWNING STREET

From the Private Secretary

MR. STARK
CABINET OFFICE

Kate Jenkins, of the Efficiency Unit, has sent the attached minute with a draft foreword for the Prime Minister to sign for inclusion of the Presentation Report, to be published shortly. This seems to me to be a good idea. Unless you can see any objection, I shall submit this proposal to the Prime Minister for her approval.

Mark Addison

23 September 1985

9



JU87

PRIME MINISTER

Prime Minister (4)

For information

MEA 23/9

Thank you for your minute of 10 September about the desirability of an early meeting between Sir Robin Ibbs and me to discuss the targets and standards of performance which my Department might adopt as part of its efforts to increase value for money.

2 I entirely agree that this is a very important aspect of my new task, and I am already in touch with Sir Robin to fix up an early meeting. Value for money will be the central theme of a strategic review of the Department which I have commissioned and which I aim to complete in the next two to three months. I have also set in train an examination of proposed work programmes and targets for each Division in the Department for 1986/87. I intend to bring these two exercises together at the end of the year, taking account of the outcome of the PES bilaterals.

3 I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

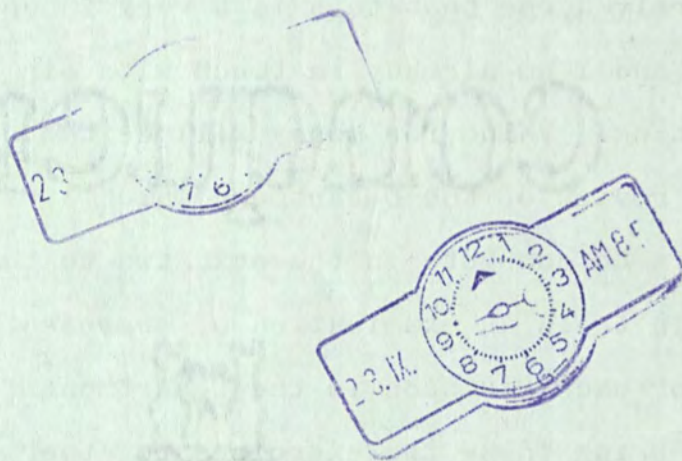
L.B

L B

20 September 1985

Department of Trade & Industry

Rayner: Govt. Machinery PG-19



Ref. A085/2387

MR ADDISON

File with MIA

You asked for advice on Miss Vandervord's letter of 11 September which proposed the creation of a new Management Board for the Ordnance Survey.

2. Under this proposal, the Ordnance Survey would remain a Government Department and the Secretary of State for the Environment would retain his present responsibility for it.
3. There are precedents for the creation of various types of Boards within Departments, for example the Royal Mint Management Board and the British Overseas Trade Board. Much of the impetus for the new Management Board comes from the Members of the outgoing Advisory Board, who have become dissatisfied with their role, and the Department of the Environment's proposals seem generally sound. The Department of the Environment do not, however, appear to have satisfactorily formulated the lines of responsibility and the reporting arrangements under the new structure, with the danger that this could lead to misunderstanding about accountability.
4. The need to specify responsibilities and reporting arrangements when creating a Board within a Government Department is emphasised in the new Guide for Departments on Non-Departmental Public Bodies, and it would be unfortunate if the principle were seen to be disregarded so soon after the Guide's publication.
5. Provided the Prime Minister is content in principle with the Management Board being created I think it would be useful for you to ask the Department of the Environment to prepare a statement of responsibilities and reporting arrangements which would provide a clear definition of those responsible from the



outset and avoid the danger of Board Members once again becoming dissatisfied with their role. You might also like to suggest that a brief outline description of responsibilities should be incorporated into the proposed Parliamentary Question.

MS

M C STARK

20 September 1985

Rayner: Govt Machinery
PK-19.

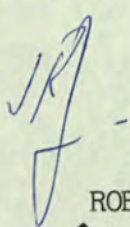
SR9:MA20/9

MR ADDISON

ORDNANCE SURVEY: TOP MANAGEMENT STRUCTURE

~~MGA to CO 12/9~~
You consulted me about the DOE's proposal for a new management board.

2. In my view changes of this sort do not of themselves turn civil service departments into commercially minded operations. However good the outsiders they can get overlooked, they probably won't have much time to devote to the Ordnance Survey and they may go cosy. On the other hand the proposed changes may help create the right attitudes in the Ordnance Survey and they will not do any harm.
3. What does change an organisation are the people at the top, the environment they work in and the pressures which are on them.
4. I do not know the present Director General, but he is well spoken of; and his Finance Director has private sector experience.
5. Given that the Secretary of State has ruled out constitutional change (and hence the further injection of market forces) the only real way of creating pressures on the OS is through Ministers. I do not get any sense of pressure from the draft announcement with DOE's letter (especially paragraph 3).
6. The OS has a turnover of about £50m pa; £33m is recovered. The pressures do need to be kept up to ensure that the £17m gap is reduced.
7. If the Prime Minister agrees to the new board she may at the same time want to encourage the Secretary of State to set the OS tough, realistic performance and unit cost targets which deliver improved results year on year. The Director General and the new board should be held to these by Ministers.
8. I am sending a copy of this to Robert Armstrong.


ROBIN IBBS

20 September 1985

Account Made: Rayner 1419



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EFFICIENCY SCRUTINY REPORT ON THE REGISTRATION SERVICE
INITIAL COMMENTS FROM REGISTRAR GENERAL TO LORD GLENARTHUR

Introduction

1 The Scrutiny Report makes 47 recommendations. Many of these are helpful and can be accepted. However Recommendation 1, which proposes a transfer of powers to the local authorities, raises complicated issues which are not fully discussed in the report. Since Ministers will need to know about these before they can reach a decision, a large part of the following comments has had to be devoted to Recommendation 1.

Background

2 The nature of the Registration Service and the background to the Scrutiny can be summarised as follows.

3 The Registration Service was set up in 1837 to register all births and deaths, to authorise and register all marriages except C of E (and some others), and to conduct all civil marriages. It establishes a permanent legal record of these events and from the beginning it has maintained a central national copy of the records, originally at Somerset House and now at St Catherines House.

4 The Registration Service is very small. The local staff consists of 1,000 full time and 800 part time officers, in 417 registration districts (but with 1,150 premises). The gross cost of the service was £26 million in 1983/4 of which some £10 million was covered by fees. The balance is mostly financed from the rates and Rate Support Grant.

5 The staff are appointed, paid and accommodated by the local authorities, but in order to achieve uniformity across the country they all follow the same regulations and instructions, issued by the Registrar General. The Registrar General himself is appointed by the Queen to administer the Marriage and Registration Acts.

6 The registration officers are statutory officers; in law they are office holders, ie servants of the Crown, not local authority employees. This legal position may be unusual but it is not unique. It is similar to that of Coroners, for example.

7 Each local authority must set out its registration arrangements in a Scheme which must be approved by the Secretary of State for Social Services or the Secretary of State for Wales. There are also reserve powers in case the local authorities or individual registration officers fail to do their job.

8 As the report indicates, the staff are very good, dedicated and enjoy their work. Also the system is cheap and works well. There were no real complaints until a grading dispute between NALGO and the local authorities led to the limited industrial action in 1981-2. The registration officers felt that they had been treated unfairly, following the abolition of their original separate salary scales. The local authorities resented not being able to "discipline" them. They also objected to paying a major share for a system which they believed they could not cut (though in reality many of them had opportunities for economies). The Arbitration Tribunal found in favour of the registration officers and the work was soon back to normal

but the local authorities asked for a review. This was one reason for the Scrutiny, the other being that the Efficiency Unit and the Treasury thought that it was time for the Registration Service to be scrutinised.

9 Because it involves the local authorities, this is not an ordinary straightforward Scrutiny. Also, many of the recommendations could not be implemented without legislation.

10 The following comments follow the order of the side headings in the summary on pages (vi) to (ix) of the Scrutiny Report. The comments concentrate on the points which will need to be considered by Ministers before further action on the Scrutiny Report can be progressed.

Responsibility for the service

11 In their introduction, the Scrutiny team confirm that the Registration Service is required and that there is no case for changing its general structure. As the report emphasises, registration is far more than a form-filling exercise. Ideas that the work could be done satisfactorily by post, or by a Government Department such as DHSS, or by the NHS, were examined by the Scrutiny team but firmly rejected. However, the Scrutiny proposes various changes.

12 The most important of these is Recommendation 1, that local authorities should have greater freedom in local provision of the Service, but with the Registrar General having reserve powers to ensure consistent national standards. Devolution of powers to the local authorities is the opposite to the conclusion of the last review of the Registration Service in 1975-7, which favoured more centralisation. It also contrasts with the position in the Coroners Service, which the Home Office are thinking of centralising.

13 The Scrutiny team's proposals are indicated in outline in para 9.8 of the report. However, the precise details are left for negotiation with the local authorities. It is clear that it is proposed that the registration officers would become employees of the local authorities, and that the local authorities would have more powers than at present for deploying and managing the staff. But the option that the registration officers might continue to have personal responsibilities under the statutes is still left open (see Annex E, para 22). What is not clearly spelt out is whether the legal responsibility for any failures would rest on the Councils, or on the Registrar General, or on the individual registration officers.

14 The factors which Ministers will need to consider include the following:

- (a) The local authorities have a very straightforward argument in favour of turning registration officers into local authority employees, namely that the local authorities would then have greater freedom to deploy their staff. They could move staff from other local authority departments into the Registration Department and out again. They could vary the way in which the work is split up without having to consult the Registrar General.
- (b) From the point of view of the local authorities, the change would also deal with any legal problems for Councils which may follow the recent decision of the Appeal Court (*Miles v Wakefield District Council*), overturning the ruling of the High Court about the right of Councils to dock the pay of registration officers in certain circumstances.

- (c) Whether the transfer of powers to the local authorities would make things better or worse will depend on how the change is implemented. No doubt efficient local authorities will manage things better and will make improvements. There are however some other local authorities which might make things worse, for example by putting inferior staff on the work, or not enough staff, or by various actions such as those mentioned at (e) below. The Scrutiny team envisages that in cases where standards become unacceptably low, the Registrar General will step in with his new "reserve powers", which will have to be decided, but which would involve taking over the functions in emergency (para 9.8(v)). This, however, is easier said than done and it will not put right any errors which may have been made in the meantime.
- (d) The registration officers, because they are statutory officers with personal responsibility under the Registration Acts, are at present liable to prosecution if they refuse to register births and deaths or authorise burials. It was largely because of this constraint that the industrial action in 1981-2 was not escalated. If these legal sanctions are removed, any militant staff who wish to strike will have an immense new weapon. Pressure could be put on a very few staff to disrupt burials. One way to avoid this risk would be for registration officers, even if made local authority employees, to continue to remain personally responsible for their statutory duties (as they are in Northern Ireland).
- (e) Hitherto the statutory officer concept has been thought important for a further reason. It gives the registration officers independence to make decisions under the law free from outside pressures. There have been occasions in recent years when pressure has been put on registration officers by certain local authorities to collect more information at registration than the law permits, to allow unauthorised access to information and to distribute literature with a political, moral or religious bias. There have also been cases where registrars have been pressed to accept revised certificates of cause of death in order to avoid cases being referred to the coroner. Unions have pressed the registrars to close their offices during "days of action". The present statutory position of the registration officers enables them to resist such pressures.
- (f) It is possible that the staff concerned (as represented by the Society of Registration Officers) may have strong views on whether they should be local authority employees and/or statutory officers. Their views will need to be obtained before any final decision is made.
- (g) At present the local authorities' Schemes are subject to approval by the Secretary of State for Social Services or the Secretary of State for Wales. This means that if, for example, a local authority wishes to make changes which would lower the standard of service in that area to an unacceptable degree, then the Secretary of State can reject the proposal. These powers have been exercised, for example when the Secretary of State rejected a local authority proposal to close an outstation at Sutton Coldfield. The Scrutiny Report does not spell out whether the transfer of further responsibility to the local authorities would mean that the Secretary of State would no longer have powers.

15 It will be seen that there are some thorny problems here. Presumably the first step is for Ministers to decide whether the case for changing the system in this way is sufficiently strong to justify new legislation. If so, they will need to set up machinery to negotiate the changes in detail with the local authorities and the staff concerned.

16 My own view is that Recommendation 1 runs a risk of spoiling a good system and that it should only be accepted if fool-proof "reserve powers" and other safeguards can be devised, in case of failures by particular local authorities.

17 If Ministers do not wish to pursue Recommendation 1, then there is an alternative course which is mentioned in Annex D, para 10, though it is there described as "second best". This would be to have a concerted campaign to educate local authorities on the opportunities which they already have under the existing law to redeploy staff and increase local efficiency. In many cases the existing provisions are not being implemented as they might. In addition it may be possible to enhance the disciplinary powers of the local authorities under existing legislation.

Local organisation of the Service

18 Recommendations 2 and 3 are that the number of Register Offices should be reduced from 672 to 417, and that the 425 outstations should be reviewed with a view to closure. (Para 10.6 says "we think that with very few exceptions they should be closed").

19 One thing can be said with certainty, namely that closing so many offices will worsen the service to the public and will bear hardly on rural areas, by obliging people to travel longer distances. There will be strong local reactions.

20 The report gives no estimate of how much money might be saved by these proposals. It appears that the only people who can make such an estimate are the local authorities.

21 If local reactions could be ignored, it would be possible to close at least some of these offices already, if the local authorities concerned would agree. But under present legislation the choice is theirs. If the ratepayers are prepared to pay to keep an office open, then it stays open.

22 The Scrutiny team recognise that many local authorities might not agree with their recommendation and they hint at the end of para 10.5 that there might be an Act of Parliament to compel closures. This does not sound likely to be very popular. Also, it seems to contradict the aim of Recommendation 1, which is to give more freedom to the local authorities.

23 Personally I do not think that Ministers would be well advised to press for closures to the extent recommended by the Scrutiny Team. If they wish to pursue closures, it might be better to obtain the reactions of each of the local authorities concerned and ask whether they would re-examine the costs of these offices to make sure that their Council regards the cost as justified.

Staffing and pay

24 Recommendation 4 is that the separate jobs of superintendent registrars, registrars and additional registrars should be replaced by a single registrar post to deal with both marriages and birth and death registrations. There are also several other detailed proposals.

25 While there is merit in some of these proposals, there are also difficulties. In particular, it would reopen the whole question of the registration officers' pay, just as we are settling down from the industrial action and the subsequent arbitration award.

26 If Ministers decide to accept Recommendation 1, presumably the local authorities will wish to take the lead in considering these matters. Alternatively, if Recommendation 1 is not adopted, the Registrar General could set up a working party which would include the local authorities and the Society of Registration Officers, to examine the proposals in this section of the Scrutiny Report in detail, with a view to legislation at a later stage.

Past records and certificate issue

27 This section and the following one (on new technology) are both aimed at the possibility of doing away with the clerical effort which is involved in copying entries in order to maintain the central national records and issue certificates from OPCS. The Scrutiny Team have recommended that if new technology can be introduced then there should be a national data bank on the computer. However, if there is to be no new technology they recommend that each County should establish a County Register Office, so that people who want copies of birth, death or marriage certificates could then apply to the appropriate County Register Office. The central national record and certificate issue by OPCS could then be stopped, with (they say) resulting savings.

28 In my view this last part of the recommendation has gone off the rails. For one thing there are serious doubts about the costings in this section. For another, while there may or may not be a case for having County Register Offices, I do not believe that abolishing the central national record would be acceptable to anyone. (The users include not only the public but also DHSS for verifying pension entitlements, the Passport Office, genealogists, history societies, etc.)

29 There is, moreover, a much easier way of achieving most of the savings on copying, without having to abolish the central records. This is to use photocopying machines (see the comments below on Recommendation 16).

30 The case for having up to 117 County Register Offices should, I think, be considered independently of the central national records. There are pros and cons, but these will need to be considered in conjunction with the local authorities, who would have to pay for them.

New technology

31 The Scrutiny Team say that the costings for new technology depend on how many offices there will be. They have based their costings on the assumption that Recommendations 2 and 3 will be implemented in full and that all the offices mentioned will be closed. The costings prepared for the Scrutiny team by ICL suggest that on this basis, the installation of micro-computers in each of the remaining offices would show a profit.

32 The report mentions in para 21.5 the problems which need further examination, such as whether registrars could cope (ie whether they could all be computer operators as well as registrars); whether transmission of the registration data by telephone line would provide sufficient reliability and security, bearing in mind that some of the data are confidential and there is a risk of "hacking"; and how one could ensure that all local authorities would proceed in step with compatible equipment. They recommend that there should be an in-depth feasibility study.

33 Paragraph 21.6 says that the cost of the new technology should be met by the local authorities, though with some financial assistance from central government. It may not however be easy to set up a joint feasibility study on these terms. This will need to be discussed with the local authorities.

34 Recommendation 15 is that large offices should assess the cost benefits of using micro-computers for indexing purposes. Some offices are already using main frame computers for this work, and others have found that word processors will do it more cheaply than computers. However the local authorities will doubtless wish to consider this recommendation.

35 Recommendation 16, that all offices should assess the cost benefits of installing photocopiers, in my view does not go nearly far enough. Photocopiers are the one proved practical way of saving the clerical costs of making copies. If they will not pay for themselves, then the schemes for micro-computers, new technology and County Register Offices (which involve much greater capital costs) are hardly likely to do so either. However, there are still only 247 photocopying machines in the Registration Service; in the other offices, the local authorities have not installed them so the registration officers either have to use machines in other offices or use purely clerical methods for copying. Over 50 per cent of the copies are still made clerically.

36 Given that the universal use of photocopying machines would reduce the work involved in checking when copies of the records reach OPCS, I would personally consider that it would be justifiable for OPCS to make some contribution to costs in order to ensure that all the main registration offices have their own photocopying machines.

General procedures

37 Recommendation 17 is that bound registers should be replaced by loose leaf pages. This may save money but the arguments are not all on one side. Loose leaf registers are more easily tampered with than bound volumes and they do not provide the same certainty of proof in legal evidence about dates. There is also a security consideration - there is a black market in registration forms, which are used by those engaged in the use of false passports and immigration documents. This and the other procedural proposals in Recommendations 18-20 will need to be studied.

38 Recommendation 21 is acceptable. If the local authorities are willing to take on the auditing work and satisfactory procedures can be worked out, this will relieve both OPCS and the Inspectorate.

39 Recommendations 22-23 would also be welcomed by OPCS if Ministers are prepared to sponsor the necessary legislation.

Birth procedures

40 Recommendation 24, that consideration should be given to distributing forms in maternity hospitals, is acceptable.

41 Recommendations 25 and 26 need to be considered. They will probably be acceptable, given certain safeguards, but they will require legislation.

42 There are some doubts about the benefits which would accrue from the implementation of recommendation 27. The number of still-births is now very small. Any benefits would have to be measured against the costs of printing and distributing new forms and instructions and introducing new procedures.

Death procedures

43 Recommendation 28 is that doctors should be responsible for reporting unnatural deaths to coroners. The guidance which is issued to medical practitioners already urges them to report all unnatural deaths direct to the coroner, to avoid delay. However, the proposal that doctors should be legally responsible for reporting was discussed only recently with the BMA, who insisted that the ultimate legal responsibility for reporting unnatural deaths to the coroner should remain with the registrar. This was accepted by Ministers.

44 Recommendation 29 is a very good idea if it can be done, but it has been examined several times before (not only by OPCS but also independently by the Consumers Association). So far a way round the practical problems has not been found. However, OPCS will be glad to examine this again in the light of the suggestions by the Scrutiny Team.

45 Recommendation 30 is that doctors should be required to insert the NHS number of the deceased on the medical certificate of cause of death. The problem here is that the majority of deaths occur in hospitals, and that in only about 10% of hospital deaths is the NHS number known. This is because NHS numbers are no longer routinely used in hospitals. DHSS and the BMA may have comments on this recommendation, but it does not sound much of a starter.

Marriage procedures

46 Several of the recommendations on marriage procedures are in many ways very helpful and would be very welcome to OPCS if it is possible to reach agreement on them.

47 A crucial point in this field is the recommendation made in 1973 by the Law Commission that there should be universal civil preliminaries to marriage. (That is to say, all parties wishing to marry, whether by religious or civil ceremonies, should first notify the superintendent registrar who would issue the legal authority for the marriage to be celebrated.) This recommendation was implemented in Scotland but not in England and Wales, because it did not find favour at the time with the Church of England. However, attitudes may have changed and according to Press reports the Church of England has just set up a new enquiry into the relationship between Church and State marriages.

48 In England and Wales, marriages must normally be conducted either in churches of the Church of England, or in Register Offices, or in other buildings which have been "registered for marriage". These latter marriages may be registered either by a registrar or by an "Authorised Person" nominated by the congregation which worships in the building. Recommendations 31-33 propose that Authorised Persons should be appointed as individuals, not by reference to particular buildings, and that they should be able to conduct marriage ceremonies anywhere, once the legal authority for the marriage had been issued by the registrar. This is basically the present system in Scotland, where it is easy to operate because they have universal civil preliminaries. (It is even possible for the Scots to consider allowing independent persons like JP's to act as persons authorised to conduct marriage ceremonies, provided that the legal authority for the marriage has first been issued, and the register entry has been made, by the registrar).

49 Recommendations 35-38 would liberalise the residential qualifications for marriage and the requirements for notices.

50 These recommendations may or may not prove acceptable to those concerned (in the first instance the Home Office, the Lord Chancellor and the Church of England) but I think they are worth pursuing. Given only a whiff of encouragement from Ministers, I would be glad to hold an exploratory meeting with those concerned.

51 Recommendations 34 and 39 depend on whether loose leaf registers are introduced.

52 Recommendation 40 is acceptable and could be implemented by re-prescribing the marriage entry. However, this may be very costly if it entails the withdrawal and storage locally of 30,000 registers currently in use by registrars, clergymen of the Established Church, Authorised Persons, Secretaries of Synagogues and Registering Officers of the Societies of Friends, and the printing and distribution of 55,000 replacements and books of certificates. The cost would normally be regarded as justified only if other changes were being made at the same time.

53 Recommendation 41 should receive universal support but will require legislation.

54 Recommendation 42 may be controversial. The ACC will probably be in favour but the AMA may not wish to see local variations in charges for what is a necessary service. Legal advice will be needed on whether this recommendation requires legislation.

Finance

55 Recommendation 43 calls for a study of the way in which local authorities prepare the financial returns which they send to DOE. This recommendation is a matter for DOE.

56 Recommendation 44 is important, saying that the present method of financing the Registration Service should remain basically unchanged. This will be a disappointment to the local authorities, who were hoping that the Scrutiny would recommend that Central Government should pay a larger share.

57 Recommendation 45 raises a technical point which will need to be considered.

58 As regards Recommendation 46, the report has missed two points. The reason why the full costs of quarterly copying are not recovered from the public is that it is not fair to require those who buy certificates to pay the costs which are incurred for those who do not. (There would, however, be a logical argument for OPCS to reimburse the local authorities for this service.) The reason why the marriage fees do not cover the full costs results from Ministerial decisions in the past. However, the fees can certainly be reviewed.

59 Recommendation 47 can be discussed with the local authorities.

Summary

60 The main comments in this note are summarised in tabular form in the Annex.

28 February 1985

Office of Population Censuses and Surveys
St Catherines House
10 Kingsway
London
WC2B 6JP

Recommendation	Whether primary legislation required	Comments
No 1	Yes	Ministers will need to consider the effects of this proposal on their own powers. The recommendation is only acceptable if fool-proof safeguards can be devised, in case of failures by particular local authorities.
		If Recommendation 1 is not accepted, the alternative is the "second best" course in Annex D, para 10 of the report, ie a concerted campaign to improve efficiency under the existing law.
No 2-3	No	Obtain the reactions of the local authorities concerned.
No 4	Yes	These recommendations involve pay and conditions and will need to be studied jointly with the local authorities and staff representatives.
No 5-9	No	
No 10	Yes	
No 11-12	No	
No 13	Yes	Reject abolition of the national central record. Proposals on County Record Offices can be considered in conjunction with the local authorities.
No 14	No	Accept, if local authorities agree.
No 15	No	Accept.
No 16	No	Accept and go further, to install photocopying machines in all main Register Offices.
No 17-20	Yes	These require careful study.
No 21	No	Accept if local authorities agree.
No 22-3	Yes	Acceptable to OPCS.
No 24	No	Accept.
No 25-6	Yes	Probably acceptable but need consideration.
No 27	Yes	Acceptable but costs may outweigh benefits.
No 28	Yes	Not acceptable to the BMA.
No 29	Yes	Welcome if it can be done. This will be re-examined.
No 30	No	Not practicable.

Recommendation	Whether primary legislation required	Comments
No 31-3	Yes	Very acceptable to OPCS if others agree.
No 34	Yes	Depends on decision on No 17.
No 35-38	Yes	Very acceptable to OPCS if others agree.
No 39	Yes	Depends on decision on No 17.
No 40	No	Acceptable provided the cost is not prohibitive.
No 41	Yes	Accept.
No 42	?	May be controversial.
No 43	?	This is for DOE.
No 44	No	Accept.
No 45	No	Accept.
No 46	No	The fees can be reviewed.
No 47	No	Accept.

BRIEF ON THE SCRUTINY OF THE REGISTRATION SERVICE

The Efficiency Scrutiny of the Registration Service was announced by Mr John Patten in reply to an arranged PQ in July 1984, in the following terms: "The Scrutiny - part of the series being organised and co-ordinated by the Government Efficiency Unit - will be looking at the operation of the service and the way it is organised, financed and controlled. Local authorities, who at present fund a large proportion of the costs, have asked for a review and Ministers have agreed to this".

The Scrutiny was undertaken by Mr Chesterton, an Assistant Secretary on loan from the Northern Ireland Office, who reported to Lord Glenarthur on 14 February making 47 recommendations. Lord Glenarthur asked for initial comments by the Registrar General and these are attached. It will be helpful to read first the opening paragraphs 1 - 10 about the Registration Service and the background to the Scrutiny.

Many of the 47 recommendations are about points of detail, but the significant proposals include the following:

Recommendation 1 is that local authorities should have greater freedom in local provision of the service and the Registrar General should have reserve powers to ensure consistent national standards. The registration officers would become local authority employees, but many other points about the proposal are left for future decision or negotiation, with the local authorities. See paragraphs 11 - 17 of the attached comments.

Recommendations 2 and 3 are that the number of Register Offices should be reduced from 672 to 417 and that the 425 out-stations should be reviewed with a view to closure. This will bear hardly on rural areas, by obliging people to travel longer distances. See paras 18 - 23 of the attached comments.

Recommendations 4 - 12 affect the pay and conditions of service of the registration officers. See paras 24 - 26 of the attached comments.

Recommendation 13 would involve setting up 117 County Register Offices and stopping the central issue of certificates of births, deaths and marriages. Also people who at present buy certificates at their local Register Office would in future have to apply to the County Office. This proposal was put forward by the scrutiny team on the basis of a costing which they did themselves but which has since been found to understate very seriously the costs which would be involved in running the proposed County Register Offices. See paras 27 - 30 of the attached comments. Since these were prepared, accountants have confirmed that the costings calculated by the scrutiny team were erroneous.

Recommendation 14 is that there should be a feasibility study on the case for using computers in Register Offices. The Registrar General's attached comments mention in paragraphs 35 - 36 that there is also a case for a cheaper course, viz making sure that all Register Offices have their own photocopying machines. (Only 247 out of the 672 existing Register Offices have their own machines.)

Recommendations 17 - 24 are mainly about points of detail, most of which are acceptable though a few are complicated and require further study. However, recommendations 31 - 38 are of more general interest because they propose changes in the marriage laws. On these, see paras 46 - 50 of the Registrar General's comments attached.

Recommendation 44 is that the present method of financing the Registration Service should remain basically unchanged. This will be a disappointment to the local authorities.

Office of Population Censuses and Surveys
St Catherines House
10 Kingsway

19 September 1985



SR9:Implrpt

Mr Addison

IMPLEMENTATION REPORT

Thank you for your minute of 10 September to say that the Prime Minister has approved publication of the report and the notes for guidance. We are clearing the text with the departments concerned.

The report makes clear that the Prime Minister herself asked for the investigation and her interest in these matters is well known. Do you think, therefore, that the Prime Minister would agree to sign a short foreword to go into the front of the report as she did for our report on Consultancy Inspection and Review Services last year? I am attaching a possible draft foreword for her.

Kate Jenkins

17 September 1985

SR9:Implrpt

DRAFT

FOREWORD

Value for money from government spending is vital to the nation and scrutinies are a powerful way of improving it - provided that action follows analysis. This report has reviewed the results of scrutinies and how they are implemented. It demonstrates conclusively the effectiveness of the scrutiny as a method of identifying better ways of achieving value for money in government departments. Its recommendations are sensible and straightforward. They will help Ministers and their Permanent Secretaries to ensure that improvements identified are pushed through to implementation.

I commend the report and the notes of guidance on how to ~~do~~ *carry out* scrutinies as a valuable statement of how to achieve better results.

22



NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

The Rt Hon Leon Brittan QC MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON
SW1H 0ET

12 September 1985

Dear Leon,

PUBLIC PURCHASING INITIATIVE (PPI)

I refer to Norman Tebbit's minute of 20 May to the Prime Minister which invited written responses from Ministers in charge of Departments.

I fully support the intention to provide a renewed impetus for the PPI and I agree that we all should do as much as we can to sustain the policy and to pursue its successful implementation. I note the proposal to relaunch the PPI in the context of the follow up to the MPO 'Government Purchasing' report and I agree that this is the right way forward.

With regard to the particular proposals I can confirm that the arrangements made in 1981 still stand and are compatible with those we propose for the implementation of the 'Government Purchasing' report. The "action plans" of purchasing divisions will therefore reflect the need both to review progress and incorporate suitable monitoring arrangements. Because of the Scottish Office's structure the arrangements provide for the Minister of State and each junior Minister to oversee implementation of the policy within his own area. Similarly at official level, implementation is the responsibility of individual Departments subject to a general co-ordinating function executed by a central procurement division responsible to Michael Ancram.

We will be reviewing what further action might be needed to pursue the PPI by the NHS in Scotland and by non-departmental public bodies in conjunction with our action in respect of such bodies on the 'Government Purchasing' report.

A copy of this letter goes to the Prime Minister, all Ministers in charge of Departments and to Sir Robert Armstrong.

Yours sincerely,
George

Govt Mach: Rayner Pt 19.





10 DOWNING STREET

From the Private Secretary

12 September 1985

I should be grateful for your advice on the letter to me from Sue Vandervord at the Department of the Environment, dated 11 September, on proposals for reorganising the top management structure of the Ordnance Survey.

I am copying this minute, together with Sue Vandervord's, to Sir Robin Ibbs, in case he also wishes to comment.

(Mark Addison)

Richard Hatfield, Esq.,
Cabinet Office.

Copies to Private Secretaries to:

The Rt Hon Leon Brittan QC MP - DT
The Rt Hon Sir Keith Joseph Bt MP - DSS
The Rt Hon Peter Walker MBE MP - DN
The Rt Hon Michael Heseltine MP
The Rt Hon George Younger TD MP
The Rt Hon Nicholas Edwards MP
The Rt Hon Norman Fowler MP
The Rt Hon Norman Tebbit MP
The Rt Hon Nicholas Ridley MP
The Rt Hon Michael Jopling MP
The Rt Hon Lord Hailsham of Saint Marylebone CH
The Rt Hon Nigel Lawson MP
The Rt Hon Timothy Raison MP
Sir Robert Armstrong GCB CVO

DRAFT PARLIAMENTARY QUESTION AND ANSWER TO ANNOUNCE THE
ESTABLISHMENT OF THE ORDNANCE SURVEY MANAGEMENT BOARD

Q: To ask the Secretary of State for the Environment if he will make a statement about future arrangements for the management of Ordnance Survey?

A: Following discussions with the Ordnance Survey Advisory Board I have decided to set up a Management Board for the Ordnance Survey composed of executive and non-executive directors. It will replace the present Advisory Board. The Advisory Board agreed that a Management Board was the most suitable structure for the Ordnance Survey, but recommended that the new Management Board should have an independent chairman. After careful consideration I have concluded that in the case of the Ordnance Survey this would create needless problems of accountability to Ministers and Parliament. I have therefore decided that the Director General, Mr Peter McMaster, should become Chairman of the Management Board. There will be five other executive directors.

I am pleased to announce that X Y and Z have agreed to serve as independent directors of Ordnance Survey. They will bring valuable private sector experience into the management of Ordnance Survey. They will also have direct access to Departmental Minutes as necessary on Ordnance Survey affairs.

The Management Board will be primarily responsible for policy, planning and monitoring of performance in order to ensure that Ordnance Survey:

1. continues to flourish as an efficient and cost-effective organisation, satisfying current and future user needs;

2. meets the financial objectives set by the Secretary of State;

3. reduces Exchequer support by increased involvement in the commercial market place;

4. remains in the forefront of technological change.

In particular, one of the early matters which the Board will consider will be the creation of a sub-committee, composed of independent and Ordnance Survey members, to advise generally on scientific and technical matters, and with particular reference to the needs of digital mapping. Such a group was recommended by the Advisory Board and accepted by Ordnance Survey.

I believe the new arrangements will provide Ordnance Survey with better strategic direction and will contribute to the sound development of the organisation. I would like finally to express my gratitude to the members of the Advisory Board for their good work and advice over the past two and a half years, and to thank them for their services.



Mark -
Robert Ibbs?

C.P. Unit

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

// September 1985

Dear Mark

My Secretary of State has been reviewing the top management structure of the Ordnance Survey, and wishes to create a new form of Management Board for it. This is not a major change, but I am drawing your attention to it since it may be regarded as a small alteration to the machinery of government.

Constitutionally the Ordnance Survey (OS) is a Government Department operating under its own legislation which dates back to 1841. It is headed by a Director General at Under Secretary level who is the Accounting Officer and reports direct to the Secretary of State, though in practice a Minister of State here, (Mr Waldegrave) usually deals with most OS matters on a day-to-day basis.

In December 1982 these arrangements were augmented by the creation of an Advisory Board of independent outsiders. The object was to obtain private sector advice for Ministers and the Ordnance Survey on the key strategic and management and financial issues facing Ordnance Survey. Since its inception the Board was chaired by Sir Robert Clayton formerly of GEC, and has had four other members - Lord Chorley, Sir Alan Muir Wood, Sir Derek Barber and Michael Montague. All of these initial appointments have however now expired, and none of the five wish to serve again on the present basis.

The first organisational issue referred to the Board was the suggestion, then current, that the Ordnance Survey might be put onto a Trading Fund basis. (Mr Heseltine had previously made this proposition, but it ran into strong opposition from the geographical lobby in the House of Lords, principally on the grounds that it might lead to too much intervention by DOE in the affairs of the Ordnance Survey). The Board advised in 1983 that in their view the Trading Fund would not necessarily be the best way forward, and that the aim of greater efficiency and cost-effectiveness could best be achieved by retaining the present financial arrangements and developing the discipline of corporate planning, financial targets and published accounts. They also recommended further consideration of the possibility of putting the Ordnance Survey onto a grant-in-aid basis.

Mr Jenkin accepted most of these recommendations in January 1984. He decided not to proceed with the trading fund proposal, and to continue strengthening the existing planning and financial framework on the lines recommended. He gave careful consideration to the possibility of grant-in-aid status for the Ordnance Survey, but decided not to pursue this since it might have created similar tensions between DOE and Ordnance Survey; it would also have required primary legislation.

These decisions were generally welcomed, and my Ministers have no intention of re-opening any of these potentially controversial changes to the basic constitution of the Ordnance Survey. During the last 18 months however they have been reconsidering the role of the present Advisory Board and its relationship to Ministers on the one hand and the Director General on the other, and now wish to make certain changes.

The present arrangements have not been entirely satisfactory. The Advisory Board members felt they did not have sufficient authority or influence to ensure that their suggestions were given due weight by the Ordnance Survey or Ministers. For their part, senior officials of Ordnance Survey felt that the Advisory Board members were not sufficiently close to the day-to-day operations and constraints of the Department to be able to give equally good advice on all matters referred to them.

In the light of this experience, the outgoing Advisory Board and members of the Ordnance Survey senior management are agreed in recommending to Ministers that a better arrangement for the future will be to have an integrated management board with executive functions on which the outside members sit alongside the top management of OS itself. My Ministers consider that this is a sensible proposal. It will overcome the present problems, strengthen the management of OS and improve arrangements for Ministerial oversight.

My Ministers envisage a smallish Board of some 8 or 9 members with 6 executive members drawn from OS senior management and 2 or 3 independent outside non-executive members with relevant business backgrounds. The outgoing Advisory Board thought that the Chairmanship of the new Board should go to one of the independent outsiders so as to bring an external controlling influence to bear at the top level. Ministers have considered this carefully but have concluded that this would prejudice the position of the Director General as Accounting Officer, and confuse relationships between Ministers and Ordnance Survey. They therefore intend that Peter McMaster, the present Director General, in whom they have great confidence, should become the Chairman of the new Management Board. They are however looking for strong and independent-minded outside members to serve on the new Board and intend that they should have direct access to Ministers as necessary in order to ensure that the outside voice is fully heard.

Mr Baker intends to make an announcement about these new arrangements when Parliament reassembles in October. I attach a draft of a Parliamentary Question and Answer for this purpose. I should be grateful if you could let us know whether the Prime Minister is content with the new arrangements by 25 September. I am copying to the Private Secretaries of other Ministers with an interest in Ordnance Survey affairs and would be grateful for any comments from them by the same timetable.

Yours sincerely

cc John Hys
Richard Dale

Sheldon

MISS S L VANDERVORD
Private Secretary

Mark Addison Esq



10 DOWNING STREET

From the Private Secretary

SIR ROBIN IBBS

IMPLEMENTATION OF SCRUTINIES

The Prime Minister has seen your minute of 4 September. She was grateful to you for supplying copies of the new notes for guidance and was impressed by them.

The Prime Minister has also agreed that the report should be published. Before arranging for this to be done, you will of course need to ensure that the amended text of the report is cleared with the Department concerned.

I am sending a copy of this minute to Richard Hatfield in Sir Robert Armstrong's Office.

MARK ADDISON

10 September 1995

CST



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M11/85

SECRETARY OF STATE FOR TRADE AND INDUSTRY

I know that you share my belief that the best way of securing value from the expenditure of taxpayers' money is to establish throughout the Civil Service the motivation and commitment of expenditure managers. Ministers in charge of Departments have a crucial role here and I am writing to you now, as you take up your new appointment with its fresh responsibilities, to stress the importance I attach to this aspect of your new task.

To this end, I am sure it would be helpful if you and your Permanent Secretary were to discuss at an early stage, with Sir Robin Ibbs, the targets and standards of performance which your Department might adopt as part of its efforts to increase value for money.

I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

Margaret Thatcher

10 September 1985

82W



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M10/85

SECRETARY OF STATE FOR NORTHERN IRELAND

I know that you share my belief that the best way of securing value from the expenditure of taxpayers' money is to establish throughout the Civil Service the motivation and commitment of expenditure managers. Ministers in charge of Departments have a crucial role here and I am writing to you now, as you take up your new appointment with its fresh responsibilities, to stress the importance I attach to this aspect of your new task.

To this end, I am sure it would be helpful if you and your Permanent Secretary were to discuss at an early stage, with Sir Robin Ibbs, the targets and standards of performance which your Department might adopt as part of its efforts to increase value for money.

I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

Margaret Thatcher

10 September 1985

SLW



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M9/85

SECRETARY OF STATE FOR EMPLOYMENT

I know that you share my belief that the best way of securing value from the expenditure of taxpayers' money is to establish throughout the Civil Service the motivation and commitment of expenditure managers. Ministers in charge of Departments have a crucial role here and I am writing to you now, as you take up your new appointment with its fresh responsibilities, to stress the importance I attach to this aspect of your new task.

To this end, I am sure it would be helpful if you and your Permanent Secretary were to discuss at an early stage, with Sir Robin Ibbs, the targets and standards of performance which your Department might adopt as part of its efforts to increase value for money.

I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

Margaret Thatcher

10 September 1985

SPW



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M8/85

SECRETARY OF STATE FOR THE ENVIRONMENT

I know that you share my belief that the best way of securing value from the expenditure of taxpayers' money is to establish throughout the Civil Service the motivation and commitment of expenditure managers. Ministers in charge of Departments have a crucial role here and I am writing to you now, as you take up your new appointment with its fresh responsibilities, to stress the importance I attach to this aspect of your new task.

To this end, I am sure it would be helpful if you and your Permanent Secretary were to discuss at an early stage, with Sir Robin Ibbs, the targets and standards of performance which your Department might adopt as part of its efforts to increase value for money.

I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

Margaret Thatcher

10 September 1985

SRW



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M7/85

HOME SECRETARY

I know that you share my belief that the best way of securing value from the expenditure of taxpayers' money is to establish throughout the Civil Service the motivation and commitment of expenditure managers. Ministers in charge of Departments have a crucial role here and I am writing to you now, as you take up your new appointment with its fresh responsibilities, to stress the importance I attach to this aspect of your new task.

To this end, I am sure it would be helpful if you and your Permanent Secretary were to discuss at an early stage, with Sir Robin Ibbs, the targets and standards of performance which your Department might adopt as part of its efforts to increase value for money.

I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

Margaret Thatcher

10 September 1985

slw



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M6/85

MINISTER FOR THE ARTS

I know that you share my belief that the best way of securing value from the expenditure of taxpayers' money is to establish throughout the Civil Service the motivation and commitment of expenditure managers. Ministers in charge of Departments have a crucial role here and I am writing to you now, as you take up your new appointment with its fresh responsibilities, to stress the importance I attach to this aspect of your new task.

To this end, I am sure it would be helpful if you and the Head of your Office were to discuss at an early stage, with Sir Robin Ibbs, the targets and standards of performance which your Department might adopt as part of its efforts to increase value for money.

I am copying this minute to Sir Robert Armstrong and Sir Robin Ibbs.

Margaret Thatcher

10 September 1985

SPW

Note given to Lord Brittan on
9/9 by Peter Wary.

OK
10/9.

DEPARTMENT OF TRADE AND INDUSTRY

The performance of the DTI is critical to the achievement of the Government's aims as a whole, since without success in industry and commerce none of the Government's other objectives can be realised. Yet of all Departments the DTI is perhaps the most difficult for a Conservative administration as a major proportion of Ministerial activity amounts to the giving of hand-outs and the regulation of enterprise. It has been argued that if one judges the Government's policy by its actions rather than its rhetoric then (excluding privatisation) there is little to distinguish the Conservative record at the DTI from that of Labour. It is certainly true that if external finance for nationalised industries (including BL) is excluded, then in real terms, the level of DTI expenditure has remained unchanged throughout the life of the Government.

In the last analysis, the only possible justification for any form of industrial support is the preservation or creation of jobs. All support has ultimately to be financed directly or indirectly by industry itself, and taking money from thriving (often small) businesses to give it to the industrial dinosaurs is unlikely to be a useful redistribution. Studies have shown that while regional support helps jobs within the regions, it loses the country jobs overall. Likewise the Multifibre Tariff Agreement has been shown not only to be costly to the consumer but again overall to cost British jobs (as well as being highly offensive to the developing countries).

The DTI will point out that even under a Conservative administration there is an important role for the Department to play: helping companies deal with market discontinuities and to adjust to sudden changes in market conditions; arguing for fair trading worldwide and placing British industry on an equal footing with foreign competition when

this is not so; supporting R&D and encouraging firms to exploit such advances; persuading foreign companies to set up plants in the UK and getting more business into areas of high unemployment. These are laudable aims, but one must look at the record to see if these policies are actually being implemented or whether the traditional DTI culture of propping up the big and declining industries continues largely undeflected, albeit dressed up beguilingly in new clothes.

Small Firms versus Large

Research published by the DTI shows that small firms have been responsible for more than half of all new jobs created in the UK, and that their job fertility is some five times that of the large firms. American research suggests that their small firms are even more vital to the US economy. Despite this the bulk of DTI discretionary aid goes to large companies - GEC on its own will receive some £40 million of aid over the next two years in addition to cornering some 10% of all ECGD finance. GEC has the largest mountain of cash in industry and it is difficult to see how support for GEC can be consistent with DTI's objectives.

If aid is worthwhile it must surely be more effective with small firms whom the banks are reluctant to support, yet who have neither the finances nor the resource flexibility to expand rapidly without help. Nor for that matter do they have the accountants capable of hoodwinking the DTI to give them money when it is not really required. Of course the administrative task of dealing with a huge multiplicity of small, unbureaucratic firms is a nightmare, but this is an argument for dispensing with aid and helping industry through tax cuts, not for diverting it to large firms.

There are schemes for helping small firms, although many of these are cosmetic. Little will be lent under the Loan

Guarantee Scheme because the terms are so tough, and many of the other schemes merely subsidise the employment of consultants, but are of questionable value to the firms themselves. Some of the potentially more useful schemes are specifically limited to large companies. For example aid can only be given for overseas projects if they are worth more than £50 million and for new investment in the UK (outside the assisted areas) if the project costs more than £500,000.

Trade and Collaboration

The whole purpose of exporting those things which Britain makes better is so as to be able to import products that other countries make better and thereby improve our standard of living. Imports are not prima facie bad, just as exports - particularly if accompanied by a large subsidy which reduces domestic standards of living - are not necessarily good.

Buy British sounds respectable but improperly applied it can amount to little less than Labour-type import controls. The recent farago over DBS television, where the DTI were insisting on the use of a British satellite, may yet not only lose far more prospective jobs associated with the ground-based equipment but also lose the technological know-how that could have been gained even through the use of a foreign satellite.

Inward investment also looks attractive aiming to create immediate jobs and import new indigenous technologies. Too often, however, these are mere assembly operations for exporting into Europe, giving little domestic technological spin off, and perhaps preventing the formation of our own indigenous enterprises. Moreover from a pan-European standpoint these escalating bribes achieve few exports from Europe.

In all these areas more European collaboration would help. In R&D this is already happening (although we continue to fund domestic R&D programmes as well). But our real deficiency is not research (though there could always be more) but in the exploitation of that work. Collaboration should be directed towards achieving the necessary world scale production and marketing economies rather than each country championing its own 'ICL'. Glamour projects such as INMOS and De Lorean should be eschewed. Real wealth is mainly created through the steady accretion of small, mundane improvements, rarely by dramatic breakthroughs.

Nationalised Industries

Support for the nationalised industries is the most questionable of all aid. Despite massive Government funding between 1971 and 1984 BSC's manpower fell by 72% compared to only a 27% decline in the rest of the steel sector of the economy. Whilst over the same period BL's manpower fell by 53% compared to 35% for the rest of the UK motor industry.

The rosy future for BSC and BL is always just beyond the next £100 million worth of Government money. Against such promises successive Conservative Secretaries of State have now given £3.8 billion to BSC and £1.5 billion to BL (with the same again in guarantees), and of course with more to come. By contrast, the last Labour administration gave slightly less to BSC and managed to give only £0.8 billion to BL.

These huge of sums of money provided neither jobs nor a viable industry. When nationalised in 1975 Austin Rover had fractionally under 30% of the UK market. By 1979 this had fallen to 19% and today, with the completely new model range for which so much was promised, it is now below 18%. This compares with promises in the 1985 Plan of 20%, whilst the previous year's Plan said it would be 22%. Of course, there

are always excuses but running a business is about overcoming such excuses.

Privatisation should be the solution, but in six years only Jaguar plus some small peripheral businesses have gone from BL, whilst in BSC we have nationalised more than we have privatised - the Phoenix joint ventures are taking private sector assets into public control. Only when the resulting companies are sold will true privatisation occur. There are a host of arguments for delaying privatisation all of which end up costing the taxpayer. When these prove inadequate they are bolstered by Merchant Bankers acting as highly paid financial harlots to ventriloquise whatever the company managements or their other paymasters wish them to say. Typical arguments are:

Privatisation should be deferred until full profitability has been achieved. This may never happen. The National Freight Corporation shows what can be done.

In two years the business will be thriving and so to sell it now would be improperly squandering the taxpayers' investment. This is what was said about INMOS (now costing Thorn-EMI dear). It assumes that the City will ignore the potential of such businesses, and that officials know better than the market.

To sell off the profitable parts of a business undermines the viability of the rest. Far from it, it forces the management to concentrate on the real problems and prevents the good bits sinking into the same despond as the rest, as Land Rover did.

The Government must not interfere with the management of these businesses, however poorly they are run, however unreliable their forecasts and however much they fail to

achieve the Government's objectives. No public company would be allowed to treat its shareholders in this way.

No one would want to bid for the business anyhow. All businesses have a price. There is real interest in all of the different parts of BL, yet all bidders apart from GM have been thrust aside.

Regulation and Competition

The statute book is overflowing with detailed, nanny state regulations framed to meet specific often temporary needs (eg scented rubbers). Reliance on general duties of safety, care etc (which often exist already) would be more flexible and enduring. Legislation that only lawyers can understand or, because of its volume, hope to be aware of can only be used to prosecute business rather than to change its habits. Equally legislation that does not appear to be enforced (as in the still delayed city fraud prosecutions) gives both Government and the Party a bad name.

Competition policy is one of the Government's successes and is a key responsibility of the DTI, but there is more to be done, particularly on the professions. Voluntary Restraint Agreements on imports only invite foreigners to form cartels to exploit the British consumer, the attempt to dismantle the video tape recorders VRA should be built on. But big business is always a greater influence on DTI than it ought to be. Is it credible for example that a legalised cartel amongst cement manufacturers is really in the interests of the consumer?

CONCLUSIONS

All subsidies are raised by taxes directly or indirectly on industry and all interference with the free market must ultimately increase costs. The touchstone for all DTI

policies must therefore be that the redistribution of resources or redirection of the market should bring a greater benefit to the recipients than the cost to those that pay. Traditional DTI policy of favouring big, often declining industry and of supporting glamour rather than useful projects has not noticeably changed under a Conservative Government. Specifically:

1. If subsidies are unavoidable they should go to small firms whom the banks may not help, rather than to larger companies.
2. DTI should aim for free trade rather than subsidising exports or Buy British policies.
3. Creating an environment conducive to the exploitation of R&D is more useful than promoting more R&D which anyhow should be undertaken through European cooperation.
4. Collaboration between 'national champions' should promote more lasting industry than subsidised inward investment.
5. Rather than further subsidising BL and BSC, piecemeal privatisation should be pushed through and the Phoenix 'nationalisation' programme discontinued.
6. Deregulation and competition policy should be actively pursued.

Peter Warr

9.12.85

D. R.

P.L. IP. C.T. JB. SM. MS. WHI. NF.

CONFIDENTIAL FILING

EFFICIENCY UNIT

You will already have seen Nigel Wicks' minute to me, attaching one from Sir Robin Ibbs.

Perhaps I could ask you for your support in helping to identify incoming papers, and making the appropriate recommendations to me, when you think the Efficiency Unit should be involved.

Man Adeler

MEA

6 September, 1985.

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

5 September 1985

Dee Private Secretary

VALUE FOR MONEY TARGETS

Sir Robin Ibbs recently reported to the Prime Minister on the improvements in value for money which Ministers have set for their departments. The Prime Minister was interested to see the full list of Departments' targets provided to her. I am now enclosing a copy of Sir Robin's report which the Prime Minister supports and has agreed should be circulated to colleagues. She is encouraged by the improvements in target setting during the past 12 months and hopes that there will be no diminution of effort to deliver progressively more ambitious improvements.

The Prime Minister agrees with Sir Robin that it is indispensable to have standards of performance wherever public money is involved and that it is vital that Ministers and Permanent Secretaries continue to show a real interest in better performance. She hopes they will set good targets and push for officials to find better ways of doing things. She welcomes the evidence that some departments are now using scrutinies imaginatively to identify improvements in substantial areas of policy interest and expenditure. But not all have yet identified good scrutinies. The Prime Minister looks to her colleagues to press for this to happen.

The Prime Minister will hold further value for money seminars with Ministers during the coming year. I will be issuing invitations in due course.

Sir Robin is to report again to the Prime Minister next year on the further progress made by departments and how best to bed target setting into normal management. In preparation for this, the Prime Minister has also asked Sir Robin and the Efficiency Unit, in conjunction with departments, to look at typical value for money targets reporting to her as soon as possible after the end of the financial year on the origins of targets, their importance, how ambitious they are and how the divisions concerned set about delivering them. She would be grateful if colleagues would offer whatever assistance is necessary to the

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Efficiency Unit for this exercise.

I am sending copies of this letter to Private Secretaries of Ministers in charge of departments, Sir Robert Armstrong and to Sir Robin Ibbs.

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Mark Addison

(MARK ADDISON)

The Private Secretary

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PRIME MINISTER

You will recall that Sir Robin Ibbs suggested you stress the importance of Ministers taking a personal interest in the efficient management of their Department, and in securing value for taxpayers' money. You agreed you would try and cover this point when appointing new Ministers in charge of Departments.

If you wished to emphasise the importance of this, you may like to send personal minutes to the five new Secretaries of State, and to Mr. Luce, and appropriate drafts are attached for your signature.

Mark Addison

(MARK ADDISON)

5 September 1985

~~CE~~
Could I see the Petst office paper please?
cc T Flesher
C Powell
D Norgrove
Caroline Ryder
N. Owen

MR ADDISON

I attach a plea from Sir Robin Ibbs in which he asks the Private Office to be on the lookout for any issue to which the Efficiency Unit might make a worthwhile contribution. He suggests that the key to identifying issues relevant to the Unit work is:

"Does this matter entail significant consideration of such questions as "can we get more here for the taxpayer's pound" including better management of civil service resources or improvement in management or performance in delivering policies."

This seems to me to be a reasonable request and I should be grateful if you all could be on the lookout, as I will, for the sort of issues identified by Sir Robin. I am sending a copy of this minute to Nick Owen so that the Policy Unit too can be on the lookout.

N. L. W.

(N. L. WICKS)

5 September 1985

00
JS8/NW

MR WICKS

We discussed over lunch guidance for the private office about how to identify issues on which the Prime Minister might welcome my advice. We concluded that I and the Unit might best be kept informed from four sources: the private office, the economic side of the Cabinet Secretariat, the public expenditure divisions and the MPO.

Our relationship with Mark Addison and his predecessors has always been helpful and I want to stress that my desire to have a little more information implies no criticism of them. Nor is it my wish to get embroiled in the jungle of Ministerial correspondence. But there have been issues of concern to the Prime Minister on which I believe that I or the Efficiency Unit could have provided a relevant view had we known about them. A recent example was Mr Tebbit's proposal to hive off the Patent Office which appears to have come to my attention only by chance. Earlier cases have ranged wider than Mr Addison's responsibilities - eg the review of ECGD and the FCO response to the review of BBC External Services with which the Efficiency Unit had been concerned.

I realise this request might seem like piling yet more of a load on busy people; but as we are not part of the normal Whitehall machine sources of information are especially important if we are to help the Prime Minister in the way she wishes.

When I was appointed in 1983 the Prime Minister gave me a written remit (attached) which it might be helpful for those who were not in the private office at that time to see. On the business as it comes through the key to identifying relevant issues is:

Does this matter entail significant consideration of such questions as "can we get more here for the taxpayer's pound" including better management of civil service resources or improvement in management or performance in delivering policies.

I hope that you and your colleagues will find this a helpful way of spotting where I might help. I have asked Ian Beesley to get in touch with you in a couple of weeks' time to see how you think this will work out. Meanwhile I am copying this minute to Sir Robert Armstrong with whom I have earlier discussed how I and the Unit can become better informed about issues on which we may be able to help.

Robin Ibbs

*dictated by Sir Robin and
typed on his behalf.*

ROBIN IBBS
30 September 1985



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

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.

F.R.B.

6 October, 1983.

PRIME MINISTER

The minute marked "PERSONAL AND CONFIDENTIAL" from Sir Robin Ibbs gives you his assessment that, though much has been achieved in the value for money area, there is still a long way to go.

He seeks your agreement that:

- (i) you should continue the value for money seminars; ✓
- (ii) he should continue his discussions with Ministers and Permanent Secretaries to encourage the use of management information systems to set value for money targets; ✓
- (iii) you should invite him to carry out a scrutiny of value for money targets within departments; ✓
- (iv) in the light of that scrutiny, he should report to you on how to build use of targets into normal Government processes. ✓

Sir Robin also seeks your agreement that his report (Flag A) should be circulated to Ministers in charge of Departments under cover of a letter from me (draft at Flag B). He proposes that his minute to you at Flag C, drafted for consumption by Departments, should also go round. *Agreed not*

He would like to have a word with you about all his ideas before too long.

Agree Sir Robin's recommendations above, and that we should aim to find time in the diary, when we can, for a meeting?

You will also recall that Sir Robin suggested you stress the importance of Ministers taking a personal interest in the

efficient management of their Department, and in securing value for taxpayers' money. You agreed you would try and cover this point when appointing new Ministers in charge of Departments.

If you wished to emphasise the importance of this, you may like to send personal minutes to the five new Secretaries of State, and to Mr. Luce, and appropriate drafts are attached for your signature (Flag D).

Mark Addison

MARK ADDISON

4 September 1985

PRIME MINISTER

Sir Robin Ibbs' minute attached seeks your agreement to publish the report on the implementation of scrutinies, copy attached, which with your agreement has already been distributed to Departments.

They are very good
He also attaches new notes on scrutinies for guidance, both to examining officers and to Ministers.

Yes mb
Content that the report should be published? I shall ask Sir Robin to ensure that he clears the amended text of the report (necessary because some of the scrutinies concern sensitive areas) with the Departments concerned.

Mark Addison

(MARK ADDISON)

5 September 1985



SR8:PM4/9

PRIME MINISTER

IMPLEMENTATION OF SCRUTINIES

pk 18 att.
You approved the Efficiency Unit's report on the implementation of scrutinies on 17 May. As a result of that report we have tightened up the monitoring of the implementation of scrutiny reports and produced new guidance notes for departments setting out new procedures and presenting them in a form which makes them easier to follow. We have also made the responsibility of Permanent Secretaries to deliver the improvements identified in scrutinies more explicit.

With your agreement, I should like to publish the report and the new notes for guidance in the autumn. This will signal clearly, both to departments and to the outside world, that the scrutiny process is developing and being used in a constructive and valuable way. In publishing the report we will cut out the annex which sets out in detail the Unit's findings on the way departments have implemented particular scrutinies. Some of these scrutinies were of sensitive areas and we had access to the papers on the understanding that it was on a confidential basis.

You may care to glance at the new notes for guidance which I am attaching in draft. They will be in colour in their published form.

May I please have your agreement to go ahead with publication of the edited report?

I am sending a copy of this to Robert Armstrong.

ROBIN IBBS

4 September 1985

CONFIDENTIAL

EFFICIENCY UNIT

IMPLEMENTATION OF SCRUTINIES

Report to the Prime Minister

May 1985

CONFIDENTIAL

THE IMPLEMENTATION OF SCRUTINIES

1. Since 1979 scrutinies within Central Government departments have identified opportunities to save £600 million a year. But in most cases it takes at least two years (and often as long as five) to implement the savings. The Prime Minister asked us to find out why - and to suggest how implementation can be improved.

2. We have based our report on an analysis of the data departments give the Efficiency Unit about the implementation of all scrutinies, case studies of how the recommendations in 8 scrutinies from 1980-1982 were handled, and discussions with Permanent Secretaries, Chief Executives in the private sector and other managers who are responsible for change. This report has been deliberately kept short; the evidence on which it is based is in Annexes 1-4.

The scrutiny technique

3. The scrutiny technique which was first used in 1979, is a method of identifying potential savings and improvements in effectiveness. The key elements of the technique are radical questioning, direct observation, proposals based firmly on factual evidence and a sense of urgency. Since 1979 there have been 266 scrutinies and actual cumulative savings already amount to around £750m. The scrutiny technique is now used in policy and programme areas and has been extended into, for example, the National Health Service and in the recent study by the Jarratt Committee, the Universities.

4. Scrutinies have not just identified specific savings. They have also shown how wider improvements and better performance can be obtained - for example in the multi-department reviews of Running Costs, Personnel Work, Procurement and Accommodation.

5. In October 1983 the Prime Minister asked Sir Robin Ibbs to help Ministers to use the MINIS-type systems to set targets for improvement in value for money in specific areas and to commission scrutinies and other work to bring about the improvements.

Terminology

6. By top management we mean the Permanent Secretary and his Deputy Secretaries acting as the top board of the department; by Headquarters management we mean the middle tier of Under and

Assistant Secretaries and Principals who organise the implementation of policy and by operational management we mean the managers responsible directly for delivery of the service.

What happens to Scrutiny Reports

7. Scrutinies have found £600 million a year of possible savings within Central Government departments. Of these about £300m a year have been achieved already. £145m have been rejected - because they were impractical or unacceptable. The remainder are either awaiting decisions or have yet to be implemented. This report concentrates on how long it has taken to achieve the £300m a year that has been saved and other related changes, and what can be done to speed up the process. This report does not cover the question of why recommendations are rejected.

8. Effective implementation means both getting savings quickly and also ensuring that change is real and lasting. The analysis in Annex 1 shows that less than half the savings from scrutiny recommendations are implemented within two financial years; and even by the end of the fourth financial year after the scrutiny only 80% of the accepted savings have been achieved. It is harder to show the extent to which important recommendations which do not produce direct savings have been implemented, but our case studies have shown instances where it took over two years to clarify levels of responsibility, to implement revised levels of delegation, or to start collecting information on service to customers.

9. We used the case studies to find out the most important factors which influence the speed and effectiveness of implementation.

Top Management

10. The attitude of the Permanent Secretary is crucial: in particular the extent to which they are seen to be committed to action - and how they check that results are really delivered. In three out of the eight case studies the direct involvement of the Permanent Secretary at critical stages - acting as captain not referee - signalled the importance he attached to change. In one of the eight the commitment of a Permanent Secretary to one significant recommendation in the scrutiny ensured that it was implemented quickly despite considerable opposition; other recommendations from the same scrutiny are still unresolved four years later.

11. Ministers have a specific role in the scrutiny process and we saw that when their interest is both clear and clearly expressed, scrutiny teams feel they have the support to enable them to be tougher and more radical. If that support is not continued into implementation the results suffer.

Responsibility

12. Really effective implementation must have one person responsible and committed to achieving the results agreed once the scrutiny report is finished. In two case studies one such person turned round substantial opposition to the change and ensured that implementation took place.

13. In most cases the appropriate senior headquarters manager should be responsible for implementation. But headquarters managers often do not like scrutinies; in some cases they are actively hostile to the process. In part this is because, where a scrutiny recommends changes or savings, it is felt to point to failure of the existing managers. But it is also because those managers are faced with implementing recommendations which, in most cases, they have played little part in formulating. Implementation can then become damage limitation ie. reducing to a minimum the changes made. In one case study the headquarters manager wrote to his operational manager "I have cleared the action plan. I think it is the minimum we are likely to be able to get away with, and I hope you will feel it is something you can live with."

Speed

14. In contrast to the 90 days allowed for doing a scrutiny there is little continuing sense of urgency, once a scrutiny report arrives. In some of the large departments implementing even an agreed change can take a long time (although we have been struck by just how quickly even large network departments can respond once they are clear what needs to be done). But the evidence suggests that at least half the time is taken in reaching decisions rather than implementing them. For instance although departments should get an 'Action Document' to their Minister in three months from the report, less than 10% are ready by this time. And although action documents are supposed to summarise decisions already taken, too often they just give a forward timetable for taking those decisions.

15. Delay costs money. Sometimes delay is inevitable but if decisions on scrutinies had been taken within six months twice the time allowed for action documents the total cumulative saving to the taxpayer to date would probably have been a further £300 million.

What needs to be done

16. We have discussed these findings with a number of Permanent Secretaries including those of the departments covered by the case studies. They have broadly confirmed our analysis from their own experience as top managers. They have repeatedly told us of the importance they attach to scrutinies and their wish to find ways of making implementation more effective.

17. We have also talked to some Chief Executives and other senior managers in the private sector and the nationalised industries. They confirmed the crucial importance of the chief executive managing change directly and the need to ensure that their own personal commitment was clearly recognised.

18. Our conclusion is that it is not the scrutiny technique which needs attention but the wider process of achieving change into which it fits. Five improvements are needed:

(1) Top Management

Permanent Secretaries are the key to successful scrutinies. They are well placed to identify areas for scrutiny and to monitor the achievement of results, particularly through their regular reviews of departmental activities. It is through them - as the top manager - that the headquarters manager and the examining officer should account.

(2) A sense of urgency

The sense of urgency which characterised the scrutiny technique needs to characterise the decision taking process which follows it as well. The attitude of the Secretary of State and the Permanent Secretary is crucial to this.

(3) A two year process

The scrutiny process is aimed at getting results. We recommend that as a general rule scrutinies should be started with the clear understanding that the results of the change achieved will be reported to top management and the Efficiency Unit within two years from the start. This will mean that the scrutiny must be realistic as well as radical and that decisions must follow rapidly to deliver results within the timescale. The process should start with a commission which sets out:

- the people involved,
- the targets for improvement,
- the terms of reference,
- the timetable for the scrutiny report,
- the target date for an implementation report by the designated manager within two years.

(4) Management involvement

Headquarters managers will achieve change faster and more effectively if they are involved in identifying the changes as well as delivering them. The manager responsible must:

- be identified from the start
- have the commission reflected in his operational objectives
- work with the scrutiny team during the scrutiny
- account at the end of the two year period for the improvements achieved.

(5) Ministers

The political priority lies with results not with process. The continuing interest of Ministers in charge of Departments in improving value for money by using scrutinies is important. But once the Secretary of State has

indicated the main targets for improving value for money it is a matter for the Permanent Secretary to ensure they are delivered, and that the necessary scrutinies are successfully carried out on his behalf and implemented.

19. We recommend that departments should arrange for implementation checks on all scrutinies started from 1983 onwards. We recommend that the appropriate manager should prepare a brief statement of the results of the scrutiny for the Permanent Secretary and the Secretary of State, which should be copied to the Efficiency Unit. The Efficiency Unit will work closely with management in departments to monitor the effectiveness of implementation. The notes of guidance for scrutinies will be reissued to take account of these points.

The Review of Implementation 1979-84

The Efficiency Unit maintains a computer record of all scrutinies and multi-department reviews. Information on the savings identified by scrutinies and the results of decisions taken on the recommendations is supplied and updated regularly by the departments responsible. During the course of the scrutiny we asked departments through Minister's offices to verify the entries for scrutinies where action had not been completed before March 1984 or where there was any doubt about the figures.

2. During the years 1979 to 1984 there were 176 departmental scrutinies and 90 scrutinies carried out as part of multidepartment reviews in central government departments. These scrutinies, and the associated follow-up work, have identified savings and extra income worth £600 million a year plus once for all savings (mainly from the disposal of surplus assets and stocks) worth £67 million. Of the recurrent savings and extra income:

£295 million a year (49%) will be fully implemented by the financial year 1985-86;

£75 million a year (13%) has been accepted by departments and will be implemented in 1985-86 or later;

£85 million a year (14%) is still being considered by departments;

£80 million a year (13%) was assessed by departments as unobtainable, usually because the estimate of savings in the report was over-optimistic.

£65 million a year (11%) was rejected by departments, sometimes for political reasons.

3. The amount of savings assessed by departments as awaiting decisions ('pending') is 14% of the total identified recurrent savings so far. But naturally decision-taking is more complete on 'older' scrutinies:

Programme	Proportion of identified savings classed by departments as pending in February 1985
1979 scrutinies	0%
1980 scrutinies	4%
1981 scrutinies	2%
1982 scrutinies	13%
1983 scrutinies	53%
1984 scrutinies	100%

4. A proportion of undecided savings can be explained by recommendations which require the achievement of other changes first. But for 1983 scrutinies less than half the identified savings have been decided - one way or the other - over a year from the completion of the scrutiny report. This is despite "action documents" having been approved for 18 out of these 20 scrutinies.

5. We also looked at the extent to which accepted savings are implemented. The pattern for all departmental scrutinies is as follows:

Year of implementation	Average proportion of accepted savings implemented or scheduled for implementation	Cumulative
Financial year of scrutiny	negligible	-
Next financial year	16%	16%
Second subsequent financial year	28%	44%
Third subsequent financial year	27%	71%
Fourth subsequent financial year	9%	80%
Later or no date set	20%	100%

6. This suggests that less than half of the financial benefits of scrutinies are available before the third financial year after the scrutiny itself, and that the bulk of the savings are not available until the fifth financial year after the scrutiny. The cumulative cost of this delay is considerable: the cost to the Exchequer, to April 1985, of taking longer than 2 years to implement acceptable scrutiny recommendations has amounted to £280 million.

7. Scrutinies vary widely in scope and particular departments can face special problems in implementing certain changes rapidly. Yet each year's programme of scrutinies shows the same pattern of implementation. This suggests that the failure to secure quickly savings from changes which are acceptable to departments is due more to a systematic lack of urgency rather than adverse circumstances on individual cases.

8. Time for implementation has two components: time to reach decisions and time to implement those decisions. It has been put to us that many recommendations take a long time to put into practice; but the statistical evidence suggests that at least half the time is taken in reaching decisions. If decisions on scrutiny recommendations had been taken within six months of the report the total cumulative saving to the taxpayer to date from scrutinies would probably have been increased by £300 million.

Departmental Implementation Machinery

Background

1. In order to develop an up to date picture of the handling of scrutiny implementation in departments all departmental scrutiny liaison officers (SLOs) were invited to inform the scrutiny team of their present arrangements with particular emphasis on:

- the production of action plans;
- the implementation process;
- monitoring of progress.

2. Of the 34 SLOs approached 5 failed to reply and a further 4 produced replies which were too general for detailed classification. The content of the remaining 25 returns varied considerably. The approach to the production of action plans was well covered, as was the allocation of responsibility in the implementation process. Departmental replies were much more variable in the area of monitoring and particularly weak in clearly indicating how they determined the success or otherwise of a scrutiny implementation.

Action Plans

3. The approach to Action Planning was the strongest area in the departmental responses. It is noteworthy that the Action Plan stage is both documented in the scrutiny notes of guidance and regarded as a formal part of the scrutiny process.

4. The favoured approach to Action Plan preparation is to use the headquarters manager who will have prime responsibility for implementation. Two thirds of departments follow this pattern. In some cases the headquarters manager is advised or assisted by the SLO. The examining officer, however, is rarely involved in the Action Plan process either as an adviser (2 depts) or a compiler (3 depts). Of the 3 departments where the examining officer(s) have produced the Action Plan, 2 have only used this approach once (MAFF) or on occasion (Employment). The third department is small (COI) and has only carried out one scrutiny.

5. SLOs get involved in the production of the Action Plan in 6 departments. In two of the departments (MAFF and MOD) SLO responsibility for the Action Plan is the rule. In the four remaining departments the SLO becomes involved as a co-ordinator where the scrutiny recommendations cut across functional boundaries.

6. Four departments use a steering group for the production of the Action Plan. In two departments (DTI and GCHQ) this is the standard departmental approach whilst in the DOE and the Welsh Office it is used where scrutiny recommendations cut across functional boundaries.

7. Eleven departments stated that they formally cleared their Action Plans through their Senior Management Group or Board before submission to ministers. In other departments the approach is to consult relevant responsible managers (including top managers where appropriate). In all cases Action Plans are cleared with Ministers.

Implementation Process

8. Responsibility for the implementation of scrutiny recommendations is placed firmly and squarely with departmental headquarters managers.

9. There are few exceptions to this approach although three departments (MOD, NIO and WO) also use steering groups in the implementation process.

Implementation Monitoring

10. Half of the departments rely on progress reports from the responsible managers as their main method of monitoring. The style, content and the frequency of the reports, however, appears to vary considerably between departments. The smaller departments such as the Land Registry and the Paymaster General's office monitor progress at top management level on a frequent basis. HMSO operate in a similar manner although the monitoring of progress on scrutiny implementation is wrapped up in a general monthly review of the achievements of the individual "businesses". Ministry of Defence adopts a more flexible approach with progress reports being targeted at different levels in the hierarchy according to the importance of the subject in question. Progress reports are commissioned at short intervals in the period immediately after submission of the Action Plan but the frequency of these reports and the level to which they are made tends to drop when the majority of the recommendations have been implemented. The Forestry Commission and the Scottish Office commission progress reports on a six monthly basis leading up to a full implementation report around the 2 year stage. GCHQ commission an implementation report 12 months after the recommendations have been promulgated.

11. The majority of the other departments use the SLO to produce progress reports. In most cases departments synchronise this process with the requests from the central Efficiency Unit for progress data although 3 other departmental SLOs, most notably DHSS, produce more frequent monitoring reports.

12. Only two departments said that they produced a final implementation report at around the two year stage: the Forestry Commission and the Scottish Office. The remaining departments, other than GCHQ, gave no indication that they signed off the implementation process in any way although DHSS had found that if recommendations were not implemented relatively quickly then it became increasingly difficult to secure implementation.

13. The returns revealed little evidence of widespread and regular top management involvement in the monitoring process on a formal basis. It occurs most frequently in the smaller departments with compressed lines of command although DHSS produce quarterly reports on progress to the PEO management team and on staff savings to the permanent secretary, whilst MOD provide summary reports to ministers or service boards "at appropriate intervals". Other departments, such as MAFF, Employment and the Scottish Office, only involve top management where serious difficulties arise.

14. We found little evidence of departments, as yet, using their top management systems as an opportunity to review progress in scrutiny areas on an annual basis although both the Home Office and MOD indicated that they were currently modifying their top management returns for this purpose whilst DOE/DTP and DE indicated that scrutiny implementation was an area that might be looked at as part of their top management reviews.

Criteria for measuring success

15. Departmental returns revealed little of how they judge the success or otherwise of the implementation of scrutiny recommendations. Most departments focus on ensuring that manpower and financial savings are achieved within the agreed timetable although case study evidence indicated that departments often experience difficulties in reconciling scrutiny savings with the mainstream PES and estimates data.

16. Where proposals carry no concrete savings the general procedure is to check that the recommendations have been implemented on time. We found little evidence of departments carrying out formal reviews to ensure that improvements in performance were achieved or that the implemented recommendations had solved the underlying problem. The Forestry Commission was the only organisation that provided evidence of having carried out a formal performance review of the implemented solution.

The Case Studies : Outline and Results

Department: MAFF
Subject: Fisheries Research and Development
Examining Officers: R.N. Crossett and P. Elliott
Key Dates Scrutiny started Sept 1981
 Scrutiny reported April 1982
 Action document approved August 1983
 Implementation not yet complete

Main Findings of the Scrutiny:

1. Increases, reductions and redirection of effort, as appropriate, in some of the major fisheries research programmes: others to be further reviewed in 1984.
2. Closure of the Humber Laboratory and review of the funding and control of the Torry Research Station. Review of the Conwy laboratory in 1985.
3. Reduction in the fleet of the fisheries research vessels.
4. Charging marine polluters the full economic cost of the work involved in monitoring dumping grounds.

Action Taken:

1. Pace of implementation delayed as a result of lengthy consultation procedures and further reviews of fisheries research programmes which identified additional savings. Accepted savings due to be implemented by 1985/86, except for the new funding arrangements at the Torry Research Station.
2. Changes in marine pollution charging policy are dependent on legislation which is nearing completion in Parliament.
3. Humber laboratory closed 1984; Conwy laboratory presently under review.
4. Torry Research Station to build up industry funding to 20% pa by 1987/88.
5. Fishery research fleet reduced by 2 vessels.

Savings	Identified	Accepted	Implemented by 1984/85
Annual Savings	£2.5m *	£2.5m	£1.3m
One off savings	£1.1m	£1.1m	£1.1m
Staff Savings	98	96	67

*includes additional savings of £1.2m pa identified during the implementation process.

Department: HM Customs and Excise

Subject: VAT Registration and Deregistration

Examining Officer: Douglas Tweddle (team leader)

Key Dates: Scrutiny started March 1981
 Scrutiny reported July 1981
 Action document approved June 1982
 Implementation to be completed in October 1985

Main findings of the scrutiny:

1. Traders with turnovers significantly below the threshold for mandatory registration lead to disproportionate administration and revenue costs. Therefore registration of such traders should be curtailed and those already on the register compulsorily de-registered.
2. Registration and deregistration procedures should be simplified and streamlined.
3. Registration visiting should be more selective.

Action taken:

1. Compulsory deregistration was rejected by Ministers.
2. Simplifications in registration procedures have been implemented (the new "VAT 1" form was introduced in December 1982). Some of the deregistration simplifications depend on computer changes which were delayed while the new VAT computer was being installed.
3. Registration visits have fallen from 88,187 in 1979-80 to 9433 in 1983-84.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£5.63m *	£1.16m	£0.67m
Once-for-all	-	-	-
Staff savings	653 *	146	76

* - including extra savings identified by the department

Department: Ministry of Defence

Subject: Dissemination of Information

Examining Officers: John Griffin and Lt Col Rodney Ellis

Key Dates: Scrutiny started October 1981
Scrutiny reported March 1982
Action document approved January 1983
Implementation not yet completed

Main findings of the scrutiny:

1. Streamline production of Office Directory and issue on microfiche.
2. Abolish Service Lists and RN Officers Appointments lists.
3. Improve the scrutiny of the need and circulation of Defence Council instructions and other documents.
4. Bring the four distribution agencies under a single management, cost their work, and consider contracting out.

Action taken:

1. Further studies cast doubt on the cost of distribution estimated in the report and recommended replacing the looseleaf directory with a bound version issued 3 times a year. The first edition of this new directory was issued in March 1985. This will provide most of the realisable savings identified without incurring the capital cost (and customer resistance) of microfiche.
2. All 3 Service Lists and the RN Officers Appointments List were retained. The Navy made quantified economies in the scale and frequency of distribution.
3. After a further study by Navy Management Services a "scrutineer" was appointed to vet DCIs(RN), Naval Books of Reference and Queen's Regulations for the Royal Navy.
4. The operation of the Air Forms and Publications Store has been contracted out. A further study of the management arrangements was in progress in February 1985.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£3.18m	£0.28m	£0.28m
Once for all	-	-	-
Staff savings	82	69	69

ANNEX 3

Department: Employment/Health and Social Security

Subject: Payment of Benefits to Unemployed People

Examining Officers: Gerald Johnson, Ian Johnston and Leigh Lewis

Key Dates

Scrutiny started	April 1980
Scrutiny reported	August 1980
Action Document approved	November 1980
Implementation complete	January 1985

**Main Findings of the
Scrutiny:**

1. The procedures relating to unemployment registration and the payment of unemployment and supplementary benefits were administratively expensive and confusing to the unemployed. The scrutiny proposed a more simplified system, the principal components of which were that:
 - registration for work should be voluntary and not tied to entitlement to benefit;
 - administration of unemployment and supplementary benefit should be concentrated in the unemployment benefit offices;
 - unemployment and supplementary benefit pay periods should be aligned.
2. The incidence of fraud should be measured and special investigations staffing and procedures should be changed.

Action Taken:

1. Implementation was co-ordinated by a joint departmental group headed by two Deputy Secretaries. Some of the recommendations were overtaken by the rapid increase in the number of unemployed.
2. Voluntary registration was introduced in October 1982. Registrations at Jobcentres have dropped to about 25% of the unemployed population.
3. The proposal to concentrate the administration of all benefits to unemployed people in the unemployment benefit offices was rejected because of the scale of the reorganisation at a time when unemployment was rising rapidly,

the uncertain cost advantages and the substantial capital investment involved. The procedures were simplified principally by the introduction of a postal claim form for supplementary benefit. As a result the proportion of unemployed claimants dealt with as callers at DHSS offices has dropped from 80% in 1981 to 6% in 1985. Further integration is being examined in the context of computerisation of the social security system.

4. The proposals to measure the incidence of fraud were not accepted but staff have been redeployed into small specialist teams with a greater emphasis on detection and deterrence.

Savings	Identified	Accepted	Implemented by 1984/85
Annual Savings	£85m *	£57.9m	£57.9m
One off savings	-	-	-
Staff Savings	6962	5024	5024

* includes savings found in the implementation process

ANNEX 3

Department: Home Office
Subject: Forensic Science Service
Examining Officers: Alan Turney
Key Dates
 Scrutiny started Sept 1981
 Scrutiny reported December 1981
 Action document approved March 1983
 Implementation not yet complete

Main Findings of the Scrutiny:
 Adjustment of laboratory staffing levels based on a formula linked to police force establishments and detailed changes to laboratory procedures requiring closer liaison between laboratory directors and Chief Constables.

Action Taken:
 1. New staffing formula introduced progressively from 1983/84 although only partially for the Metropolitan Police Laboratory. Some regrading issues still awaiting staff inspection.
 2. Detailed procedural changes implemented.

Savings	Identified	Accepted	Implemented by 1984/85
Annual Savings	£1.1m	£0.7m	£0.6m
One off savings	-	-	-
Staff Savings	60	37	37

Department: Inland Revenue

Subject: PAYE Files

Examining Officer: Alan Bray

Key Dates: Scrutiny started September 1981
Scrutiny reported February 1982
Action document approved June 1982
Implementation completed November 1983

Main findings of the scrutiny:

Individual files for most PAYE taxpayers were not necessary to handle their tax affairs effectively. A more selective and economical system of record-keeping was proposed.

Action taken:

The selective record system outlined in the report was developed by PAYE Operations Division and pilot trials of it took place in 10 tax districts from November 1982. These trials demonstrated the viability of the new system and that it could save more than the report had estimated. With some fine-tuning and a more comprehensive user guide the new system was introduced nationally in November 1983.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£5.13m *	£5.13m	£5.13m
Once-for-all	-	-	-
Staff savings	1000 *	1000	800 **

* - including extra savings identified by the department

** - remaining 200 staff savings taken in 1985-86

ANNEX 3

Department: Property Services Agency
 Subject: District Works Offices
 Examining Officer: Peter Draper (Team Leader)

Key Dates: Scrutiny started January 1982
 Scrutiny reported November 1982
 Action document approved May 1983
 Implementation not yet completed

Main findings of the scrutiny:

The team recommended a large number of specific changes in the areas of simplification of contract procedures, more local discretion in planned maintenance and inspection, greater financial delegation, improved planning of maintenance expenditure, clarification of objectives and performance criteria, and improvements in personnel management and training.

Action taken:

Most of the detailed recommendations have been implemented, including all those requiring only local action. However the PSA have not found it possible to achieve most of the savings the scrutiny postulated as a result of reducing Mechanical and Electrical planned maintenance.

Headquarters action on 19 recommendations (in whole or in part) was still in progress in December 1984.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£26.51m	£6.54m	£5.84m
Once-for-all	-	-	-
Staff savings	100	0	0

Department: Trade and Industry

Subject: Financial Arrangements for Research, Development and Technology

Examining Officer: Callum McCarthy

Key Dates: Scrutiny started March 1981
 Scrutiny reported July 1981
 Action document approved May 1982
 Implementation completed April 1983

Main findings of the scrutiny:

1. Responsibilities for R&D assistance and for industrial support should be brought together on an sector by sector basis.
2. The monitoring of the effectiveness of R&D assistance should be improved.

Action taken:

1. The Permanent Secretary held a seminar to explain the report's recommendations to those affected. A working group chaired by the Chief Scientist and Engineer and the Principal Establishment Officer then developed the proposals into specific staffing, accommodation and financial changes. Implementation of these took place mainly between April 1982 and April 1983.
2. The Assessments Unit in the Chief Scientist and Engineer's command was considerably strengthened, particularly with economic expertise and now produces regular reports on the overall effectiveness of the support given.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£0.3m	£0.3m	£0.3m
Once-for-all	-	-	-
Staff savings	35	35	35

People consulted and visits made during the scrutiny

Case Studies

1. Fisheries research policy (MAFF).
MAFF headquarters staff
Directorate of Fisheries Research, Lowestoft
Torry Research Station, Aberdeen
2. VAT registration and deregistration (C&E)
C&E headquarters staff
C&E VAT Control Directorate, Southend
C&E VAT Central Unit
Orpington local VAT office
Birmingham North local VAT office
3. Dissemination of information (MOD)
MOD headquarters staff
Stationery and Publications Store, Woolwich
4. Payment of benefits to the unemployed (DE/DHSS)
DE headquarters staff
DHSS headquarters staff
MSC staff (Sheffield)
Cambridge UBO
Cambridge DHSS ILO
Birmingham Northfield DHSS ILO
Birmingham Selly Oak UBO
Cambridge Jobcentre
5. Forensic Science Service (Home Office)
Controller, Forensic Science Service
Birmingham Forensic Science Laboratory
Chepstow Forensic Science Laboratory
Huntingdon Forensic Science Laboratory
6. PAYE files (Inland Revenue)
Inland Revenue headquarters staff
Sutton Tax Office
Warrington Tax Office
7. District Works Offices (PSA)
PSA South West Regional Office
PSA Bristol District Works Office
PSA Bath District Works Office
PSA Cheltenham Area Office
PSA North West Regional Office
PSA Manchester District Works Office
PSA Warrington Area Office
8. Finance for Research and Development (DTI)
DTI headquarters staff

Managing change in organisations

Sir Lawrence Airey	Inland Revenue
Sir Brian Cubbon	Home Office
Sir Michael Franklin	MAFF
Angus Fraser	Customs and Excise
David Hancock	Dept of Education and Science
Sir Brian Hayes	DTI
Terry Heiser	DOE
Gordon Manzie	PSA
Ann Mueller	MPO
Sir Michael Quinlan	Dept of Employment
Sir Kenneth Stowe	DHSS
Sir Clive Whitmore	MOD
Eric Caines	Home Office
Paul Freeman	CCTA
Alice Perkins	DHSS
Sandy Russell	Customs and Excise
Bill Sharp	HMSO
Bill Taylor	DHSS
Colin Marshall	British Airways
Lord Rayner	Marks and Spencer
Bob Reid	British Rail
Nigel Watson	Halifax Building Society

HM Treasury

John Anson
Colin Allan
Joe Donovan
Brian Gilmore
Peter Kitcatt
Dick Meadows
Bill StClair
Gerald Watson
Mike Williams
Robin Willis

The Implementation of Scrutinies: January-April 1985

Team:

Kate Jenkins
Andrew Stott
Graham Oates

Terms of Reference:

The scrutiny will examine the implementation of a sample of scrutinies carried out between 1980 and 1982. The team will look at the timing and effectiveness of action which followed the presentation of the scrutiny reports. They will consider whether the evidence suggests that there is a more effective means of following up scrutiny reports to ensure that the objectives of departmental management in setting up a scrutiny are met. The team will also look at the systems both within the Efficiency Unit and within Departments for securing implementation and will report on any changes which are necessary.

SCRUTINY OF IMPLEMENTATION: STUDY PLAN

1. INTRODUCTION

The Prime Minister has asked Sir Robin Ibbs to supervise a scrutiny to look at the progress made on implementation of scrutiny reports. The Efficiency Unit will carry out a study of the implementation of a sample of scrutinies undertaken between 1980 and 1982 to establish whether any general lessons can be drawn to enable the Unit and departments to improve the action on scrutiny recommendations.

2. TERMS OF REFERENCE

The terms of reference of the scrutiny will be:

"The scrutiny will examine the implementation of a sample of scrutinies carried out between 1980 and 1982. The team will look at the timing and effectiveness of action which followed the presentation of the scrutiny reports. They will consider whether the evidence suggests that there is a more effective means of following up scrutiny reports to ensure that the objectives of departmental management in setting up a scrutiny are met. The team will also look at the systems both within the Efficiency Unit and within Departments for securing implementation and will report on any changes which are necessary."

3. The team will use normal scrutiny methods and will visit the organisations responsible for implementing scrutiny recommendations to see how the scrutiny reports have been handled. The scrutiny will concentrate on three aspects of implementation:

- Whether the consequence within departments are those which were sought in setting up the scrutiny. In particular, how far the scrutiny has proved a sensible and useful tool for management and what practical changes and improvements have resulted from implementation of the scrutiny recommendations.
- The lessons for the Efficiency Unit on their handling of the scrutiny process; in particular, whether the system of recording and checking on implementation is effective and accurate.

- The lessons for management: how the scrutiny process has helped the process of managing change within departments, in particular, whether there are ways in which the process can be adapted to make it more effective.

5. WORK PLAN

The scrutiny will be carried out by Kate Jenkins and Andrew Stott under the direction of Sir Robin Ibbs. It will begin work on 3rd January and report to the Prime Minister by April 1985.

The scrutiny will be undertaken in three phases:

- (1) A review of existing evidence and preliminary discussions with departments - January 1985
- (2) Examination of the evidence of implementation within departments: visits and discussions with departments - January-February 1985
- (3) Final discussion and report writing - March-April 1985.

The Efficiency Unit
December 1984

JS8/NW

MR WICKS

We discussed over lunch guidance for the private office about how to identify issues on which the Prime Minister might welcome my advice. We concluded that I and the Unit might best be kept informed from four sources: the private office, the economic side of the Cabinet Secretariat, the public expenditure divisions and the MPO.

Our relationship with Mark Addison and his predecessors has always been helpful and I want to stress that my desire to have a little more information implies no criticism of them. Nor is it my wish to get embroiled in the jungle of Ministerial correspondence. But there have been issues of concern to the Prime Minister on which I believe that I or the Efficiency Unit could have provided a relevant view had we known about them. A recent example was Mr Tebbit's proposal to hive off the Patent Office which appears to have come to my attention only by chance. Earlier cases have ranged wider than Mr Addison's responsibilities - eg the review of ECGD and the FCO response to the review of BBC External Services with which the Efficiency Unit had been concerned.

I realise this request might seem like piling yet more of a load on busy people; but as we are not part of the normal Whitehall machine sources of information are especially important if we are to help the Prime Minister in the way she wishes.

a Huchel — When I was appointed in 1983 the Prime Minister gave me a written remit (attached) which it might be helpful for those who were not in the private office at that time to see. On the business as it comes through the key to identifying relevant issues is:

Does this matter entail significant consideration of such questions as "can we get more here for the taxpayer's pound" including better management of civil service resources or improvement in management or performance in delivering policies.

I hope that you and your colleagues will find this a helpful way of spotting where I might help. I have asked Ian Beesley to get in touch with you in a couple of weeks' time to see how you think this will work out. Meanwhile I am copying this minute to Sir Robert Armstrong with whom I have earlier discussed how I and the Unit can become better informed about issues on which we may be able to help.

Robin Ibbs

*dictated by Sir Robin and
signed on his behalf.*

ROBIN IBBS
30 September 1985



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

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.

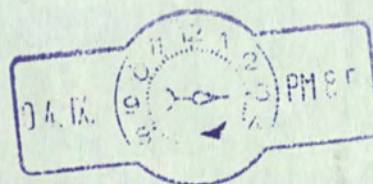
Your prime area of operation is the central government, but the Prime Minister hopes that you will also help other parts of the public sector to press ahead with internal efficiency reforms - especially where there are burdens on the taxpayer. Mrs. Thatcher has commented that the government should seek 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.

F.R.B.

6 October, 1983.





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2/9/85

JS8/PM

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

VALUE FOR MONEY TARGETS

I attach my second report to you on the targets Ministers have set to improve value for money in all areas of expenditure. As you know I should like to generate greater motivation and commitment but nonetheless I am encouraged by progress in the past twelve months. Targets are now quite widespread. But there is still some way to go before you can be confident that:

- (1) Departments know what their standard of performance should be in each main activity - by which I mean not what has been achieved, but what should be attainable if they try hard enough; and
- (2) Staff throughout government feel that they are working to targets which will improve things that matter.

There is an understandable reluctance by Ministers to admit to targets (even in private) unless their achievement is high on certain. One result of this caution is that Ministers may not always have done themselves justice in the discussions I have had with them.

A more serious flaw is that Ministers are prey to conventional wisdom about what scale of improvement is possible. If you had accepted the conventional wisdom in 1979 you would not have achieved a dramatic reduction in the size of the civil service.

Caution of this type emasculates the ability to shape events. In the private sector even the best businesses have obtained fundamental and continuing improvement only by breaking parts of the mould of conventional wisdom. Leaders have set targets which they know, from their experience and business knowledge, are ambitious yet attainable.

Government can do the same.

What needs to be done

It is important to strike a note of encouragement so that Ministers persevere in setting targets for improvement. With that in mind I have written the attached report, which is intended for circulation to your colleagues, in encouraging terms. But the fact is that there is still a need for performance targets which are more extending and which tax the Permanent Secretaries and their senior managers to find new ways of doing things. The "bottom line" in government is complex and is not susceptible to expression as a simple measure. But performance indicators can tell Ministers whether the results they seek are actually being delivered - and they can then judge spending accordingly. Overall there is still too little concern with the output from spending the taxpayers' money.

PERSONAL AND CONFIDENTIAL

I have put into Annex 1 of the report a selection of targets which are especially praiseworthy - clear, stretching targets which indicate unambiguously how success is to be judged. I also attach a fuller (bound) note summarising the targets approved by each relevant Minister. If you glance at this you will see how the quality varies.

The contrast is marked between, say, the very specific, hard-nosed, target for the Immigration Service - to reduce average waiting times for nationality cases by one half with a 19% reduction on staffing: the much less satisfactory target for the Patent Office - to reduce the backlog of unexamined Trade Mark applications from 16,500 to 11,000 by October 1986 (with no indication of what that means for the customer or for productivity): and the vagueness of the PSA's targets on maintenance - to complete reviews and to issue guidance on the range of contracts available.

Ministers need to be provided with more imaginative insight into what can be achieved. Those in the system who are trying to push for rapidly improving performance need to be encouraged further.

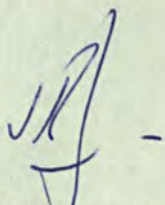
Action now

I suggest taking things forward in the following way:

- (1) You continue the value for money seminars. There have been real improvements in the Home Office, DTI, Scottish Office and Department of Employment since your seminars with them. Their targets show this.
- (2) I continue my discussions with Ministers and Permanent Secretaries to encourage them to use MINIS-type systems to set value for money targets and to choose areas for scrutiny.
- (3) You invite me to carry out a scrutiny of the effectiveness of individual value for money targets within departments.
- (4) In the light of this scrutiny, and the implementation of this year's targets, I should report to you on how to build into the normal governmental processes the use of stretching targets as a permanent feature.

I should like to talk to you about all this if that is possible, but as a first step I think it would help if my report was circulated to Ministers in charge of departments. If you agree, your private secretary could send it round under the draft letter at Annex 3.

I am sending a copy of this minute and of my report to Robert Armstrong only at this stage.


ROBIN IBBS
3 September 1985

JS8/PM2

CONFIDENTIAL

PRIME MINISTER

VALUE FOR MONEY TARGETS

This is my second report to you on the way value for money targets are being used. It is based on discussions I have had with Ministers and their Permanent Secretaries and on the key targets for main areas which I asked Ministers to let me have.

Last year Ministers began setting clearer targets as a means of achieving improvements. Now targets are being used much more widely and effectively to improve value for money. The next stage is to look for evidence about the effectiveness of individual targets and to assess what achievement they have led to.

In Departments the pressures to improve performance are imposed by Ministers and their Permanent Secretaries through tight budgets and specific targets for results. These tell Departments what they have to deliver. If they are pitched right they are a clear way of keeping up the pressure to perform better.

There will always be a temptation to let the rate of improvement slow down. This must be resisted. In my experience it is possible to sustain a handsome rate of improvement - in a business context I would have in mind at least 5% - year after year. I think that government should aim to do at least that well - developing the necessary indicators of output performance as well as the indicators of cost that are now largely in place.

1985/86 TARGETS

The general quality of targets is better this year than last. A good value for money target should be stretching and it should be clearly observable. One test is whether it will help reduce unit costs. Not all will stand up to that test but I attach at Annex 1 a sample of especially good targets. We need more targets of this kind and more which push departments to cut out low value activities or to find better ways of delivering results. The seeming ease with which targets are delivered suggests that they could be set more ambitiously - especially if they are not made public.

I have given you a separate note of each Department's programme of targets. The scrutinies which will support them are listed in annex 2. You will see that these include some very worthwhile subjects but I am still waiting for submissions from some important Departments. My aim has been to encourage Ministers to develop and use good value for money targets, leaving it entirely to them to choose the areas and to judge the political content. They can be analysed in many ways:

- Most Departments have targets to reduce running costs. The Department of Employment, for example, aims to keep these costs 3% below the rate of inflation.



- Some have financial targets (eg ceilings on agricultural structure grants, non-nuclear energy R&D) though it is worth noting that the second stage ought to be to improve productivity and to reduce unit costs; it is not enough just to set ceilings on spending.
- There are many targets to improve service or to deliver the same service for reduced costs (eg in the prison service).
- There are targets to increase competition, and so achieve savings, such as in Defence.
- Some Departments also have targets for organisational change to improve value for money (eg rationalisation of Inland Revenue offices).
- And there are targets which are, in effect, to get in a position to set targets. (The DOE aims on housing and on inner cities or the DHSS instructions to the new Social Services Inspectorate, for example.)

All of these are good or necessary categories.

I have not set out to be comprehensive in my listings, but three points stand out. First, there is a need to know what it is that specific targets have delivered. How did these targets come to be chosen? How important were they? How much pressure to prove did they put on those concerned? What did people do in response? And what happened as a result? This sort of analysis will reveal what types of target are most effective and valuable in practice. I propose further work on this in conclusion 3 below.

Second, your colleagues should be encouraged to push ahead with indicators of performance, especially for policy areas. There have been impressive advances in some programmes. The indicators do not have to be made public, but progress will be limited unless they are used more widely. They are one of the keys to getting more emphasis on output.

Third, wherever there is public money there should be standards of required performance. It is not good enough to provide money and authority and then to hope for the best. Permanent Secretaries should ensure that there are value for money targets in each major area of spending. If Departments are not the appropriate place to do this (eg because they are at arms length from the direct management of the activity) they should be seeing that the appropriate authority does so.

Permanent Secretaries should also ensure that beneath key targets there are detailed performance specifications which back up achievement of the key target.

1984/85 TARGETS

You will see from the note of Departmental details that most Departments appeared to meet their targets last year. That is encouraging in that it is good to have some successes on which to



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build. But it is not enough. The real discipline must be to express targets in a way that shows how success (or failure) is to be judged; and successive targets must not tail off in scope or ambition. Total success in achieving them always suggests that they were insufficiently ambitious.

CONCLUSION

Most departments now have a wide range of value for money targets which provide the basis for securing a better deal from government for the citizen. I recommend that:

- (1) The targets can be a useful display of achievement and intention when you hold your seminars with Ministers on better value for money in individual departments - particularly where they are quantified.
- (2) You and your colleagues look for continuing rates of improvement which are ambitious and which do not tail off.
- (3) You invite colleagues to collaborate with the Efficiency Unit to look at the facts about the effectiveness of individual value for money targets.
- (4) You ask the Cabinet Secretary to make a reality of, and report to you annually on, the effectiveness of the provision agreed in May that, save in exceptional circumstances, all policy proposals with value for money implications should include a statement of what is to be achieved, how it is to be measured, by when, and at what cost.
- (5) You and your colleagues support the principle that wherever public money is involved there should be standards of required performance, authorised by the Minister concerned.

I plan to continue my meetings with Ministers and Permanent Secretaries during the coming year to help them make further progress on the above lines.

ROBIN IBBS

3 September 1985



Annex 1

1985/86 TARGETS: EXAMPLES OF GOOD TARGETS

H M Customs	<u>VAT</u> 7% real increase in additional tax from visits by control officers, worth £26m [a clearly quantified target demanding an increase in output over an established baseline]
Employment	<u>Running Costs</u> To improve on the Treasury target of holding the increase in running costs to the forecast increase in the GDP deflator minus half per cent with specified targets for coming years [eg 1986/87 Treasury target is 4%, DE target is 2.6%] [a testing running costs target]
Environment	<u>Water Industry</u> All regional water authorities to hit specific financial and efficiency targets while maintaining and improving service levels [target for bodies over which the DOE does not have direct control]
DHSS	<u>Hospital and Community Health Services</u> Regional Health Authority programmes to include cost improvement targets worth £145m overall [this ensures that other bodies have targets]
Home Office	<u>Nationality Applications</u> With 19% reduction in staffing, reduce average waiting times in discretionary cases from 20-24 months to 12 months or less, and in entitlement cases from 13 months to 6 months or less [higher output for smaller input; clearly challenging]
Transport	<u>DVLC</u> Achieve 1% savings in costs (£1m) while maintaining standards of service [a clearly quantified target to achieve the same output for a smaller input]



Annex 2

SCRUTINIES PLANNED TO BE CARRIED OUT IN CONJUNCTION
WITH THE EFFICIENCY UNIT 1985/86

Agriculture, Fisheries and Food	Administration of policies for the protection of agricultural land
Customs & Excise	Solicitor's Office
Defence	Administrative Transport in Germany Ship acceptance procedures
Education & Science	Architects and Buildings Branch University Grants Committee Polytechnics
Employment	European Social Fund Use of paper [DE and MSC] Community Programme
Energy	[None so far]
Environment	Speeding Planning Appeals Slum Clearance Grant Co-ordination arrangements for environmentally related research
Foreign & Commonwealth	Output measurement Security of missions
Health & Social Security	Liabile relatives procedures Remission by social security offices of NHS charges Solicitor's Branch
Home Office/LCD	Court escorts [proposed by HO, awaiting LCD agreement]
Home Office	A subject in the Metropolitan Police to be nominated



Inland Revenue	[None so far]
Management & Personnel Office	Occupational Health Services provided by Civil Service
Northern Ireland	Balance of health and social care
Arts & Libraries	[proposals to be prepared by October 85]
PSA	Identification, management and disposal of surplus office space and land
Trade & Industry	[None so far]
Transport	[to be decided by September 85]
Treasury	[None so far]
Scottish Office	Central Advisory Service (Social Work)
Welsh Office	[None so far]

Efficiency Unit
August 1985



JS8/PM1

Annex 3

DRAFT LETTER TO MINISTERS' PRIVATE SECRETARIES

SRWAHIZ

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VALUE FOR MONEY TARGETS

Sir Robin Ibbs recently reported to the Prime Minister on the improvements in value for money which Ministers have set for their departments. I am enclosing a copy of Sir Robin's report ^{and his covering memo.} which the Prime Minister supports and has agreed should be circulated to colleagues. The Prime Minister is encouraged by the improvements in target setting during the past 12 months and she hopes that there will be no diminution of effort to deliver progressively more ambitious improvements.

The Prime Minister agrees with Sir Robin that it is indispensable to have standards of performance wherever public money is involved and that it is vital that Ministers and Permanent Secretaries continue to show a real interest in better performance. She hopes they will set good targets and push for officials to find better ways of doing things. She welcomes the evidence that some departments are now using scrutinies imaginatively to identify improvements in substantial areas of policy interest and expenditure. But not all have yet identified good scrutinies. The Prime Minister looks to her colleagues to press for this to happen.

The Prime Minister will hold further value for money seminars with Ministers during the coming year. I will be issuing invitations in due course.

Sir Robin is to report again to the Prime Minister next year on the further progress made by departments and how best to bed target setting into normal management. In preparation for this, the Prime Minister has also asked Sir Robin and the Efficiency Unit, in conjunction with departments, to look at typical value for money targets reporting to her as soon as possible after the



end of the financial year on the origins of targets, their importance, how ambitious they are and how the divisions concerned set about delivering them. She would be grateful if colleagues would offer whatever assistance is necessary to the Efficiency Unit for this exercise.

I am sending copies of this letter to Private Secretaries of Ministers in charge of departments, Sir Robert Armstrong and to Sir Robin Ibbs.

conqueror

CF. go please

CONFIDENTIAL

Prime Minister

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you ^{make} ~~see~~ a new Minister.

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N.C.W.

30-8

PRIME MINISTER

My experience over the last two years has confirmed my belief that the greatest need when seeking improved value for money is to secure motivation and commitment to this objective. Once this is achieved Departments will themselves do much of what is needed; without it the drive for improvement is an uphill struggle whatever the centre does. Scrutinies have shown what is possible, and lasting reforms have removed some of the obstacles. What is needed is greater will to get on with it.

In securing motivation and commitment, Ministers play a key role. The Secretary of State in charge of a Department can transform attitudes if he makes it plain that substantially better value for money from programme expenditure and running costs is what he wants. The best time for him to do this is when he first arrives in a Department.

Your personal and visible support has been the driving force behind all that has been achieved so far in getting better value for money. One or two of your Ministers may need no prompting but in general I believe it would be extremely helpful if, whenever you have occasion to appoint a new or different Minister to head a Department, you could tell him that you regard his achieving better value for money as an important element in his new task. You may like to suggest that at an early stage he might, with his Permanent Secretary, have a talk with me to discuss some of the main targets and standards of performance he should aim for.

I am copying this to Sir Robert Armstrong.

X

RFA
Robin Ibbs
MPO

18/8

Len Britton PTM
Timothy NDO
Dyke Hill HO
Linda Gray P. Hughes
Ian Baker Det

~~18/8~~

Richard Lane

Robin Ibbs

29 August 1985

2.12.85
2.12.85 1st level as salary
1/6 departs.



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: J/PSO/16073/85

Your ref:

14 August 1985

Re Marks

To note

IF

15/8

Dear David

FOLLOW-UP AUDIT COMMISSION WORK ON VALUE FOR MONEY

Andrew Turnbull wrote to John Ballard on 24 July conveying the Prime Minister's views on the marketing techniques employed by the Audit Commission and their relevance to the Department's campaigns on inner city dereliction and surplus land disposal. I have drawn your letter to the attention of DOE Ministers.

My Secretary of State and his colleagues are acutely aware of the need to secure the best presentation of our successes in these areas and have already pursued some of the ideas contained in the Audit Commission strategy. For example, the Prime Minister has seen and commented on our publications for CATs and Urban Housing Renewal. (For ease of reference I attach copies). Within the constraints imposed by the Government's conventions and the resources available, we shall certainly take note of the techniques set out in John Banham's letter of 12 July.

I am copying this letter (without enclosures) to Richard Broadbent (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely

Standerwood

for

R U YOUNG
Private Secretary

David Norgrove Esq

*in folder
attached
to file*

Rayner: Gov. MACH. P+19.





DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON SW1

12 August 1985

Dear Norman,

PUBLIC PURCHASING INITIATIVE

In the absence of Keith Joseph, I am responding to the invitation to comment on the proposals contained in your minute of 20 May *at 11.18* to the Prime Minister.

I welcome the proposals in paragraph 4 of your minute. They will reinforce the arrangements this Department is taking to respond to the MPO Review of Government Purchasing.

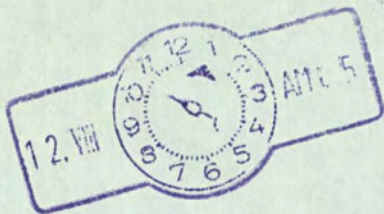
DES has a relatively small procurement budget and most purchases are made through one of the central agencies. We shall, where we can, influence the choice of supplier, support British industry whenever it is cost effective to do so.

Although we are not directly involved with the purchases made by universities and the NDPBs for which we are responsible, we shall be considering what new steps we can take to encourage a "buy British" purchasing initiative. It is something that we have done in the past and might, I suggest, form a part of the revived Initiative.

A copy of this letter goes to the Prime Minister, to all Ministers in charge of Departments and to Sir Robert Armstrong.

*Sincerely**Pm*

PETER BROOKE



Rayner.

Govt. Machinery PG 19



CABINET OFFICE

*From the Chancellor of the
Duchy of Lancaster*
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

Hugh Taylor
Private Secretary to the
Secretary of State
Home Office
Queen Anne's Gate
London SW1H 2AH

9 August 1985

Dear Hugh,

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18 ↓
MULTI-DEPARTMENT REVIEW OF OFFICE ACCOMMODATION

Lord Gowrie wrote about this review to your Minister on 19 July, copied to the Prime Minister and to all Ministers in charge of departments. In that letter Ministers were asked to delay any discussion of action on the report with departmental Trade Union Sides until after the CCSU had been briefed and to delay detailed discussion until after publication. Because it has not been possible to arrange a meeting with CCSU until the middle of next month, briefing has been carried out by means of the attached summary paper. Your department is therefore now free to begin initial, but not detailed, discussions with departmental Trade Union Sides on the basis of the paper.

I am copying this letter (together with the paper) to Mark Addison and to the Private Secretaries of all Ministers in charge of departments.

Yours sincerely
Paul Thomas

PAUL THOMAS
Private Secretary

ACCOMMODATION MDR - SUMMARY

INTRDODUCTION

Size Government civil office accommodation covers 6.6 million sq m of floor space in around 4500 buildings. The total office estate is larger than any private company in the United Kingdom. The review covered eight departments - Customs and Excise; Department of Employment; Department of Energy; Department of Environment and Department of Transport; Department of Health and Social Security; Inland Revenue; Department of Trade and Industry. Between them these departments cover 64% of civil office accommodation.

Costs Departments spent £850 million a year on office accommodation in 1984-85. About £680 million went to PSA for rent, rates, maintenance, new works up to £150,000 a job and an administrative charge on the latter 2 items. About £170 million went on minor works (up to £1000 a job), fuel and utilities and supplies. At about 15.5% of the total, accommodation is the largest element of running costs after pay.

MAIN FINDINGS

The review concluded that overall there is too much space used compared to the agreed space standards. On the other hand, there is not always enough maintenance and, in some cases, a poor working environment for staff. Space costs, in rent and rates, represent more per unit of area than maintenance and other environmental costs like decoration and furniture.

The main reason for this excess space is lack of information which leads to no appreciation of the cost of space. We recommend "occupancy audits" to fill this information gap. They should provide the information needed to regroup staff and shake out excess space without worsening working conditions. Where there is no excess space or where there is overcrowding, the audits should provide the information to use available space more efficiently. If PSA can dispose of unneeded space, it might be

possible to save up to £50 million a year. If, on the other hand, more priority were given to maintenance and other aspects of the working environment there would be two main gains. It would help staff, and, at the same time, save money in the long run (as poor maintenance can lead to dilapidation payments for leasehold properties and reduces the value of Crown buildings).

MANAGEMENT CHANGES

Occupancy audits should lead to savings in the short-term. To keep up momentum and ensure long term improvements, we recommend a number of underlying changes to departmental management:

- better budgeting, greater awareness and control of the costs of accommodation;
- better planning;
- better equipped people, better personnel management and training of accommodation managers.

PSA AND DEPARTMENTS

We were not in a position to assess whether PSA did a good job or not. But we came across the following departmental criticisms of PSA and record them because they illustrate departments' perceptions, right or wrong:

- Poor level of service;
- Slow
- Lack of information;
- Secretiveness;
- High cost

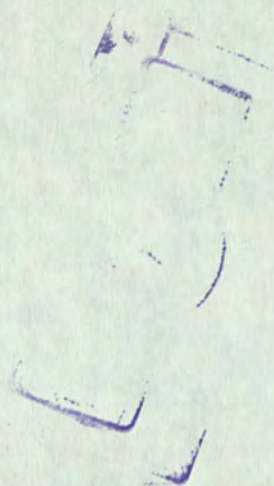
We make a number of recommendations to improve the working relationship between PSA and departments:

- Clearly established responsibilities and roles, including service agreements, so there is no confusion about who is responsible for what;
- better mutual liaison and flow of information to assist planning and better use of resources;
- increasing the membership of the interdepartmental committee on PRS.

OTHER THEMES

- performance indicators for accommodation management;
- making explicit, for staff reporting purposes, that accommodation management is part of use of resources;
- increased delegation from PSA to departments;
- refinement of some aspects of the PRS system;
- the case of assessed market rents to be made more convincing to paying departments;
- appointment of energy managers;
- accommodation consequences of working outside the office or at home.

Govt Mach; Rayner Pt 19





Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460

Switchboard 01-213 3000

NSPM

Robin Butler Esq
Principal Private Secretary
10 Downing Street
LONDON SW1

8 August 1985

Dear Robin,

Thank you for your letter of 1 August conveying the Prime Minister's wishes about scrutinies of the Community Programme and YTS.

We certainly agree that we need to look at the Youth Training Scheme in rigorous "value for money" terms but think that 1986/7 would be too early for such a scrutiny of two year YTS. Full implementation of the two year scheme begins from next April but that, of course, means that recruits then will not complete their second year until 1988. A scrutiny in 1986/87 would not, therefore, be able to take account of any significant changes arising from the introduction of two year YTS. My Secretary of State will certainly discuss this further with Sir Robin Ibbs but, in the meantime, we think our priority should be developing value for money indicators for two year YTS which will enable us better to monitor performance from month to month and will, when the time comes for a scrutiny, enable it to be based on a sound statistical foundation.

As to the Community Programme we are as you know currently deeply involved in the major expansion announced by the Chancellor in the budget statement. However, my Secretary of State feels that there might be merit in having a scrutiny examination of the existing programme especially in the areas identified in your letter.

I will therefore, as you suggest, make arrangements for my Secretary of State to discuss the next steps with Sir Robin Ibbs.



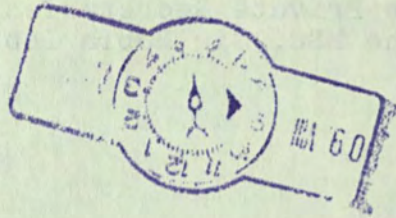
Copies of this letter go to the Private Secretaries to the Chief Secretary, Chairman of the MSC, Sir Robin Ibbs and Sir Robert Armstrong.

Yours sincerely,

David Normington.

D J NORMINGTON
Principal Private Secretary

Rayner



10-010103



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
London SW1

8 August 1985

Dear Patrick

FOLLOW-UP TO AUDIT COMMISSION WORK ON VALUE FOR MONEY

Thank you for copying to Keith your letter of 19 July to Peter Rees. I am responding in Keith's absence on holiday.

We welcome your analysis of what might be done by central Government to support, and follow up, the Audit Commission's work. Much of what you propose that individual departments and Ministers should do is already part of the DES procedures which you may know of from recent correspondence between our officials. The Department has established good working links with the Commission which ensure that we have easy sight of reports germane to our interests and the opportunity to comment on them. Keith met John Banham to discuss in advance of publication the two major reports in the field of education, on Secondary Schools Non-teaching Costs and on Further Education, and followed up with brief statements to the Press on publication of these reports.

So far as more detailed follow-up is concerned, the Department has embarked on joint studies, with the local authority associations, of new targets for surplus school places (a key issue in the Non-teaching Costs Report) and of the scope for greater efficiency in further education. The Commission's findings have also influenced this year's report of the Expenditure Steering Group (Education) to CCLGF.

Continued...

As to references in Ministerial speeches, Keith used the occasion of his speech to the Council of Local Education Authorities on 19 July to underline the need for the education service to define objectives for further education and to develop measures for quantifying them, in the light of the Audit Commission's work. We shall continue to look for opportunities through the autumn and winter to point up the scope for increased value for money in all sectors of education. Clearly, this will be a keynote of Keith's autumn statement on the implications for education of provision for local authority expenditure in 1986-87, although, like you, we take John Banham's point about avoiding too direct a link between the Commission's findings and our search for savings in the settlement.

Like you, I am copying this to the Prime Minister, Members of the Cabinet and Sir Robert Armstrong, and to Peter Rees.

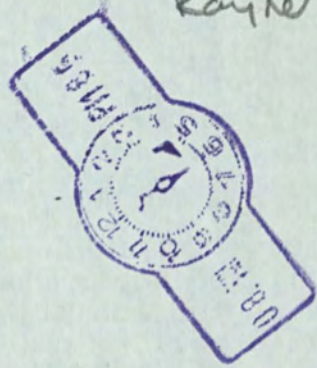
Yaws over

Bob

BOB DUNN

Govt Mach PT 19

Rayner





Carl.

NBarendse

10 DOWNING STREET

~~John Burke~~

A draft for your
signature.

NB the amendment is
perit.

MDA 2/8

MS2AWU

js8/tk

DRAFT PRIVATE SECRETARY LETTER TO TOM KING'S PRIVATE SECRETARY

VALUE FOR MONEY SEMINAR: DEPARTMENT OF EMPLOYMENT GROUP

At the Prime Minister's meeting on 5 June with your Secretary of State a number of issues were touched on but there was not time to discuss scrutinies in the DE Group.

Expenditure on Employment Measures has been rising rapidly. Including the YTS, the cost of Employment measures has almost doubled in three years to £1.9 billion for 1985/86. The Prime Minister is aware of the helpful work done by the Manpower Group to assess the measures. In addition, however, she considers that scrutinies to examine the effects, and outputs, of the schemes in terms of the benefits to the individuals and to the local communities, how the results relate to other relevant government policies and what is happening to unit costs would be valuable.

Because of the implementation of the two years YTS scheme which is now under way the Prime Minister thinks it would be most practicable to look at the YTS in 1986/87. For 1985/86 she thinks that the Community Programme, which will spend £730 million in 1985/86, would be a good area for scrutiny.

The Prime Minister would therefore be grateful if your Secretary or State would discuss how to take forward these suggestions with Sir Robin Ibbs.

I am sending a copy of this letter to the private secretary to the Chief Secretary to the Treasury, Brian Nicholson at the MSC, Sir Robin Ibbs and Sir Robert Armstrong.

The PM thinks it is important to look at the YTS, but because of the implementation of the two year scheme she thinks it would be most practicable to look at the YTS in 1986/87. For 1985/86 she thinks that the Community Programme, which will spend £730 million in 1985/86, would be a good area for scrutiny. The effect and cost of the scheme, and the unit costs which a PM indicated was relevant last year.

with the emphasis being placed on examining the effect and cost of the scheme, and the unit costs which a PM indicated was relevant last year.



10 DOWNING STREET

From the Principal Private Secretary

1 August 1985

Dear David,

At the Prime Minister's meeting on 5 June with your Secretary of State a number of issues were touched on but there was not time to discuss scrutinies in the DE Group.

Expenditure on employment measures has been rising rapidly. Including the YTS, the cost of employment measures has almost doubled in three years to £1.9 billion for 1985/86. The Prime Minister is aware of the helpful work done by the Manpower Group to assess the measures. In addition, however, she considers that scrutinies to examine the effects, outputs and management of the schemes in terms of the benefits to the individuals and to the local communities, how the results relate to other relevant government policies and what is happening to unit costs would be valuable. The Prime Minister thinks it is important to look at YTS, but because the implementation of the two year scheme is now underway, she believes it would be better to delay a scrutiny until 1986/87. For 1985/86 she thinks that the Community Programme, which will spend £730 million in 1985/86, would be a good area for scrutiny, with the emphasis being placed on examining the effects and the output of the scheme, rather than its financial management which the Prime Minister understands was reviewed last year.

The Prime Minister would therefore be grateful if your Secretary of State would discuss how to take forward these suggestions with Sir Robin Ibbs.

I am sending a copy of this letter to the Private Secretaries to the Chief Secretary, Brian Nicholson at the MSC, Sir Robin Ibbs and Sir Robert Armstrong.

Yours ever,

David Normington Esq
Department of Employment

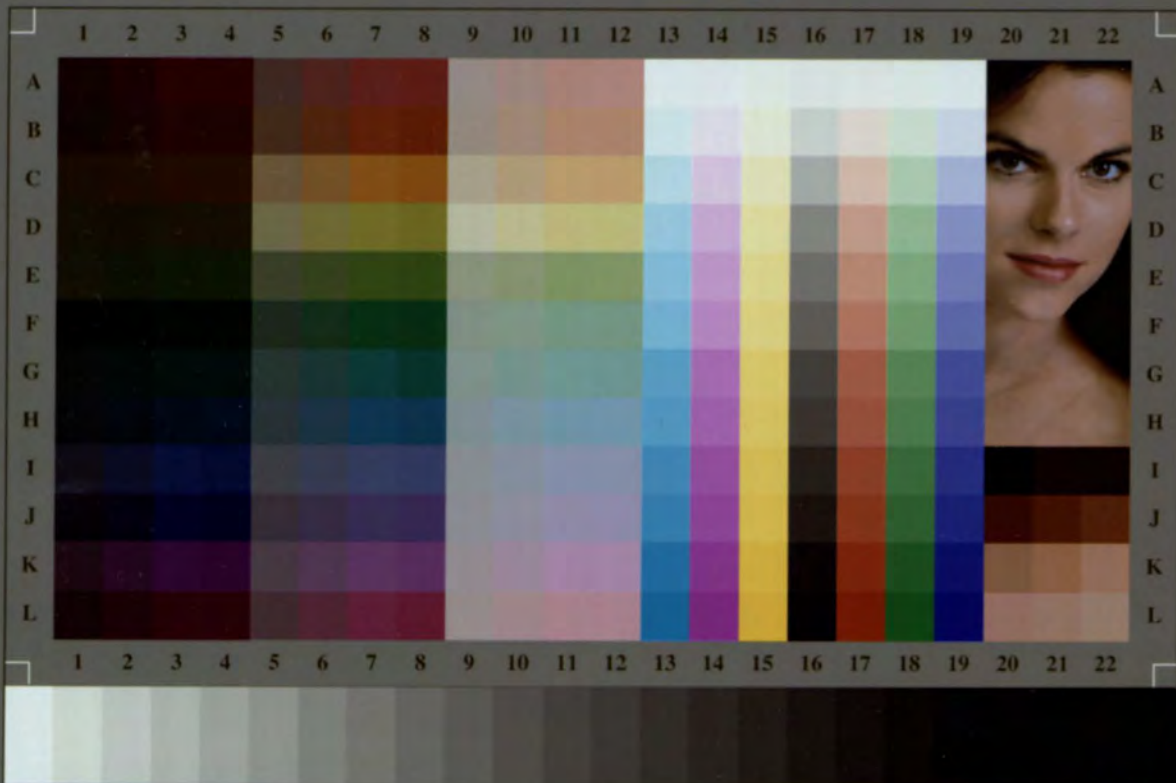
Robin Butler

PART 18 ends:-

FERB to MEA/O. Letwin 30.7.85

PART 19 . begins:-

FERB to Employment 1.8.85



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