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DA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

9 September 1986

The Prime Minister was grateful for your Secretary of State's minute about reviews of Non-Departmental Public Bodies. She has noted Mr. King's comments and has asked me to emphasise the importance of these reviews leading to clear action plans and effective monitoring of their implementation.

I am copying this letter to Michael Stark (Cabinet Office).

(P.A. BEARPARK)

Neil Ward, Esq.,
Northern Ireland Office.

JC

PRIME MINISTER

A report on the progress of the programme of reviews of Non-Departmental Public Bodies in Northern Ireland is attached. A covering minute from Tom King is attached at Flag A. It is very similar to the report on England which you saw last month.

Agree again to emphasise the importance of reviews leading to clear action plans and effective monitoring of their implementation?

ABB

Yes

ANDY BEARPARK

5 September 1986

CCPG

A

SECRETARY OF STATE FOR NORTHERN IRELAND

PRIME MINISTER

REVIEWS OF NON-DEPARTMENTAL PUBLIC BODIES

at Flap Gov. Mach Rayner PT16

On 22 October 1984 you launched a programme for reviews of non-departmental public bodies and quangos. A similar programme was initiated in the following month to cover Northern Ireland Departments.

2. The Northern Ireland programme has been drawn more extensively to include bodies exercising local government and health service functions which are outside the scope of the corresponding programmes in Great Britain, in view of the different structures in Northern Ireland and the major financial responsibilities of the bodies concerned.

3. I attach a report on the progress which has been made, in the review of the bodies concerned, to April 1986. As with the corresponding GB Report which the Minister of State, Privy Council Office submitted to you on 14 July I propose that the report should be regarded as an internal working document and should not be published.

4. To date 20 executive bodies, 6 advisory bodies and one tribunal have been subject to review and although in number they are less than 50% of the bodies to be reviewed they account for some £804 million out of a total expenditure of £1,068 million on NDPBs by sponsoring Departments. The major savings resulting directly from the reviews are summarised in paragraph 6 of the Report. Another major result has been the establishment, where possible, of definite

value for money targets and of more effective administrative procedures. Bodies have also been encouraged to develop improved measures of output.

5. The review process will continue to be developed in the light of the experience gained in the first cycle and close contacts are maintained with the joint MPO/HMT Unit in Whitehall so that developments and improvements in review procedures in GB can be examined with a view to adoption where appropriate in Northern Ireland.

6. I am copying this minute to Sir Robert Armstrong.

N Howard
(Private Secretary)

for TK

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

2nd September 1986

SP

REVIEW OF NON-DEPARTMENTAL PUBLIC BODIES SPONSORED BY NORTHERN IRELAND CIVIL SERVICE DEPARTMENTS

Introduction

1. The Prime Minister announced in November 1984 a programme of work to improve performance and value for money in Non-Departmental Public Bodies (NDPBs). In Northern Ireland the Secretary of State commissioned a similar programme for the review of NDPBs sponsored by Northern Ireland Departments.

2. Two main types of review are involved:-

   (a) Policy Reviews (PRs) which examine the need for the body, its broad structure, functions and objectives and its relationship with the sponsor Department.

   (b) Financial Management Surveys (FMS) which aim to produce specific plans to put the NDPB in a better position to secure good value for money and to assure the sponsor Department that this is happening. In the course of a Survey, the body's financial management and the financial relationship with the sponsor Department are examined.

   In addition, a number of other reviews, falling outside the exact categorisation of either FMS or PR, have been initiated by Departments and have, in certain matters, paralleled FMS or PR work.

3. The scope of the programme in Northern Ireland has been drawn more widely than the strict technical definition of NDPB, so as to bring in a number of other departmentally sponsored bodies such as those with local government type functions and health service bodies.

4. This report, which parallels a similar report on Home Civil Service NDPBs (prepared for submission to the Prime Minister), summarises progress with the overall programme of NI reviews up to April 1986.

Bodies Subject to Review Procedure

5. Sixty-four executive bodies (including eight which have functions carried out by local government in Great Britain), 46 advisory bodies, 33 tribunals and one nationalised industry which are sponsored by NICS Departments at a cost in 1985 of £1,068.139m come within the scope of the review. To date, 20 executive bodies including the NI Electricity Service which is a nationalised industry, 6 advisory bodies and one tribunal have been subject to review procedure. They account for £804.287m which represents 75.3% of the total expenditure on bodies within the review programme. Table 1 gives details of all bodies subject to review. Table 2 gives details of the executive bodies reviewed and Table 3 details of advisory bodies and tribunals reviewed.

Summary of Results of Reviews

6. The major bodies reviewed to date were Enterprise Ulster, NIES, NIHE and the Health and Social Services Boards. With regard to the latter, savings arising from O&M studies completed in 1985-86 could total £0.77m and the same Boards have set targets for efficiency savings which should realise £2.57m with other substantial savings through rationalisation of services, for example £2.6m in the Eastern Board and increased efficiency in energy consumption freeing further resources to meet service pressures and for development. In the case of NIES a reduction of 2.7% in controllable costs, equivalent to savings of £7.3m, has been achieved in 1985/86.

As a result of efficiency studies, Enterprise Ulster plans to reduce the cost per job-year in the 4-year period to 1988/89 from £7,000 to £6,200 in 1986/87, to £5,580 in 1987/88 and to £5,520 in 1988/89. In addition, the reviews have yielded substantial value for money improvements in the form of targets which have been set for the incoming years.

With the exception of the larger bodies named the bodies reviewed so far are small and the scope for substantial savings is therefore restricted. One body, the Northern Ireland Health and Social Services Council is to be wound up. Other savings of at least £0.55m will be achieved through reorganisation and rationalisation of the Schools Meals Service and of the Ulster Savings Committee.

7. Details of the work undertaken by individual Departments are given in the following 6 sections.

NORTHERN IRELAND DEPARTMENT OF AGRICULTURE

8. The Department of Agriculture (DANI) is responsible for 7 executive bodies and one advisory body. The total cost in 1985 to the Department amounted to £2.204m. One hundred and seventy full-time staff and 29 temporary staff were employed.

9. To date two bodies - the Agricultural Wages Board and the Livestock Marketing Commission - have been the subject of Policy Reviews. Both are relatively small and no savings, in terms of expenditure and staffing, were identified. However the Commission has accepted the need to introduce target setting and better monitoring in relation to finance, personnel, market development, product development etc.

10. A further body, the Agricultural Research Institute which, although not appearing in "Public Bodies 1985", has close ties with DANI was also subjected to a Financial Management Survey. In the financial year 1984/85 the Institute received a total of £1.318m by way of grants and employed 95 staff. The Survey's recommendations in regard to its relationship with DANI, the need for a corporate plan, funding, management and audit have been accepted by DANI and include a proposal that the Institute should, where possible, make appropriate charges for services provided to the agricultural industry or to the University Faculty of Agriculture.

11. DANI plans to review the Fisheries Conservancy Board, the Northern Ireland Fishery Harbour Authority and the Foyle Fisheries Commission (a new entry in "Public Bodies") in 1986/87. DANI's programme of reviews will have been completed by the end of 1987/88.

NORTHERN IRELAND DEPARTMENT OF ECONOMIC DEVELOPMENT

12. The Department of Economic Development (DED) sponsors 28 executive bodies, 5 advisory bodies and 3 tribunals at a cost of £28.148m. A total of 1,678 staff are employed. It is also the responsible department for a nationalised industry, the Northern Ireland Electricity Service (NIES).

13. To date six bodies have been subject to some review procedure. They are:

the Equal Opportunities Commission (EOC) - Policy Review* and Financial Management Survey
the Health and Safety Agency (HSA) - Policy Review and Financial Management Survey
the Labour Relations Agency (LRA) - Policy Review
the Fair Employment Agency (FEA) - Policy Review*
Enterprise Ulster (EU) - Rayner Scrutiny and Consultancy Study
NIES - Management Audit.

Excluding NIES which operates on a trading basis with grants from central government, the bodies listed above account for £8.621m or 30.1% of NDPB expenditure incurred by DED.

14. The reviews of NIES and EU were not undertaken as part of the NDPB exercise but have nevertheless resulted in improvements in efficiency and in particular the establishment of operational targets. Details are given in Table 4.

15. The Northern Ireland Consumer Council has been wound-up but as its functions (along with others) are now discharged by the Northern Ireland General Consumer Council no savings can be said to have resulted. The Wages Councils have been subject to policy reviews in a different context and the outcome will be legislation to restrict their scope of action.

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* The EOC and the FEA have been reviewed as part of a wide study of employment equality in Northern Ireland, initiated in mid-1985 by the then Secretary of State. Recommendations of that study have not been made public but a consultation document is expected to be published soon. Both these bodies are small with limited staff numbers and financial resources and consequently there is little scope for significant savings.

16. DED plans to carry out Financial Management Surveys of the Local Enterprise Development Unit, Fair Employment Agency, Labour Relations Agency, the Northern Ireland Training Authority, the Northern Ireland Tourist Board and the Northern Ireland General Consumers Council in 1986/87. Policy Reviews are also to be carried out on the Northern Ireland Tourist Board, and Ulster Sheltered Employment Limited. With the exception of a small number of minor bodies which have been withdrawn from the programme, the DED review programme will have been completed by the end of the financial year 1987/88.

NORTHERN IRELAND DEPARTMENT OF EDUCATION

17. The Department of Education (DENI) is responsible for 14 executive bodies and 13 advisory bodies which account for £220.45m of departmental expenditure. The executive bodies include 6 which in Northern Ireland fulfil functions carried out by local government in Great Britain - the Education and Library Boards and the Staff Commission for Education and Library Boards (total cost to Department - £211.39m, 8,120 full-time staff and 15,525 part-time staff).

18. To date DENI has undertaken Financial Management Surveys in relation to the Ulster Museum (£2.176m, 151 staff) and the Ulster Folk and Transport Museum (£1.551m, 142 staff) where improvements are expected as a result of the preparation of corporate plans, clarified responsibilities, the establishment of targets for income generation etc.

19. The School Meals Service provided by Education and Library Boards was also reviewed as a separate exercise and it is anticipated that savings of £0.5m in 1986/87 will result. Other savings (eg resulting from increased efficiency in energy consumption) are likely but less easily quantified.

20. DENI plans to review 9 executive and 4 advisory bodies in 1986/87. Included will be the North-Eastern Education and Library Board (expenditure funded by Department - £46.274m, 1,659 full-time staff, 3,465 part-time staff), the Southern Education and Library Board (expenditure funded by Department - £43.533m, 1,808 full-time staff, 3,435 part-time staff) and the Arts Council of Northern Ireland (expenditure funded by Department - £2.869m, 112 staff). Except for a small number of bodies which have been withdrawn from the programme, all NDPBs associated with DENI will have been reviewed by the end of 1987/88.

NORTHERN IRELAND DEPARTMENT OF THE ENVIRONMENT

21. Of the bodies listed in 'Public Bodies 1985' as NDPBs, the Department of the Environment (DOE) is the parent department for one executive body, 8 advisory bodies and 4 tribunals. The advisory bodies and tribunals account for £0.322m of departmental expenditure. The sole executive NDPB, the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC), is an autonomous body receiving no funding from central government. DOE is also responsible for a further 2 executive bodies which in Northern Ireland fulfil functions carried out by Local Government in Great Britain - the Northern Ireland Housing Executive (expenditure funded by Department - £169.27m plus a loan of £139.5m from the Consolidated Fund, 3,779 administrative staff, 1,700 industrial staff) and the Fire Authority for Northern Ireland (expenditure funded by Department - £16.89m, 709 full-time firemen, 803 part-time firemen, 256 administrative etc staff) and also for the NI Transport Holding Co. In addition, it is the sponsoring Department for the Road Safety Council (£0.066m, staff nil) and the Compensation Appeals Tribunal (expenditure nil, staff nil).

22. Reviews have been carried out on NILGOSC, the Rent Assessment Panel (expenditure - £0.040m, staff nil) and the Northern Ireland Transport Holding Company. It is not at present possible to say what benefits have resulted from the NILGOSC review but as improvements are the responsibility of the Committee, DOE is not in a position to make any directions in respect of review findings. A report by a consultant recommending fundamental amendments to the role and powers of the NI Transport Holding Company is presently being implemented. The review of the Rent Assessment Panel has resulted in the introduction of an Appeal Cost Index.

23. The Northern Ireland Housing Executive which is a body fulfilling functions carried out by local government in Great Britain was not the subject of a Financial Management Survey as it had been covered by a number of complementary exercises which included an Accountability Study, a Top Structure Review and work on corporate strategy.

Clear objectives have been established and a series of indicators is used to assess progress in meeting objectives. These include housing conditions and the urgent waiting list. The corporate strategy allies tight budgetary arrangements with firm programme targets and an improved management information system allows performance to be monitored against profit at monthly meetings between the Department and the Executive. These arrangements are complemented by bi-annual performance meetings between the Minister and the Chairman of the Executive.

The Accountability Study contained a number of value for money recommendations and special efforts are being devoted to the developent of investment appraisal techniques and the training of NIHE staff in these techniques.

24. The following bodies have been wound-up since April 1984:

Transport Users Committee (TU Committee)
Wild Birds Advisory Committee (WBAC)
Nature Reserves Committee (NRC)

The TU Committee has been subsumed into the Northern Ireland General Consumer Council. THE WBAC and NRC were wound-up as a result of new legislation. No savings occurred.

25. DOE proposes to review a further 5 advisory bodies and 2 tribunals in 1986/87. The programme of reviews will be completed by the end of 1987/88.

NORTHERN IRELAND DEPARTMENT OF FINANCE AND PERSONNEL

26. The Department of Finance and Personnel (DFP) has responsibility for 2 executive bodies and 6 advisory bodies which together account for £0.556m of departmental expenditure and 4 staff.

27. To date DFP has reviewed the Ulster Savings Committee (expenditure - £0.132m, staff - none), the Charities Advisory Committee (expenditure - nil, staff - none) and the Northern Ireland Economic Council (expenditure - £0.234m, staff - 10). As a

result of the review of the Ulster Savings Committee, it is estimated that savings of £0.05m will occur in 1986/87 due to reductions in support staff provided by the Department and accommodation requirements. The review of the Northern Ireland Economic Council recommended no change.

28. DFP proposes to review the Public Service Training Council (expenditure funded by Department - £0.179m and 4 staff) in 1986/87. DFP's programme of reviews will have been completed by the end of 1988.

NORTHERN IRELAND DEPARTMENT OF HEALTH AND SOCIAL SERVICES

29. The Department of Health and Social Services (DHSS) is responsible for 3 executive bodies, 12 advisory bodies and 25 tribunals (of which 21 are Social Security Appeals Tribunals Centres) falling within the definition of NDPBs. The total cost to DHSS is £5.388m and the executive NDPBs employ 417 staff. DHSS also has responsibilities in relation to 4 Health and Social Services Boards (£620.644m, 65,370 staff) the Central Services Agency (£3.345m 381 staff) and the Staffs Council (£0.851m, 61 staff).

30. To date the following bodies have been subject to review procedure:

Financial Management Survey -

(i) The Northern Ireland Council for Post-Graduate Medical Education (£0.265m, 20 staff).

Policy Reviews -

(i) The Northern Ireland Health and Social Services Council.)	
(ii) The Central Dental Advisory Committee.)	
(iii) The Central Pharmaceutical Advisory Committee.)	£.007m
(iv) The Therapeutic Paramedical Advisory Committee.)	

As a result of the reviews it has been decided to wind-up the Northern Ireland Health and Social Services Council. The process is, however, subject to amending legislation. The resultant savings are small.

31. The relationship between DHSS and the health and social services bodies is the subject of regular scrutiny and review outside the main programme of Policy Reviews and Financial Management Surveys. Mechanisms include annual Accountability Reviews and a well developed Regional Strategic Planning system. As illustration of the results, an efficiency savings target of 0.5% of Board revenue expenditure was set for the year 1985/86. The resulting savings of £2.57m, together with savings through the rationalisation of services principally in the Eastern Board, are being redeployed to meet pay and price pressures and for priority service development. Various O&M studies have been completed in 1985/86 and Board managements have agreed to implement plans which would lead to total savings of about £0.77m. Other projects started in 1985/86 but not yet completed would yield further savings of about £0.25m. Details of improvements in relation to each body are to be found in Table 5.

32. DHSS proposes to examine a further 3 advisory bodies in 1986/87 and 4 in 1987/88. Its programme will have been completed by the end of 1988/89.

1986/87 PROGRAMME OF REVIEWS

33. The larger bodies to be included in the programme of reviews for the year 1986/87 are:

Local Enterprise Development Unit
Northern Ireland Tourist Board
Arts Council of Northern Ireland
Northern Ireland Schools Examination Council
North-Eastern Education and Library Board
Southern Education and Library Board

The full programme is given in Table 6

CONCLUSIONS

34. The experience of the first year's reviews has shown that much is to be gained by in-depth examinations of policy and financial management. While it is unlikely that much further scope exists in Northern Ireland for reducing the actual number of NDPBs it is clear that improvements in value for money can still be achieved. Even where direct savings cannot be made it may still be possible to discover ways in which the return on resources expended can be increased. Target setting in particular is seen as an important tool by both NDPB management and the sponsoring Department and it is gratifying to note the progress made in this area by the Health and Social Services Boards, NI Electricity Service and Enterprise Ulster.

35. Bearing in mind that this was the first year of the programme, the quality of review was, in general, satisfactory. The experience gained so far will undoubtedly have a beneficial effect upon subsequent reviews. The Central Management Unit (CMU) of the Department of Finance and Personnel will continue to co-ordinate the review programme and to maintain contact with the Management and Personnel Office so that any changes in emphasis, approach or methodology in GB can be considered and adopted if appropriate in NI. Particular emphasis will be placed on the action plan to be agreed at the end of each review, and on the encouragement of the setting of targets for improved performance in respect of the bodies concerned.

CMU-RB-6.24

TABLE 1

BODIES SPONSORED BY NICS DEPARTMENTS (1985)

Department	Nationalised Industry	Cost to Sponsoring Department £m	Executive Bodies	Cost to Sponsoring Department £m	Advisory Bodies	Cost to Sponsoring Department £m	Tribunals	Cost to Sponsoring Department £m	Total Cost to Sponsoring Departments £m
Agriculture	-	-	7	2.185	1	0.019	-	-	2.204
Economic Development	1	-	28	27.888	5	0.099	3	0.161	28.148
Education	-	-	14	220.150	13	0.300	-	-	220.450
Environment	-	-	4	186.165*	9	0.138	5	0.250	186.553
Finance and Personnel	-	-	2	0.311	6	0.245	-	-	0.556
Health and Social Services	-	-	9	629.594	12	0.040	25	0.594	630.228
TOTALS	1		64		46		33		1068.139

* plus loan of £139.5 from the Consolidated Fund.

TABLE 2
EXECUTIVE

BODIES REVIEWED

Department	Total Number of Bodies Subject to Review (Executive)	Bodies Reviewed	Type of Review			Percentage of Departmental expenditure on review bodies
			FMS	PR	Other	
Economic Development (including Nationalised Industry)	29	Equal Opportunities Commission	X		X	30.6
		Health and Safety Agency	X	X		
		Labour Relations Agency		X		
		Enterprise Ulster			X	
		Fair Employment Agency			X	
		Northern Ireland Electricity Service			X	
Agriculture	7	Agricultural Wages Board for Northern Ireland		X		60.5
		Livestock Marketing Commission for Northern Ireland		X		
		Agricultural Research Institute	X	X		
Education	14	Ulster Museum	X			1.7
		Ulster Folk and Transport Museum	X			
Environment	4	Northern Ireland Local Government Officers Superannuation Committee[1]	X	X		-
		Northern Ireland Housing Executive			X	90.7
		Northern Ireland Transport Holding Company	X	X		
Health and Social Services	9	NI Council for Post-Graduate Medical Education	X			98.5
		Eastern Health and Social Services Board			X	
		Northern Health and Social Services Board			X	
		Southern Health and Social Services Board			X	
		Western Health and Social Services Board			X	
Finance and Personnel	2	Ulster Savings Committee		X		23.7

NOTE: 1. This is an automonous body which receives no funding from central government.

TABLE 3

BODIES REVIEWED

ADVISORY AND TRIBUNAL

Department	Total Subject to Review (advisory and tribunal)	Reviewed	Type of Review			Percentage of Departmental Expenditure on review bodies
			FMS	PR	Other	
Health and Social Services	37[1]	Northern Ireland Health and Social Services Council		X		Negligible
		Central Dental Advisory Committee		X		
		Central Pharmaceutical Advisory Committee		X		
		Therapeutic Paramedical Advisory Committee		X		
Finance and Personnel	6	Charities Advisory Committee[2]		X		42.08
		Northern Ireland Economic Council	X			
Environment	14	Rent Assessment Panel		X		Negligible
Education	13	Nil				-
Economic Development	8	Nil				-
Agriculture	1	Nil				-

NOTES

1. This figure includes 21 Social Security Appeal Tribunals which form a single multiple system.
2. No Departmental expenditure.

TABLE 4

DEPARTMENT OF ECONOMIC DEVELOPMENT

BODY	VFM ETC IMPROVEMENTS
NIES	The following targets have been set:- (i) to achieve a real reduction in controllable costs per unit sold of 7% over the 4 year period to March 1987; (ii) to achieve an operating profit in appliance marketing of 13.5% in 1986/87 and 14.5% in 1987/88; (iii) to achieve an 8.7% reduction by March 1988 in manpower required per 1,000 customers; (iv) to achieve a 2.5% increase in energy sales per year; and (v) to achieve an 18% reduction by March 1988 in the number of customers with outstanding debt.
EU	The following target has been set:- to reduce the cost per job-year from £7,000 in 1985/86, to £6,200 in 1986/87, to £5,580 in 1987/88 and to £5,520 in 1988/89.

TABLE 5

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

BOARD	TARGETS SET	OTHER IMPROVEMENTS
EASTERN	Efficiency savings target of 0.5% of revenue budget, £1.377m, to be redeployed in priority services development. Rationalisation of hospital services to free £2.6m in 1985/86 for service pressures and development. Reduction in energy consumption. Three year programme, 83/84 to 85/86 to effect reduction of 10% in Board's consumption.	
NORTHERN	Efficiency savings target of 0.5% of revenue budget, £0.417m to be redeployed in priority service development. Improvements to efficiency include: (a) rationalisation of laundry services. (b) stores centralisation. Reduction in energy consumption. Three year programme 83/84-85/86 to effect 10% reduction in Board's consumption.	Development of computerised financial information and control system. Introduction of information technology and micro-filming for patient records. Introduction of economic analysis including investment appraisal.
SOUTHERN	Efficiency savings target of 0.5% of revenue budget in 1985/86, £0.394m to be redeployed in priority service development. Initiatives included: (a) rationalisation of portering and security services. (b) reduced catering costs. (c) extension of cook/chill catering system. Reduction in energy consumption. Three year programme 83/84-85/86 to effect 10% reduction in Board's consumption.	Development of performance indicators. Development of computerised catering cost/recipe control system.
WESTERN	Efficiency savings target of 0.5% of revenue budget, £0.382m to be redeployed in priority service development. Reduction in energy consumption. Three year programme 83/84-85/86 to effect 10% reduction in Board's consumption.	

TABLE 6

BODIES ETC TO BE REVIEWED IN 1986/87

Department	Body	Type of Body			Type of Review		
		Executive	Advisory	Tribunal	FMS	PR	Other
Economic Development	Local Enterprise Development Unit	X			X		
	Fair Employment Agency	X			X		
	Labour Relations Agency	X			X		
	Northern Ireland Training Authority	X			X		
	Northern Ireland Tourist Board	X			X	X	
	Ulster Sheltered Employment Ltd	X				X	
	Northern Ireland General Consumer Council	X			X		
Agriculture	Foyle Fisheries Commission	X			X		
	Fisheries Conservancy Board	X			X		
	Northern Ireland Fishery Harbour Authority	X			X		
Education	Arts Council of Northern Ireland	X			X		
	Ulster American Park	X			X		
	Advisory Board for Post-Graduate Awards		X			X	
	Northern Ireland Business Education Liaison Committee and Technical Education Council		X			X	
	Northern Ireland Council for Education Research	X			X	X	
	Staff Commission for Education and Library Boards	X			X		
	Northern Ireland Schools Examination Council	X			X		
	Advisory Committee on Teacher Education		X			X	
	North-Eastern Education and Library Board	X			X		
	Southern Education and Library Board	X			X		
	Armagh Observatory and Planetarium	X			X		
	Northern Ireland Council for Educational Development		X		X		
	Northern Ireland UNESCO Committee		X			X	

TABLE 6 contd

Department	Body	Type of Body			Type of Review		
		Executive	Advisory	Tribunal	FMS	PR	Other
Environment	Northern Ireland Water Council		X			X	
	Northern Ireland Building Regulations Advisory Committee		X			X	
	Planning Appeals Commission			X		X	
	Northern Ireland Housing Council		X			X	
	Water Appeals Commission			X		X	
	Historic Buildings Council		X			X	
	Historic Monuments Council		X			X	
Health and Social Services	Central Nursing Advisory Committee		X			X	
	Central Medical Advisory Committee		X			X	
	Distinction and Meritorious Service Awards Committee		X			X	
Finance and Personnel	Public Service Training Council	X			X		

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Cabinet Office

MANAGEMENT AND PERSONNEL OFFICE

From the Minister of State
Privy Council Office
The Rt. Hon. Richard Luce MP

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

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

NBM

13 August 1986

Dear Nicholas,

at Hap PE3.

Thank you for your helpful letter of 31 July about quangos arising from water privatisation. I am also grateful to other colleagues who have commented on the issues I raised in my letter of 15 July. All the responses clearly endorse our continuing collective commitment to NDPB policy - ie only setting up a new quango where that is the most cost-effective option.

I am reassured that the number of water privatisation quangos will be at most twenty. Ten of these will be regional committees with combined responsibility for recreation, conservation and fisheries. I recognise that John Gummer has had reservations about combining fisheries with recreation but I am glad that he sees the arrangements proposed (ie fisheries sub-committees meeting and acting separately on purely fisheries matters) as workable. I feel sure that there will be considerable practical benefits in having a single forum where conservation, recreation and fisheries interests can all be considered.

You have argued that ten regional consumer committees are needed because of the structure of the water industry. Clearly this is a policy area where I am only an interested outsider and I am willing to be persuaded that ten committees is the correct and cost-effective solution. However Michael Lucas's letter of 31 July (which must have crossed with yours) raises the important point of ensuring that institutional arrangements are in proportion to the likely volume of consumer problems. Since the DTI has responsibility for general consumer policy, I wonder whether the issue of the most appropriate structure for consumer representation should be reconsidered in a meeting of officials from interested departments, chaired by DTI.

You point out that the definition of an NDPB is problematic. I agree. The usual definition as "a body which has a role in the process of national government but is not a government department" does not always make clear the status of a particular body. In practice the acid test is usually Ministerial sponsorship of the body - ie are some or all of the board members appointed by Ministers and is a Minister answerable ultimately for the performance of the body and its continued existence. However, where a body is provided for in legislation and has the specific role of advising the statutory head of a non-ministerial department (such as OFTEL or OFGAS) its role in the process of national government determines its status as an NDPB.

The special public bodies set up to deal with flood defence and land drainage will not be quangos so long as the Bill makes it clear that there is no direct ministerial accountability or sponsorship of these bodies. I understand that these bodies are to be set up within the local government sector with finance and lines of accountability clearly running through the normal channels for local government bodies. The fact that one or two members may be appointed to their boards by Ministers would not turn these bodies into NDPBs. It is accountability to Ministers that determines a body's NDPB status, not a simple head count of board members (a body with a minority of ministerially appointed board members can still be an NDPB: the reverse is rather less likely).

John MacGregor's letter of 4 August to Michael Jopling suggests that it may be sensible to consider the question of Departmental responsibility for flood defence and land drainage in the light of an E(A) decision on the questions raised by Nicholas Ridley. I am not sure whether John has in mind the relatively minor transfers foreshadowed in the 1985 Green Paper (Cmnd 9449) or some other change in responsibility, but we need to bear in mind that proposals for machinery of government changes require the Prime Minister's approval and should be copied to Sir Robert Armstrong.

Copies of this letter go to members of Cabinet, Mark Robinson, Michael Lucas, John Selwyn Gummer and Sir Robert Armstrong.

Rich

RICHARD LUCE

GOVT MACH. Quangos Pt 4

CC BG

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

From the Minister

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Great George Street
London SW1

11 August 1986

NBM.

Dear Richard

PRIVATISATION AND QUANGOS

P+3 143 (P+3)

Thank you for copying to me your letter to Nicholas Ridley of 15 July, and your minute to the Prime Minister of 18 July. I have also seen a copy of the letter of 4 August from the Prime Minister's office.

I fully support the policy of keeping the number of NDPBs at a minimum and the need to consider proposals for setting up new ones at an early stage. However, I also agree that their creation may be an essential side effect of privatisation. The number of NDPBs we need, while of course they should be kept to a minimum, will inevitably be affected by the range of advice which is needed and the number of privatised bodies.

The privatisation of water authorities on the lines of the White Paper (Cmnd 9734) is a particularly sensitive issue in relation to their regulatory functions, not least as regards fisheries. It is clear, therefore, that advisory committees would be necessary. Moreover, as Nicholas Ridley has already pointed out, there are 10 water authorities, each independent of the others, so the number of NDPBs which may be needed will for that reason alone be greater than would be needed for a single, national body on the lines of British Gas. The water authorities also raise the further aspect of the need for outside advice because they each have a very broad range of duties placed on them by statute, many of which require independent oversight. We may therefore have to accept that each WSPLC will have several NDPBs, and that the creation of multi-purpose NDPBs with conflicting objectives, simply to keep the numbers down, would be unlikely to carry any conviction in the House or in the country. But clearly we must examine the possibilities

/ carefully. The longer ...

QUANGOS : GOV. MACH. Pt 4.

carefully. The longer time-table for privatisation to which we are now working allows us to do this and will allow colleagues to consider the arguments for each set of water industry NDPBs before final decisions are taken. I hope you will agree that that is the way to approach this problem.

I should add that I would not myself argue that "privatisation quangos" should be considered differently from other quangos, as you suggested in your letter of 18 July. Surely the need for any quango should be assessed on whether the task can only be met efficiently and cost effectively via that route.

I am copying my letter to Cabinet colleagues and Sir Robert Armstrong.

Yours

Michael

MICHAEL JOPLING

file

JD

10 DOWNING STREET

LONDON SW1A 2AA

4 August, 1986.

From the Private Secretary

Dear Paul

The Prime Minister was grateful for your Minister's report on the progress of the programme of reviews of Non-Departmental Public Bodies covering a report prepared jointly by the Cabinet Office and HM Treasury. She has noted Mr. Luce's comments, and shares his hope that Ministers will maintain their resolve not to consider setting up a quango unless this is demonstrably the most cost-effective option. The Prime Minister also endorses the recommendations in the report for making the rest of the review programme more effective, and, like Mr. Luce, emphasises the importance of reviews leading to clear plans of action as well as of effective monitoring of their implementation.

I am sending copies of this letter to the Private Secretaries to Ministers in Charge of Departments.

Yours ever

Tim Flesher

Timothy Flesher

Paul Thomas, Esq.,
Office of the Minister for the Arts.

8(a)

VCBG

B

Mr Addison

REVIEW OF NDPBs: PROGRESS REPORT

Mr Fuller's minute of 21 July asked for the Efficiency Unit's comments on this report.

The review programme so far seems disappointing in coverage, method and results. Poor targetting has meant that in the 18 months since the initiative was launched the reviews have covered only 45% of the expenditure and staff numbers of the executive NDPBs. The results look correspondingly disappointing: 1 executive body and 14 advisory bodies are to be wound up and savings of only £15m a year have been identified, but £13m of this comes from one Research Council.

The results suggest that the reviews have not been conducted by the relevant parent Department with sufficient rigour and that there has been little external quality control.

The report and the covering minute make recommendations which should help to improve the effectiveness of the remainder of the review programme. In particular they suggest that reviews should be more selective in focus and that they should lead to an action plan with dates for implementing recommendations and targets for improved performance. This is essential, as is the need to track implementation.Without an external discipline on departments to ensure that the reviews are rigorous and searching, there can be no guarantee that the remainder of the programme will produce appreciably better results.

It would be helpful if the Prime Minister in her reply emphasised the importance of clear action plans and effective implementation tracking by departments following each review. It would also be appropriate to question what plans are in place to monitor the improvement in effectiveness of the remaining reviews following the report and to question what benefits could be gained from continuing the reviews in 1987/8.

I am copying this note to John Fuller and to David Hobson.

A Rhys

pp Graham Cawsey
1 August 1986

GOVT MACH: Future of Quangos: Pt 3

E.R.

PRIME MINISTER

A report on the progress of the programme of reviews of NDPBs, from Peter Brooke and Richard Luce, is attached. There is a covering letter summarising the report from Mr. Luce at Flag A.

As the Efficiency Unit note at Flag B explains, the results of the review programme so far are disappointing. About half the NDPBs have been covered (in terms of expenditure and staff numbers), and £13 million of the £15 million savings identified come from one Research Council.

Mr. Luce clearly thinks the review is a pretty thankless task. While everyone is keen in principle to cut back on Quangos, in practice they are only too willing to come up with proposals for new ones.

Agree:

(i) to endorse the recommendations in the report for making the rest of the review programme more effective;

(ii) to emphasise the importance of reviews leading to clear action plans, and of the effective monitoring of their implementation.

MEA

Yes mt

Mark Addison

1 August 1986

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PART 4 begins:-

TF TO PM 1/8

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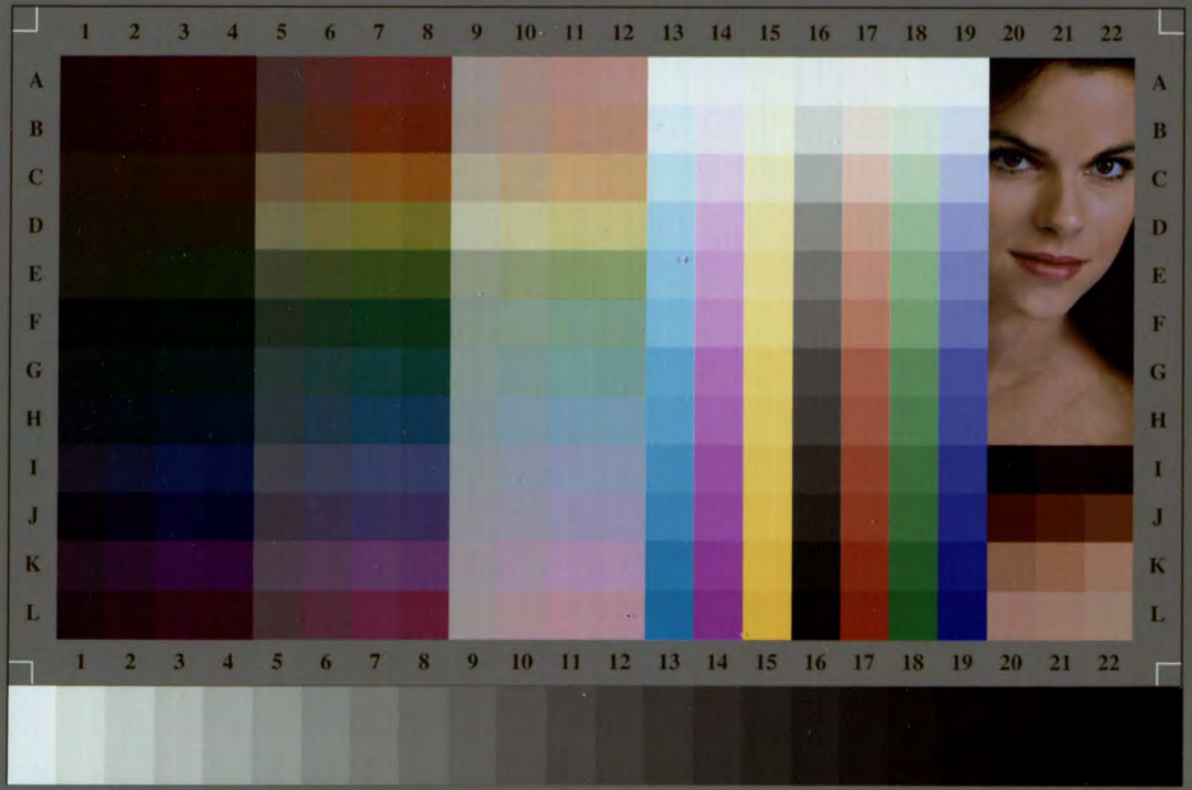

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