PREM 19/3018

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PART 33

MT

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The Rayner Programme

Promotion of Efficiency and Waste

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GOVERNMENT MACHINERY

Pt 1: May 1979
Pt 33: March 1990

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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CC(81) 4th Conclusion Item 2 extract	29.1.87

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed B. Walsh Date 7/12/16

PREM Records Team

PART 33 ends:-

Scottish office to PG 30.3.90

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SSI Employment to OMCS 2-4.90

Prime Minister

CAB 24

MANAGEMENT IN CONFIDENCE

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C90/1893

The Rt Hon Cecil Parkinson MP
Secretary of State for Transport
2 Marsham Street
LONDON
SW1P 3EB

30 March 1990

Dear Secretary of State

ESTABLISHMENT OF THE DRIVER AND VEHICLE LICENSING AGENCY, THE DRIVING STANDARDS AGENCY AND THE VEHICLE CERTIFICATION AGENCY

Thank you for copying to me your letter of 23 March to Norman Lamont about the establishment of the Driving and Vehicle Licensing Agency, the Driving Standards Agency and the Vehicle Certification Agency as from 2 April. I am very happy to proceed along the lines you propose and am content with the Framework Documents for the Three Agencies.

The establishment of these Three Agencies will bring the total percentage of your Department working in Agencies to well over 60%. This a great achievement. I am sure that in the case of all three Agencies the result will be a better quality and more efficient service. Agency status is in itself a platform for further developments and over time I hope that the combination of increasingly greater freedom and flexibility for the Agency managers and more demanding targets will provide the pressure to improve even further.

Of these three Agencies DVLA and DSA in particular are well known activities and the public expectation of what they will achieve in terms of improved service will be high. I am pleased to see that DVLA is due to start in April on the shadow run of a new financial regime which will enable it to match its activity more closely to fluctuations in demand. In the longer term, I am still convinced that a trading fund regime will be suitable for

DVLA and will allow it to reap the full benefits of Agency status. On DSA I know there is a strong commitment to improve the quality of service it offers the public and the set of service measures given in Annex C of the Framework Document is impressive. Amongst these I am aware of the particular interest which will be shown in the waiting time for the "L" test as perhaps the key indicator of the quality of service which DSA offers. I understand that you will be setting a first year target to reduce this to a national average of 8 weeks. I hope that it will be possible to keep the pressure to reduce it substantially further.

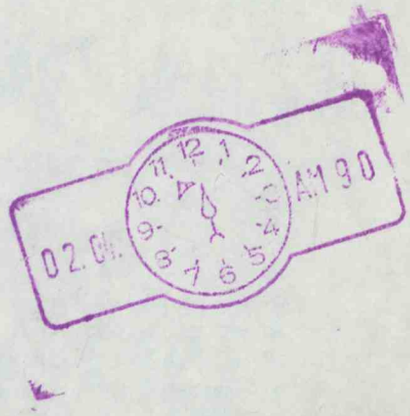
I note your intentions over the appointment of Chief Executives for the three Agencies. As I indicated in correspondence with your predecessor I am happy with these but assume that you will consider in the case of DSA and VCA, that there may be some value in testing the market through open competition for future appointments.

Finally, I would like to wish the three Chief Executives and their staff every success in their move to Agency status.

Yours faithfully

Martin Lee

pp RICHARD LUCE
(Approved by the Minister
and signed in his absence)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C90/1894

Rt Hon Michael Howard QC MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1 9NF

30 March 1990

Dear Secretary of State

EMPLOYMENT SERVICE EXECUTIVE AGENCY

I am grateful to you for sending me copies, with your letter of 26 March, of your foreword to the Employment Service Framework Document and the Parliamentary reply you propose to make on the launch of the Agency.

I was interested to see your foreword and the emphasis you put on efficiency and effectiveness in the main task of helping unemployed people back to work and also on quality of service. The reply underlines the scale of the Employment Service's activities and thus of the benefits we are both looking for from the Next Steps approach. I have now seen the first Annual Performance Agreement and I was impressed by how clearly it sets out the results you are asking the Chief Executive to achieve.

I am copying this letter to those who received yours.

Yours faithfully

p/p RICHARD LUCE
(Approved by the Minister
and signed in his absence)

GOVT MACH

Rayner

Pt 33

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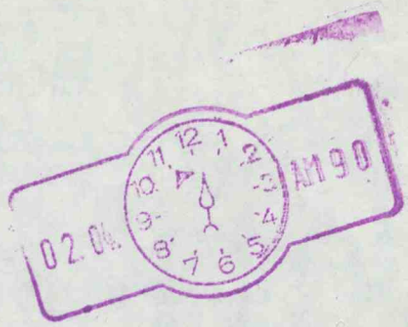
GOVT MACH

Rayner



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C90/1895

Rt Hon Tony Newton MP
Secretary of State for Social Security
Richmond House
79 Whitehall
London SW1A 2NS

30 March 1990

Dear Secretary of State

INFORMATION TECHNOLOGY SERVICES AGENCY

Thank you for your letter of 28 March enclosing the Framework Document for the Information Technology Services Agency (ITSA) and describing the arrangements you propose for its launch as an Executive Agency next week. I am happy for you to go ahead as planned.

As you say, this second Agency in your department is a large and important one. It is the first one dedicated to information technology; and it has a very important role as a contractor to what will be the Benefits Agency and also to the Employment Service. The Framework Document shows how Next Steps provides the scope for Agencies to be based around arrangements that suit the particular demands of the work to be done. I was encouraged by the feeling that your intention is for the Agency to develop further in the light of experience over the first years and beyond.

I note that you have appointed Mr John Kenworthy as the Chief Executive and that he has been closely involved in the design and plans for implementation of the Operational Strategy. There is a clear commitment to appoint a successor after open competition and I welcome that.

I wish Mr Kenworthy and all the staff of the Agency every success in their work.

I am copying this letter to the Prime Minister, Peter Walker, Malcolm Rifkind, Kenneth Clarke, Norman Lamont, and Michael Howard; and to Sir Robin Butler.

Yours faithfully

Martin Luce

pp RICHARD LUCE
(Approved by the Minister
and signed in his absence)



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CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street SW1P 3AG

David Curry Esq MP
Parliamentary Secretary
Ministry of Agriculture, Fisheries and Food
Whitehall Place
London
SW1A 2HH

NBPm
RLG
4

30th March 1990

Dear David

NEXT STEPS - MAFF AGENCIES

fap

Thank you for sending me a copy of your letter of 15 March addressed to Richard Luce.

2 At paragraph 5 of your letter you ask us to reconsider the maximum level at which the Chief Executive of the Central Veterinary Laboratory should be allowed to create posts. As you say, your officials have been in correspondence with mine on this and since you wrote your letter they have agreed to amend the Framework Document to reflect our present policy subject to that policy being reviewed in the very near future.

3 Meanwhile I have no objection to the Agencies being launched on 2 April with the Framework Documents amended to show the Chief Executives' delegated powers as being limited to Grade 7 posts.

4 I am copying this letter to the Prime Minister, Malcolm Rifkind, Peter Walker and Peter Brooke.

Yours

NORMAN LAMONT

GOVT MACH
Rayner

MANAGEMENT AND SENIOR STAFF IN CONFIDENCE

CABINET OFFICE
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for the CIVIL SERVICE

NBAm
RRG
214

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C90/1892

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H 0ET

30 March 1990

Dear Secretary of State

RADIOCOMMUNICATIONS AGENCY

Thank you for your letter seeking agreement to the launch of this Agency on 2 April.

I am content with the framework document, which I note provides scope for progressive delegations to the Chief Executive and greater autonomy for the Agency over time. As well as the challenging efficiency target which you have set, I am pleased to see that you are proposing to set targets for improving the quality of the service offered by the Agency.

I note the appointment of Mr Michell to be the first Chief Executive of the Agency. Your department has a good record of appointing Chief Executives following open competition and I can understand your reasons for wishing to appoint a civil servant in this case. I assume, however, that you will consider holding an open competition when the post next falls vacant.

I wish Mr Michell and all the staff of the Radiocommunications Agency every success in tackling the challenges ahead.

I am copying this letter to Norman Lamont.

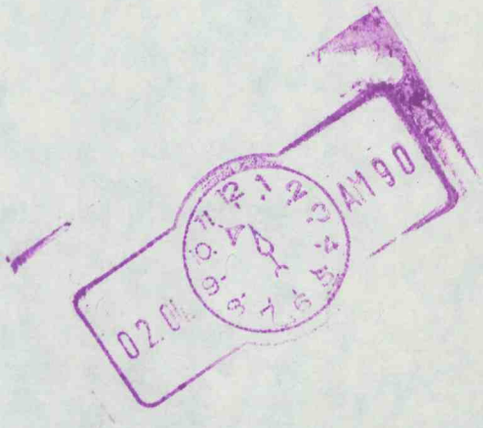
Yours sincerely,

Martin Luce

pp RICHARD LUCE
(Approved by the Minister and signed in his absence)

MINISTER OF STATE
PRIVY COUNCIL OFFICE

MANAGEMENT AND SENIOR STAFF IN CONFIDENCE



NBPM
RRCG
2/4

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C90/1874

David Curry Esq MP
Parliamentary Secretary (Commons)
Ministry of Agriculture, Fisheries
and Food
Whitehall Place
London
SW1A 2HH

29 March 1990

Dear David

– file with PG

Thank you for your letter of 15 March asking me to agree to you setting up the Central Veterinary Laboratory (CVL) and Veterinary Medicines Directorate (VMD) as Executive Agencies. I am very happy to do so and am content with the Framework Documents as attached. I understand that John Gummer is announcing to Parliament the launch of these two Agencies along with their targets for 1990/91 on 2 April.

CVL and VMD will be the first Agencies in the Ministry of Agriculture, Fisheries and Food. I am sure that both organisations will be able to benefit greatly from their move to Agency status. Over time we would expect the combination of increasingly greater management freedoms and more demanding and testing targets to enable both Agencies to deliver the improvements in the quality and efficiency of their services which are the rationale for Next Steps. I understand that both Agencies will be working over the coming year to develop further their accounting and performance measurement systems to prepare the ground for moving to a net running cost financial regime. I attach great importance to Agencies having robust targets for improving efficiency and quality of service with the appropriate management information systems in place to underpin those targets.

You raised with me an outstanding point on the CVL Framework Document relating to the Chief Executive's delegated authority for staffing. This is of course a matter for Norman Lamont. It does strike me, however, as perfectly reasonable for you to wish to give the Chief Executive of an organisation of over 600 people, the ability to create posts up to Grade 6. This freedom, I understand, will be an important tool in helping the

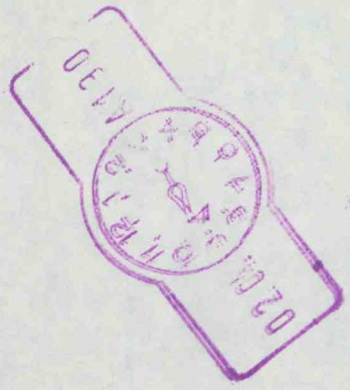
Chief Executive to restructure the CVL to meet new and changing demands which are placed on it. As you say the essence of Next Steps is that detailed control of inputs is replaced by more strategic monitoring of outputs. I hope Norman will be able to reconsider his position on this.

I was pleased to note that both Chief Executives were appointed through an open competition. I would like to wish them and their staff every success in their move to Agency status.

I am copying this letter to the Prime Minister, Malcolm Rifkind, Peter Walker, Peter Brooke and Norman Lamont.

Yours Richard

RICHARD LUCE



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C90/1878

Rt Hon Norman Lamont MP
Chief Secretary
Treasury Chambers
Parliament Street
London SW1

29 March 1990

Dear Norman,

ESTABLISHMENT OF THE CIVIL SERVICE OCCUPATIONAL HEALTH SERVICE AS AN EXECUTIVE AGENCY

Following John Major's letter to me of 13 January 1989 and subsequent discussion and work between our officials, I propose now that the Civil Service Occupational Health Service (OHS) should become an Executive Agency with effect from 2 April 1990. I attach a copy of the OHS Framework Document and its Business Plan, which amongst other things sets out details of the initial performance targets. All these have been agreed with your officials.

The first Chief Executive will be Dr George Sorrie. He has headed the operation since the end of 1986, when he was recruited by open competition from the Health and Safety Executive. My intention will be that his successor will also be selected after an open competition.

The OHS is a small but vital part of the Civil Service. Establishing it as an Agency will help to achieve its objectives and provide the spur for progressive improvement. I am sure you will agree with me.

A copy of this letter goes to the Prime Minister.

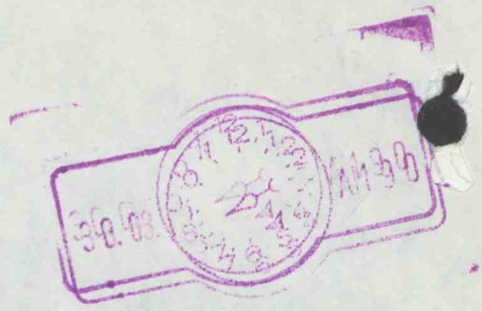
Yours

Richard

RICHARD LUCE

GOVT MACH
Rayner

Pt 33





OHS

CIVIL SERVICE OCCUPATIONAL HEALTH SERVICE

BUSINESS PLAN

1990/91
TO
1993/94

MARCH 1990

OHS BUSINESS PLAN

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27 March 1990

CIVIL SERVICE OCCUPATIONAL HEALTH SERVICE; BUSINESS PLAN MARCH 1990

1. INTRODUCTION

1.1 This is the first Business Plan produced by the Occupational Health Service (OHS). In previous years the OHS's plans and resource requirements have been recorded on standard OMCS forms and have been incorporated in the OMCS Management Plans. As the OHS makes plans to become an Agency on 1 April 1990, a more explicit planning document is appropriate to tell OHS staff and customers as well as the OMCS how the organisation plans to develop.

1.2 The plans described in this document are, of course, based on the forecasts of demand for OHS services and the resource requirements already discussed with the OMCS as part of the normal Public Expenditure Survey and Estimates planning cycle throughout 1989.

1.3 This initial Business Plan will form the background to a substantial planning exercise in the summer of 1990. At that point the Management Committee and other members of the OHS will take stock of the occupational health requirements of the Civil Service and the activities currently planned by the OHS. They will then formulate a strategy for achieving the most effective match between the OHS resources and its customers' requirements over the following 5 years.

1.4 From then on, OHS Strategic Plans and Annual Plans will be prepared each year to the timetable shown in Annex B.

2. BACKGROUND AND CHANGE TO AGENCY STATUS

2.1 The Civil Service Occupational Health Service was set up in June 1986 to provide a comprehensive occupational health service within the Civil Service. Its prime objectives are to promote the health and safety of civil servants at work, to provide a professionally integrated service to management and to develop occupational health policies. Its responsibilities are defined in its charter, reproduced at Annex A.

2.2 The organisation consists of professionally qualified doctors, nurses, occupational health and safety advisers and occupational hygienists along with a number of administrative staff. The administrative headquarters is in Edinburgh and OHS services are delivered through a network of regional offices and a clinic in central London. At 1 April 1990 there will be some 95 professional staff and 40 administrative staff.

2.3 When the Next Steps Initiative was launched in 1988, it was immediately clear that,because of its well defined responsibilities and the discrete nature of its organisation and management structures, the OHS was a suitable candidate for agency status. Discussions of about how the OHS would function as an agency and about additional managerial flexibilities and responsibilities have been conducted throughout 1988 and 1989 and the organisation will be launched as an agency on 1 April 1990.

2.4 This change will not affect the OHS's aims and objectives in any way. As with other executive agencies, the change in status and the accompanying Framework Document recognise that greater managerial flexibility and more a specific statement of the OHS's role will foster more efficient and effective delivery of OHS services.

3. OBJECTIVES AND PLANNING ASSUMPTIONS

3.1 This initial Business Plan is based on the assumptions listed below.

a) The responsibilities listed in the OHS Charter can be grouped into four main objectives each supported by a number of complementary activities. The four main objectives are:

To promote the health and safety of all non-industrial and industrial civil servants at work;

To provide a professionally integrated service to management through the deployment of doctors, nurses, hygienists, and co-ordination of their functions with those of safety and welfare officers and first aiders in customer departments and organisations;

To develop occupational health policies and to maintain the highest standards of service in the light of national and international developments in the field; to translate such policies into written guidance and provide appropriate training for all OHS staff;

To recover its net operating costs through repayment arrangements with customer departments and organisations.

b) For the immediate future,the demand for OHS services will remain at the level recorded for the second half of 1989-90 with the exception of the new healthcare activities, for all of which there will be a steady increase in demand.

c) Because of greater financial flexibility, the OHS will be able to respond more rapidly than in the past to changes in demands for its services so long as any resulting increase in its costs are fully covered by additional income.

d) In the next few months the OHS will develop systems for defining and monitoring the quality of its services.

e) As new staff are recruited to Advisory and Nursing Division and to Hygiene and Safety Division, resources will be devoted to training these staff and to producing policy and procedures manuals which will define and safeguard the quality of OHS practices.

f) As the OHS takes over additional responsibilities from the OMCS, staff in Administration Division will receive the training needed to ensure that they carry out their new responsibilities effectively and efficiently.

g) The existing computer system will be replaced in 1991-92. In preparation for this, during 1990 there will be an extensive analysis of the OHS management information needs, the requirements of the OHS work-recording and invoicing systems, and the effectiveness of the current arrangements for clerical and typing support.

3.2 All of these assumptions will be critically examined as part of a major review and planning exercise which will start in June 1990.

4. PLANNED LEVELS OF ACTIVITY

4.1 All productive professional time in the OHS is, of course, devoted to providing the information, advice and services for which the organisation was set up. Planning future resource requirements thus depends upon forecasting the demand for different OHS services and estimating what resources will be needed to support these. This section lists the specific activities which will support each of the four main OHS objectives. The level of demand forecast for each over the planning period is shown in Annex C.

MAIN OBJECTIVE A

To promote the health and safety of all non-industrial and industrial civil servants at work.

Supported by activities

A.1 Healthcare Forums

A.2 Medical examinations for selected groups of staff

A.3 OHS publications and briefing notes

A.4 Advice, examinations and clinical services for staff and their families working and travelling overseas

MAIN OBJECTIVE B

To provide a professionally integrated service to management through the deployment of physicians, nurses, hygienists, and co-ordination of their functions with those of safety and welfare officers and first aiders in customer departments and organisations.

Supported by activities

B.1 Advice to management on appropriate arrangements for the immediate treatment of sick and injured civil servants at their place of work; also to advise on, and assist in, the medical aspects of disaster planning and accident investigation.

B.2 Investigation and advice to management on occupational hygiene and environmental health problems and on the provision of safe and healthy working conditions both generally and in accordance with statutory requirements.

B.3 Advice to management on health standards for recruitment and placement of staff exposed to special risks; on the surveillance of sickness absence and on health aspects of employment of civil servants returning to work after illness or injury; on the employment, resettlement and rehabilitation of the disabled, and on questions of premature medical retirement.

B.4 Advice to management on the occupational health aspects of safety, welfare and first aid training and on training for management in health and safety policies and practice.

MAIN OBJECTIVE C

To develop occupational health policies and to maintain the highest standards of service in the light of national and international developments in the field; to translate such policies into written guidance; to provide appropriate training for all OHS staff.

Supported by activities

C.1 Carry out and promote research

C.2 Survey national and international developments in occupational health

C.3 Prepare guidance for OHS staff on policy and practice

C.4 Prepare guidance for OHS customers

C.5 Train OHS staff

MAIN OBJECTIVE D

To recover OHS net operating costs through repayment arrangements with customer departments and organisations.

Supported by activities

D.1 Provision of occupational health services to civil service departments, and other bodies.

D.2 Efficient administration of repayment and other support services.

5. BUDGET FOR RECOVERY OF FULL OHS COSTS

5.1 Having forecast the level of demand for all OHS services and estimated the total resources needed to provide them, the full cost of providing these services must be recovered through appropriate fees and charges. An essential part of the OHS planning process is therefore setting prices for all OHS services which will ensure that the total costs of the organisation are matched by its income each year.

Each service is priced taking into account both the cost to the OHS of providing the service (largely defined by the cost of a productive professional day) and the cost at which the service can be obtained elsewhere.

5.2 The OHS charges separately for three distinct types of service:

- items of service priced individually (e.g. case referrals, training, healthcare forums),
- provision of dedicated teams of doctors and nurses at specific sites (mainly on MOD establishments) where a service agreement covers a block of specified services,
- information, publications and general advice to management where it would be impracticable to identify and charge for individual items of service and the services are provided to all customers in return for an annual subscription proportional to the number of staff in each customer's organisation.

5.3 The OHS price list for 1990-91 is at Annex D.

5.4 The charge for providing dedicated teams at specific sites covers the direct running costs associated with these staff (salary costs and general administrative expenditure) plus an appropriate share of central OHS administration and overhead costs.

5.5 The annual level of the OHS 'per capita' subscription is calculated by forecasting what percentage of productive professional time in each division will be devoted to activities covered by the subscription, costing the total number of productive professional days and dividing this sum by the total manpower of all OHS customers.

5.6 A summary of the OHS recovery budget for 1990-91 is in Table 1. A more detailed analysis of this budget is in Annex E.

Table 1: Planned OHS Income 1990-91

Itemised Services

Service	Volume	Income £'000
Case referrals	21,000	655.3
Sessions	4,200 hours	168.0
H & S training		13.0)
First aid training		115.0)
Other training		13.0)
Health promotion		
(i) Healthcare forums	100 days	45.0)
(ii) Lifestyle assessments	1000	20.0)
(iii) Medical examinations	200 exams	37.0)
Medical examinations and clinical services		101.3
Advisory visits		
Doctors -	420 hours	30.5
OHAs -	2600 hours	87.8
H & S staff -	1945 hours	126.4
	Sub-total	1,411
Block charges		1,788
Subscriptions		1,172
TOTAL		4,371

5.7 The planned total income of £4.371 million will match OHS costs forecast for 1990-91. Table 2 summarises the expected costs for that year.

Table 2: OHS Costs for 1990-91

	Total (£000)
Salary costs	2,527
GAE	846
Sub-total: Running Costs	3,373
Accommodation etc.	449
Superannuation	305
OMCS central services	200
Notional charges	45
Total	4,371

6. PERFORMANCE INDICATORS AND TARGETS

6.1 The OHS's prime financial target is to recover its full costs by charging customers for its services. These services include the provision of information and advice to management, the provision of dedicated teams of professional staff at specific sites, as well as a comprehensive range of occupational health services charged for individually. Since the great majority of the services it offers are also available from alternative suppliers, all OHS services must be competitively priced. This taken together with the requirement to follow Treasury guidance on setting fees and charges ensures that, in planning to recover its full costs, the OHS uses all its resources as efficiently as possible.

6.2 For more detailed planning and monitoring the use of its resources the OHS has identified three further key indicators of performance. These are the cost per productive professional day, the cost per case referral, and the quality of OHS services. These indicators are described briefly in the following paragraphs and targets for the first two are recorded in Table 3.

6.3 The OHS-wide cost per productive professional day (cost/PPD) is calculated by dividing OHS total annual costs by the total number of 'productive professional days".

6.4 A "productive professional day" is defined as a full day worked by an OHS professional member of staff minus any percentage of that day which was devoted to management, general administration, personal or professional development, sickness, leave or other absence. In other words, it represents the fully loaded daily cost of putting an OHS professional 'on the road'. A reduction in the cost/PPD can be achieved in a number of ways: by reducing the total OHS costs while preserving a constant number of PPDs, by increasing the number of PPD's while costs are held constant, or by achieving a slower increase in total OHS costs than in PPDs. The latter two will, of course, be achieved by reducing the amount of time which professional staff have to devote to administration.

6.5 Clearly the OHS-wide cost/PPD can be disaggregated to the cost/PPD for each category of OHS professional : doctors, occupational health advisers, sessional doctors and nurses, site-based doctors and nurses, and occupational hygiene and safety advisers. Targets set at OHS-wide level are therefore supported by targets for individual groups of staff.

6.6 In all cases, the cost of providing an OHS service depends upon the cost of the staff time involved. The cost/PPD therefore underpins the OHS annual price list.

6.7 The only service for which departments are tied to the OHS is for advice on cases of medical retirement. In order to demonstrate that continuous improvements are sought in all aspects of OHS work, target values are set for the average cost of professional time per case referral each year. This cost can, of course, only be reduced by reducing the cost/PPD or increasing the rate at which professional staff deal with casework.

6.8 The third main indicator of OHS performance will be the quality of the services it provides. The methods by which key aspects of quality will be assessed are still being developed. Section 8 contains a brief outline of preliminary thinking on this.

6.9 Tables 3 and 4 summarise the target values set for the costs/PPD and the cost/case referral over the current planning period. (Table 3 has been produced using 1989-90 pounds and Table 4 shows the same information for 1990-91 only evaluated in 1990-91 pounds and thus showing the targets against which next years performance will be monitored). Details of how these targets have been calculated and an explanation of how effiency improvements will be achieved are in Section 7 and Annex G.

Table 3: Target values of cost/PPD and cost/case referral 1990-91 to 1993-94

£(1989-90)

	Cost per PPD			
	1990-91	1991-92	1992-93	1993-94
Doctors				
Regional Office	576	573	565	557
Sessional	267	268	267	265
A & N Division				
OHA	281	260	254	250
Bank	64	64	64	63
H & S Division	439	438	431	424
Sites				
Doctors	324	325	323	320
Sessional	160	161	160	158
Nurses (1)	104	104	104	103
Nurses (2)	65	65	64	64
Bank	96	97	96	95
All OHS	207	205	203	200
Cost per Case Referral	20.0	19.90	19.60	19.34

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint

Table 4: Target values of cost/PPD and cost/case referral 1990-91 (in current year prices)

£(1990-91)

	Cost per PPD			
	1990-91	1991-92	1992-93	1993-94
Doctors				
Regional Office	617			
Sessional	277			
A & N Division				
OHA	301			
Bank	66			
H & S Division	474			
Sites				
Doctors	354			
Sessional	166			
Nurses (1)	114			
Nurses (2)	67			
Bank	105			
All OHS	223			
Cost per Case Referral	21.4			

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint

7. TARGETS FOR EFFICIENCY IMPROVEMENTS

7.1 The Next Steps Initiative is based on the understanding that additional managerial flexibility will enable agencies to achieve progressive improvements in the efficiency and effectiveness of their operations. Each agency is therefore required to show how it will do this over its current planning period. This section explains how the OHS plans to meet this requirement.

7.2 Increased value for money can be achieved either by delivering the same level of service at lower costs or by delivering more services for the same cost. For the next four years the OHS plans to deliver more services by enabling professional staff to use their time more productively (i.e. by increasing the PPDs), and also by decreasing its administrative resources as a new and improved computer system is installed. Efficiency improvements are based on the following specific assumptions:

(i) during 1990-91 A & N Division will recruit up to strength and new staff will be trained in efficient and cost effective OHS working practices: as a result, in 1991-92 the utilisation of peripatetic staff in A & N Division will increase from 60% to 65%. (25 peripatetic staff: 250.5 days per year for planning purpose; a net increase of 320 PPDs).

(ii) the OHS computer system will be replaced in 1991-92 leading to an increase in OHS costs of £16,000 : this will generate reduction in administrative costs of approximately £20,000 in 1992-93 and, as all staff benefit from more streamlined systems, a further reduction of approximately £40,000 in 1993-94.

(iii) other improvements will result from more efficient use of professional time.

7.3 With total running costs of approximately £3.2 million per year (at 1989-90 prices), the OHS has sought efficiency improvements equivalent to some £50,000 each year. The OHS bid for 1990-91 was constructed on this basis, the efficiency savings stemming from a reduction in the total number of posts and in the use of sessional doctors. This bid has now been agreed with OMCS. For subsequent years efficiency improvements are planned as follows:

1991-92:

Medical Divisions	to find 13 additional PPDs	- value	£7,450
A & N Division	to find 320 additional PPDs	- value	£83,200
H & S Division	to find 3 additional PPDs	- value	£1,310
		Total	£91,960

1992-93:

Reduction in administration costs			£20,000
Medical Divisions	to find 15 additional PPDs	- value	£8,475
A & N Division	to find 70 additional PPDs	- value	£17,780
H & S Division	to find 7 additional PPDs	- value	£3,015
		Total	£49,270

1993-94:

Reduction in administrative costs		£40,000
Medical Divisions	to find 10 additional PPDs	£5,570
A & N Division	to find 30 additional PPDs	£7,500
H & S Division	to find 4 additional PPDs	£1,695
	Total	£54,765

7.4 Additional PPDs will be found within existing divisional resources and will, in the main, be devoted to providing the new services recently developed by the OHS (medical examinations and healthcare problems, other activities in support of health promotion, first-aid and other training).

7.5 Annex F shows how resources in each OHS division will be deployed over the planning period to achieve the above efficiency improvements and the resulting target values for key performance indicators shown in Table 3.

8. QUALITY

8.1 The OHS is committed to setting up systems for monitoring and improving the quality of its services. These systems are currently being developed by heads of divisions and will be implemented throughout 1990 and 1991. The methods used will follow the structure of the British Standard on Quality Systems, BS5750, and the quality of professional services are likely to be monitored and assured by the following methods:

ensuring that all staff have the appropriate qualifications and that their knowledge is kept up to date through continuing professional education;

clear specification of OHS policy and procedures;

peer review, including assessment of written reports sent to OHS customers, monitoring the recommendations on cases referred to the OHS for advice, and observation of visits made to customers' premises to advise on occupational health issues;

post-visit questionnaires sent to OHS customers;

monitoring response times for requests for OHS services; and

monitoring pass rates for first aid training provided by the OHS.

8.2 The effectiveness of the system for distributing OHS publications to customers will be assessed by means of a survey in 1990-91.

9. TRAINING

9.1 The OHS training priorities are

(i) to ensure that professional staff have appropriate training to carry out all their OHS responsibilities reliably and effectively;

(ii) to ensure that professional staff are well trained in OHS policies and operating procedures;

(iii) to ensure that, where appropriate, professional staff have the training in management, performance monitoring and budgetary control to contribute fully to the effective management of the OHS; and

(iv) to ensure that administrative staff have the necessary training in personnel management, budgeting, financial control, forecasting, information technology, management and communications skills to support all OHS activities efficiently and effectively.

9.2 In 1990-91 two substantial training initiatives are planned: as new staff are recruited to Advisory and Nursing Division, policy and procedures manuals will be produced and all staff will be trained in how to provide OHS services to a uniformly high standard; and, as the OHS takes over responsibility from the OMCS for the personnel management of most of its staff, appropriate members of Administration Division will attend Civil Service College courses on personnel management.

9.3 In addition to these major exercises, other training in support of the OHS training priorities is planned as described below.

9.4 In the two medical divisions priority will be given to ensuring that all staff keep up to date on professional matters through regular attendances at professional meetings and seminars. This will also be a priority in Advisory and Nursing Division where, in addition, site based staff will be trained to carry out first aid instruction and health promotion activities and those with supervisory responsibilities will attend suitable courses on management.

9.5 In all professional divisions and in Administration Division, suitable staff at grade 7 and above will be encouraged to participate fully in the Senior Management Development Programme.

10. REVIEW

10.1 This initial Business Plan will be reviewed during the summer of 1990. By June 1990 the OHS will be able to assess

(i) the effect of the change to agency status

(ii) trends in demand for recently developed OHS services

(iii) the organisation's performance in 1989-90

(iv) new or emerging occupational health issues within the Civil Service

10.2 Against this background, a major planning exercise is planned for the second half of 1990. This planning exercise will involve the following actions:

(i) longer term issues will be identified as the background against which a 4-year strategic plan will be prepared covering the period up to 1994-95;

(ii) guidelines will be formulated for the 1991-92 planning exercise;

(iii) this Annual Plan will be reviewed and, if appropriate, changed resource requirements will be negotiated for 1990-91.

10.3 Thereafter the OHS planning cycle will follow the time table shown in Annex B.

ANNEX A

The OHS Charter

1. To promote the health and safety of all non-industrial and industrial civil servants at work.

2. To provide a professionally integrated service to management through the deployment of physicians, nurses, hygienists, and the co-ordination of their functions with those of safety and welfare officers and first aiders in customer departments and organisations.

3. To advise management on appropriate arrangements for the immediate treatment of sick and injured civil servants at their place of work.

4. To advise on the provision of safe and healthy working conditions by informed scientific assessment of the working environment.

5. To investigate and advise management on occupational hygiene and environmental health problems generally and in accordance with statutory requirements.

6. To establish and conduct programmes of occupational health surveillance, including statutory medical and environmental surveillance, for employees at special risk and to maintain adequate occupational health records.

7. To advise on, and assist in, the medical aspects of disaster planning and accident investigation.

8. To advise management on health standards for recruitment and placement of staff exposed to special risks, on the surveillance of sickness absence and on questions of premature medical retirement.

9. To advise management on the health aspects of employment of civil servants returning to work after illness or injury, and on the employment, resettlement and rehabilitation of the disabled.

10. To carry out or promote research into the causes of ill health in civil servants and into means of prevention.

11. To provide comprehensive advice on all health questions for civil servants and their families working or travelling overseas.

12. To provide a centralised information service for management and staff.

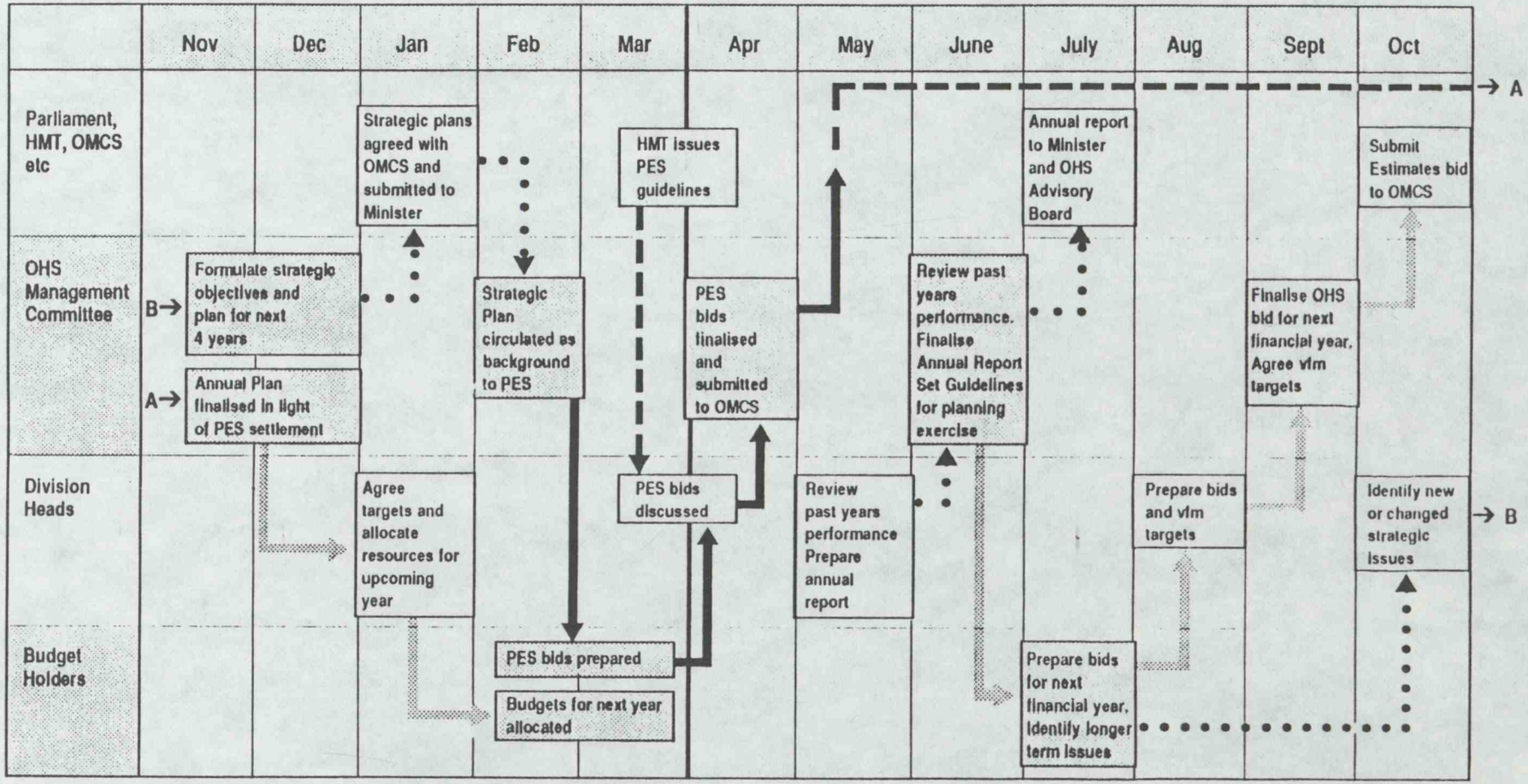
13. To provide comparable services for designated non-departmental public bodies.

14. To develop occupational health policies and to maintain the highest standards of service in the light of national and international developments in the field; to translate such policies into written guidance for OHS staff; and to provide appropriate training for OHS staff.

15. To advise management on the occupational health aspects of safety, welfare and first aid training, and on training for management in health and safety policies and practice.

16. To recover its net operating costs through repayment arrangements with customer departments and organisations.

Annex B
Occupational Health Service Annual Planning Cycle



ANNEX C

Annex C: Levels of Activity Planned in support of Main OHS Objectives

Objective A

	1990-91	1991-92	1992-93	1993-94
A.1 Healthcare forums	100 1 day forums	250 forums	250 forums	250 forums
A.2 Healthcare examinations				
Doctors	200	300	400	450
Life-style screenings				
Nurses	100 1/2 day sessions	400 1/2 day sessions	500 1/2 day sessions	550 1/2 day sessions
A.3 At Work (issues)	3	3	4	4
Briefing notes				
Doctors	2	2	3	3
A&N	4	2	2	2
H&S	6	6	7	7
A.4 Travelling Abroad				
- immunisations	6000	6000	6000	6000
- examinations	300	300	300	300
- information notes	4	6	6	6

ANNEX C - contd.

Levels of Activity

Objective B

	1990-91	1991-92	1992-93	1993-94
B.1				
(a)Advice on the treatment of sick and injured at work	(a) Continuing on-site treatment services in 24 sites. Advice on (a) and (b) included in 1,800 hours of advisory visits by A&N Division staff.			
(b)Disaster planning accident prevention	(b) Medical and Nursing input to local disaster plans at 24 sites. Also input to general OHS advice on disaster planning.			
B.2				
Advisory visits (hours)				
Doctors-	420	420	420	420
Nurses - contact visits	450	450	450	450
- advisory visits	2600	2600	2600	2600
H & S Divisions	1945	1945	1945	1945
B.3				
Casework:				
Recruitment	10,000	10,000)	10,000	10,000
Sickness absence	8,500	8,500)	8,500	8,500
O'seas service	1,000	1,000)	1,000	1,000
Retirement certs.	2,000	2,000)	2,000	2,000
Appeals	55	55)	55	55
Miscellaneous	500	500)	500	5000
Sessions in Depts.	4,000	4,000	4,000	4,000
B.4				
(a)First aid training:				
Basic courses	25	30	35	37
Refresher basic	25	30	35	37
Instructors	30	---------->		
Revalidation	60	---------->		
Buddy-care	60	---------->		
(b) H&S training seminars	35	35	35	35
(c) Contributions to Management courses				
Doctors	100	100	125	125
A&N	4	6	8	10
H&S	50			
(d) Advice to man. on (a) and (b)	Included in A&N advisory visits)	---------->		
	Medical input to some 20 OHN's per year			

Levels of Activity for Business Plan

Objective C

		1990-91	1991-92	1992-93	1993-94
C.1 Research (level of support)		£40,000	£50,000	£55,000	£60,000
C.2 Liaison with wider OH community (national and international)	Drs.	100 hrs.	100 hrs.	100 hrs.	100 hrs.
	A&N	←----------4 attendances /year----------→			
	H&S	←---------25 attendances /year----------→			
C.3 Guidance for OHS staff:	Med A&B	←----------2/3 / year----------→			
	A&N	Extensive policy & procedure manual	----10-12 updates/year-------→		
	H&S	←----------2/3 / year----------→			
C.4 Guidance on OH policy for customers:	Drs	2	3	3	4
	A&N	3	3	3	3
	H&S	4	4	5	6
C.5 Training OHS staff (person days)	Med A&B	125	125	125	125
	A&N	950	500	500	500
	H&S	40	40	40	40
	Admin.	250	250	250	250

Levels of Activity for Business Plan

Objective D

	1990-91	1991-92	1992-93	1993-94
D.1 Provide occ.health services to dept. and other bodies : no. of customers	250	250	250	250
D.2 Efficient admin. of repayment and other support services				
(a) Numbers of invoices	2000	2000	2000	2000
data entries	46,000	46,000	46,000	46,000
Targets				
(i) Issue of invoices days after month end	10	8	5	5
(ii) Credit notes issued: proportion to be monitored and targets set for continuing reduction				
(b) Case files handled				
(i) at regional offices				
DHRs	9,800	9,800	9,800	9,800
SARs	8,500	8,500	8,500	8,500
Others	3,000	3,000	3,000	3,000
(ii) in sessions				
DHRs	2,000	2,000	2,000	2,000
SARs	24,000	24,000	24,000	24,000
Targets % cases in regional office for > 15 days) > 40 days) to be monitored and targets set				
(c) Provision of performance information to management				
(i) Monthly financial reports to Man.Committee	12	12	12	12
(ii) Quarterly reports to Man.Committee (activity analysis, regional reports, projected out-turn)	12	12	12	12
(iii) Regional reports to HoD (performance, levels of activities, trends)	12	12	12	12

Target: All reports to be issued 2 full working days before Management Committee meetings.

(d) Maintain positive cash flow and control debtors to the following number of days credit	35	35	30	30
(e) Publication of 'At Work'				
No. of issues	3	3	4	4
Quality targets	Distribute within the month of issue (shown on cover)			
(f) Information services				
Number of queries dealt with	900	1000	1000	1000
Targets	50% within 2 days: rest within 5 working days			
(g) Provide support for OHS courses and seminars				
Quality targets	Provision of handouts to departmental contacts 1 week before course starts			
(h) Assess effectiveness of distribution of OHS publications by means of a survey	1	-	1	-

ANNEX D

OHS 1990-91 PRICE LIST

	PRICE
SUBSCRIPTION (see Note 1: invoiced half-yearly)	
Charge per employee	£2.00
ITEMS OF SERVICE (invoiced monthly)	
a. Case Referrals sent to OHS Regional Offices (per case - see note 2)	
Recruitment	30.50
Sickness Absence	35.50
Fitness for Overseas Service	21.00
Issue of Retirement Certificate	10.00
b. Case Referrals dealt with during session on customers premises (per hr.)	
Hourly rate (but see note 3)	40.00
c. Healthcare Services (see note 4 and details on back page)	
Comprehensive health assessment including multiphasic screening	185.00
Healthcare forums	
- full day, maximum 200 delegates	450.00
- full day, maximum 100 delegates	225.00
Lifestyle assessment	11.00 upwards
d. Medical Examinations and clinical services	
Statutory and other Medical Examinations for special duties	
- Medical examination (eg for recruitment, HGV/PSV drivers,etc.see note 5	30.50
- Divers	125.00
- Clinical measurements	8.20
- Other prices on request	
Vaccinations: all per injection - (see note 6)	
- Cholera	5.50
- Hepatitis "B"	14.50
- Polio	4.10
- Rabies: (low dose)	8.00
- Typhoid	6.00
- Other costs available on application	

Blood tests	
- Blood Grouping	15.75
- Hepatitis antibody	27.00
- HIV antibodies	23.50
- Personal Profile	12.50
Other Tests:	
- Audiogram	24.50
- ECG	28.00
- Eye Test	12.50
- Vitalograph	15.00
- X-rays	At cost
Travel Bags:	
- Travel Bag No 2 - Handling Charge	8.50
- Travel Bag No 2 - Replacement Charge	24.50
- Travel Bag No 3 - Handling Charge	12.50
- Travel Bag No 3 - Replacement Charge	53.00

e. Advisory visits to departments (see Note 7)

(per hour)	
Doctors	75.00
Hygienists	65.00
Occupational Health Advisers	37.50

f. Training

Hygiene and Safety Seminar (per course day)	850.00
Health Education Seminar (half day see note 8)	120.00
Health and Safety Courses for line managers and specialists : half day	540.00
: one day	980.00
First aid instructors course (per student)	
4 days (max number 10)	205.00
1 day revalidation (max number 10)	60.00
Basic first aid course (per student)	
4 days (max number 20)	80.00
2 day refresher (max number 20)	50.00

Buddy-care, keystone and additional first-aid courses available: prices on request.

NOTES

1. The annual subscription charge covers OHS services which cannot practicably be charged to individual customers. It covers general provision of professional information and advice, consultation by telephone, work on occupational health policy and copies of OHS publications.

2. The charge for individual cases referred to the OHS at any regional office includes any fees incurred by the OHS in dealing with the case. A Case Referral Charge will be made each time a case is referred to the OHS for opinion except when cases are re-submitted for a medical retirement certificate when a reduced charge of £10.00 will apply.

3. Where cases dealt with during a session on customer's premises require further information from an LMO, a GP or a consultant, the additional fee for obtaining the information will be passed on to the customer at cost.

4. All healthcare services can be tailored to individual customer's needs and the prices adjusted accordingly.

5. The charge for a standard medical examination excludes any clinical tests which may be necessary. These latter items will be charged in accordance with the price list and itemised separately.

6. Vaccination charges are all "per injection"; more than one injection maybe necessary in some instances to provide adequate protection. Prices assume that vaccinations are done at the OHS clinic.

7. Advisory and preventive work, including visits to departments along with necessary preparation and follow-up work, will be charged on an hourly basis to the nearest half hour. Where more than 1 hour travelling is required (in each direction) total travel costs will be reclaimed from the customer.

8. These seminars consist of talks to groups of staff on health topics related to their workplace or on specific health matters such as control of infection and use of pesticides.

9. Prices for other services required can be obtained on application.

ANNEX E

ANNEX E: RECOVERY BUDGET 1990-91

E1. Total OHS costs in 1990-91 are planned as £4.371 million. This amount will be earned as follows:

Income from per capita subscription:	£1.172 m
Income from block charges	£1.788 m
Income from itemised services	£1.411 m
Total	£4.371 m

E2. The calculation of the value of services covered by the per capita subscription is outlined in paragraphs E3 and E4 supported by Table E1 and E2.

E3. Table E1 shows how OHS professional time will be allocated to three broad categories of activity in 1990-91: i.e. 35% of the time of doctors in regional offices, 30% of occupational health advisers' time and 30% of H & S Division time will be allocated to 'per capita' activities.

Table E1: Allocation of OHS Professional Time: 1990-91

% time

Category of staff	Directly Chargeable	'Per capita'	Admin/ O'head
Doctors	40	35	25
OHAs	30	30	40
H & S Division	30	30	40
Site based staff			
Doctors	86	0	14
Nurses	80	0	20

Table E2 shows the calculation of the cost of different sorts of PPDs.

Table E2: Cost/PPD for different categories of OHS staff 1990-91)

Category of Staff	Number of PPDs	Running Costs	Share of Accomm. & Telecoms.	Share of Admin. etc.	Total Costs	Cost/ PPD
		£'000	£'000	£'000	£'000	(£)
Doctors						
Reg. Office	1615	652	131	214	997	617
Sessional	600	79	61	26	166	277
A & N						
Advisers	3758	697	205	229	1131	301
Bank	70	4	-	1	5	66
H & S	601	175	52	58	286	474
Site based						
Doctors	1578	339	-	219 (3)	559	354
Nurses (1)	7816	669	-	219	888	114
Nurses (2)	1954	155	-	51	206	105
Bank	1270	64	-	21	85	67
Sessional	300	38	-	12	50	166
Total	19562	2872	449	1050	4371	223

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint
(3) Administration costs at MOD sites have been fully absorbed by the on-site doctors: £219,000 is composed of £108,000 by the on-site admin costs plus a share of central admin of £111,000.

E4. Since heads of divisions have planned to allocate the following proportions of productive professional time to work covered by the per capital subscription:

Doctors	:	35/75
OHAs	:	30/60
Hygienists	:	30/60

the total value of PPDs allocated to per capita activities is:

$$\frac{35}{75} \times 1615 \times 617 + \frac{30}{60} \times 3758 \times 301 + \frac{30}{60} \times 601 \times 474$$

= £1.172 million

E5. The bottom block of entries in Table E2 show that the value of services covered by block charges is £1,788 million.

E6. Table E3 summarises the levels of directly chargeable activities planned for 1990-91. Their total value is £1.411 million.

Table E3: Summary of planned OHS income from directly chargeable activities, 1990-91

ACTIVITY	VOLUME	UNIT PRICE (£)	INCOME GENERATED (£)
Casework			
Recruitment	9,850	30.50	300,425
Sickness Absence	8,270	35.50	293,585
Overseas Service	1,070	21.00	22,470
Miscellaneous	-	-	20,485
Retirement certs.	1,830	10.00	18,300
Sub-total			655,265
Sessional work	4,200	40.00	168,000
Med. Exams and Clinical Services			
Vaccinations	6,000	various	47,000
Clinical measurements	300	8.20	2,460
Med. exams	280	30.50	8,540
ECG	260	28.00	7,280
Vitalograph	255	15.00	3,825
Eyetests	55	12.50	688
Audiogram	65	24.50	1,600
Blood tests	1,170	various	24,840
Travel bag - No 2	66		600
- No 3	85	53.00	4,500
Sub-total			101,300
Training			
First Aid			
Instructors (1&4 days)	180	500 (average)	90,000
Basic (1&4 days)	25	1,000	25,000
Hygiene & Safety	15	850	12,750
Health & Safety (.5 day)	10	425	4,250
Health & Safety seminar (1 day)	10	850	8,500
Sub-total			140,500
Advisory visits			
Doctors	420 hrs	72.50	30,450
OHAs	2,600 hrs	33.75	87,750
H & S Div. (1)	1,945 hrs	65.00	126,400
Sub-total			244,600
Healthcare services			
Comp. medicals	200	185.00	37,000
Healthcare forums	100 dys	450.00	45,000
Lifestyle assessments	1,000	20.00 (av.)	20,000
Sub-total			102,000
TOTAL PLANNED INCOME			1,411,000

(1) Includes 50 hours of contributions to Man. courses charged at hourly rate.

ANNEX F

Annex F: Deployment of OHS Professional Staff to meet performance targets: 1990-91 to 1993-94

F1 The total number of OHS staff available over the planning period will be as follows:

Medical Divisions	-	17.6
Advisory & Nursing Division	-	74.75
Hygiene and Safety Division	-	5
Administration Division	-	45
Total	-	142.35

F2 As shown in Annex C, OHS plans for the period 1990-91 to 1993-94 are based on the assumption that there will be no change in the levels of case referrals, advisory work or work in the Murray House clinic associated with overseas travel. The areas where activity is expected to increase are in healthcare services and first-aid training.

F3 For 1990-91 we have assumed that the available productive professional days will be allocated to different categories of activity in the following way:

Table F1. Allocation of professional time to different directly chargeable activities: 1990-91

PPDs

	Doctors	OHAs	H&S Div.
Casework	712	300	
Sessions	600	-	
Medical & Clinic	35	500	
Training	-	400	30
Advisory Visits	58	380	270
Healthcare	55	300	-
Total	1460	1880	300

F3 For 1991-92 and later years, the number of PPDs allocated to the first three categories in Table F1 will remain more or less constant and additional PPDs generated through improved working methods will be allocated to directly chargeable activities as shown in Table F2.

TABLE F2 ALLOCATION OF PROFESSIONAL TIME TO CATEGORIES OF ACTIVITY

Doctors in Regional Offices				Use of Additional PPDs
		%	Days	
1990-91	Admin	25	538	Baseline
	Per Cap	35	754	
	Dir Ch	40	862	
1991-92	Admin	25	525	13 additional PPDs devoted to
	Per Cap	35	754	100 additional comprehensive
	Dir Ch	40	875	medical examination
1992-93	Admin	24	510	15 additional PPDs devoted to
	Per Cap	35	754	100 further compr. medicals and
	Dir Ch	41	890	15 advisory/lecturing hours
1993-94	Admin	24	500	10 additional PPDs devoted to
	Per Cap	35	754	50 further compr. medicals and
	Dir Ch	41	900	20 advisory/lecturing hours

OHAs				
		%	Days	
1990-91	Admin	40	2505	Baseline
	Per Cap	30	1880	
	Dir Ch	30	1878	
1991-92	Admin	35	2185	320 additional PPDs devoted to
	Per Cap	30	1880	150 healthcare forums; 150 days
	Dir Ch	35	2198	of lifestyle assessments;
				20 day first aid + advisory work
1992-93	Admin	34	2115	70 additional PPDs devoted to
	Per Cap	30	1880	50 days of lifestyle assessments
	Dir Ch	36	2268	and 20 days extra first aid and
				advisory work
1993-94	Admin	33	2085	30 additional PPDs devoted to
	Per Cap	30	1880	25 days of lifestyle assessments
	Dir Ch	37	2298	and 5 days first aid and
				advisory work

Hygiene and Safety Division

		%	Days	Use of additional PPDs
1990-91	Admin	40	400	Baseline
	Per Cap	30	300	
	Dir Ch	30	300	
1991-92	Admin	40	397	3 additional days devoted to
	Per Cap	30	300	advisory work
	Dir Ch	30	303	
1992-93	Admin	39	390	7 additional days devoted to
	Per Cap	30	300	advisory work
	Dir Ch	31	310	
1993-94	Admin	39	386	4 additional days devoted to
	Per Cap	30	300	advisory work
	Dir Ch	31	314	

F4. Table F2 shows how additional PPDs will be deployed over the planning period. The value of these additional PPDs is based on the calculations shown in tables F3 to F6. All calculations are at 1989-90 for consistency of comparison and evaluation.

F5 The total value of additional PPDs, to be found within existing resources, is as follows:

1991-92: 13 x 573 + 320 x 260 + 3 x 438 = £91,960
1992-93: 15 x 565 + 70 x 254 + 7 x 431 = £29,270
1993-94: 10 x 557 + 30 x 250 + 4 x 424 = £14,765

Table F3 Value of PPDs for different OHS professionals: 1990-91 (at 1989-90 prices)

	PPDs No.	Running Costs	Share Accomm.	Share Admin	Total Cost	Cost /PPD £89/90
Doctors						
Reg. Office	1,615	603,538	126,057	200,325	929,920	576
Sessional	600	75,933	58,987	25,203	160,123	267
A & N						
OHAs	3,758	643,758	197,375	213,674	1,054,807	281
Bank	70	3,365	-	1,117	4,482	64
H & S Division	601	160,874	49,324	53,397	263,595	439
Sites				99,212)		
Doctors	1,578	308,872	-	102,520)	510,604	324
Nurses (1)	7,816	610,254	-	202,553	812,807	104
Nurses (2)	1,954	141,487	-	46,962	188,449	96
Bank	1,270	61,538	-	20,425	81,963	65
Sessional Drs	300	36,058	-	11,968	48,026	160
	19,562	2,645,677	431,743	977,356	4,054,776	207

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint

Table F4 Value at PPDs for different OHS professionals: 1991-92 (at 89-90 prices)

	PPDs No.	Running Costs	Share of Accomm.	Share of Admin	Total Cost	Cost/ PPD £89-90
Doctors						
Reg. Office	1,628	603,538	126,057	203,874	933,469	573
Sessional	600	75,933	58,987	25,650	160,570	268
A & N						
OHAs	4,078	643,758	197,375	217,461	1,058,594	260
Bank	70	3,365	-	1,137	4,502	64
H & S Division	604	160,874	49,324	54,343	264,541	438
Sites				99,650)		
Doctors	1,578	308,872	-	104,337)	512,859	325
Nurses (1)	7,816	610,254	-	206,143	816,397	104
Nurses (2)	1,954	141,487	-	47,794	189,281	97
Bank	1,270	61,538	-	20,787	82,325	65
Sessional Drs	300	36,058	-	12,180	48,238	161
	19,898	2,645,677	431,743	993,356	4,070,776	205

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint

Table F5 Value of PPDs for different OHS professionals: 1992-93 (at 89-90 prices)

	PPDs No.	Running Costs	Share of Accomm.	Share of Admin	Total Cost	Cost/ PPD £89-90
Doctors						
Reg. Office	1,643	603,538	126,057	199,437	929,032	565
Sessionals	600	75,933	58,987	25,092	160,012	267
A & N						
OHAs	4,148	643,758	197,375	212,727	1,053,860	254
Bank	70	3,365	-	1,112	4,477	64
H & S Div.	611	160,874	49,324	53,160	263,358	431
Sites				99,102)		
Doctors	1,578	308,872	-	102,066)	510,040	323
Nurses (1)	7,816	610,254	-	201,656	811,910	104
Nurses (2)	1,954	141,487	-	46,754	188,241	96
Bank	1,270	61,538	-	20,335	81,873	64
Sessional Drs	300	36,058	-	11,915	47,973	160
	19,990	2,645,677	431,743	973,355	4,050,776	203

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint

Table F6 Value of PPDs for different OHS professionals: 1993-94 (at 1989-90 prices)

	PPDs No.	Running Costs	Share Accom	Share Admin	Total Cost	Cost/ PPD £89-90
Doctors						
Reg. Office	1,653	603,538	126,057	190,562	920,157	557
Sessionals	600	75,933	58,987	23,975	158,895	265
A & N						
OHAs	4,178	643,758	197,375	203,261	1,044,394	250
Bank	70	3,365	-	1,062	4,427	63
H & S Division	615	160,874	49,324	50,795	260,993	424
Sites				98,007)		
Doctors	1,578	308,872	-	97,524)	504,403	320
Nurses (1)	7,816	610,254	-	192,682	802,936	103
Nurses (2)	1,954	141,487	-	44,673	186,160	95
Bank	1,270	61,538	-	19,430	80,968	64
Sessional	300	36,058	-	11,385	47,443	158
	20,034	2,645,677	431,748	933,356	4,010,776	200

(1) Nurses on MOD sites
(2) Nurses at DVLC, DNS, Royal Mint

Allocation of contact visits to OHS customers

F6 For each year of the planning period, approximately 450 hours of OHA time have been allocated to 'contact visits'. The objective of these visits will be to discuss with a key departmental contact the need for advisory visits to departmental premises and agree a suitable programme of visits and other preventive occupational health services throughout the year.

F7 The details of how contact visits will be allocated to departments and controlled within the OHS will be finalised in the first few weeks of 1990-91. The allocation will however be worked out on the following basis:

(i) an annual visit to all customers with more than 100 staff classified as 'Category 2' in OHS Annual Report 1989-90 (see Table 4 and notes on p 31 of Annual Report);

(ii) only particularly large or diverse departments will require more than one contact visit per year and no customer will receive more than 2 contact visits per year;

(iii) all customers will receive at least one contact visit every 3 years.

F8 In general, the contact visit will be made by a Principal or Senior Occupational Health Adviser who will be responsible for liaising with colleagues in A & N Division and elsewhere in the OHS to ensure that the programme of visits and any other work agreed with the departmental contact is carried out throughout the year.

F9 With the exception of these contact visits, all visits to departments will be charged for at the appropriate hourly rate.

ANNEX G

OHS PUBLICATIONS IN PRINT AND PLANNED FOR 1990-91

IN PRINT

1. Briefing Notes

No.1	Sick Building Syndrome and Related Office Environment Problems	(May 1988) revised
No.2	Respiratory Protective Equipment	(Nov 1987)
No.3	Flammable Liquids	(Nov 1987)
No.4	Control of Asebstos at Work Regulations 1987	(July 1988)
No.5	Conveyance of Dangerous Substances by Road	(Mar 1988)
No.6	Contractors and Safety	(Sept 1988)
No.7	Control of Substances Hazardous to Health Regulations 1988	(Jan 1989)
No.8	Managing Safety	(April 1989)

2. Occupational Health Notices : list of 17 OHNs in print attached.

3. Annual Report 1988-89

4. Healthy Workers in Healthful Employment: Your Guide to the Occupational Health Service

5. Towards a Healthier Working Environment - Using Laboratory Services

6. Keeping Healthy Overseas - Associated pamphlets:-

   Malaria
   Keeping healthy in hot climates
   Aids
   Schistosomiasis
   Rabies
   Living at high altitude
   Requests for medical appointments during mid-tour leave

Pamphlets planned for 1990-91:-

Japanese viral encephalitis
Snake bite
Self-medication for short-term adult travellers
Healthy eating
When to call a doctor

7. Leaflets:-

Healthcare Services
Healthcare Forums
Charging Structure and Regional Offices

PUBLICATIONS PLANNED FOR 1990-91

Annual Report 1989-90
Eyesight leaflet
Approximately 12 OHNs
6 Briefing Notes
'At Work' May, October 1990
January, March 1991



OHS

CIVIL SERVICE OCCUPATIONAL HEALTH SERVICE

FRAMEWORK DOCUMENT

CIVIL SERVICE OCCUPATIONAL HEALTH SERVICE

EXECUTIVE AGENCY



CABINET OFFICE

OFFICE of the MINISTER for the CIVIL SERVICE

Published by the

Civil Service Occupational Health Service
18–20 Hill Street
Edinburgh EH2 3NB

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First published 1990

ISBN 0 7115 0184 X

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ISBN 0 7115 0184 X

OHS
CIVIL SERVICE OCCUPATIONAL HEALTH SERVICE

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FOREWORD BY THE MINISTER OF STATE

1. I am delighted to launch the Civil Service Occupational Health Service as an executive agency of the Cabinet Office (OMCS).

2. It was set up in 1986 to implement the recommendations of a scrutiny by the Prime Minister's Efficiency Unit. Its job is to promote the health and safety of civil servants at work. Government departments, like other employers, have to prevent or deal with the distinctive health problems which affect their staff by reason of their work or workplace, not only to meet their legal obligations but to reap the benefits of a fit, productive and well-motivated organisation. And large employers are increasingly finding it best to do so by means of their own dedicated health service.

3. The OHS therefore has a key role to play in supporting management in government departments and in executive agencies. It provides expert advice on the statutory responsibilities of employers and on all aspects of occupational health, from recruitment to retirement. And it offers a complete range of supporting services like medical examinations; training in first aid, in the handling of hazardous substances and in the implications of legal changes; and tailor-made information and advice for civil servants working abroad.

4. This relatively new service has already risen to the challenge of change, and is admirably fitted to perform even better as an executive agency. It carries out well-defined executive functions; it recovers its full costs from charges to customer departments, who are free to go elsewhere if that gives them better value for money; and it is responsive to customer demand, designing new services as required to meet changing priorities on the job. This framework document is designed to reinforce that—to sharpen the objectives; to encourage the customer-orientation; and to give its staff the incentives and the tools to go from strength to strength in improving the quality and efficiency of the service they provide.

5. I wish them every success in the vital work they have to do.



The Rt Hon Richard Luce MP
Minister of State (Privy Council Office)

SECTION 1
STATUS

1.1 The Civil Service Occupational Health Service (OHS) is the Executive Agency established with effect from 1 April 1990 to provide advice on all aspects of occupational health in the Civil Service and a comprehensive range of occupational health services.

1.2 It is part of the Office of the Minister for the Civil Service (OMCS), within the Cabinet Office. The responsible Minister is the Minister of State (Privy Council Office). OHS staff are civil servants, and its systems and practice will continue to conform with relevant OMCS and Treasury rules and guidance, as they apply or may be modified to apply to the particular circumstances of the OHS as an agency.

1.3 This framework document sets out the agreed relationship between the OMCS and the OHS. It preserves:

- Ministerial and departmental accountability to Parliament;
- the relationship between OMCS and the Treasury;
- the underlying relationship between the OHS and its customers.

SECTION 2
OBJECTIVES

2.1 The OHS exists to develop and advise on all aspects of occupational health policies within the Civil Service; to maintain a fully operational and efficient occupational health service for civil and other public servants; and to advise departments on medical aspects of management issues.

2.2 In fulfilling this role, the OHS's main and continuing objectives will be:

- to provide advice to the Minister of State (Privy Council Office), to the Cabinet Office (OMCS), to other government departments, to executive agencies, and to non-departmental public bodies on their occupational health, safety and hygiene responsibilities in the light of evolving UK and EC legislation, and in keeping with national and international developments in the field;
- to provide advice to departments, agencies and the Civil Service Commissioners on the health of potential recruits; the fitness of individuals for specific jobs; cases of sickness absence; premature medical retirement; and the resettlement and rehabilitation of civil servants after sickness, and of the disabled;
- to provide a developing range of preventive occupational health services including health promotion; and
- to cover its full costs from income and achieve progressive improvements in the quality and efficiency of the services it provides.

2.3 The detailed responsibilities of the OHS are listed in its charter at Annex A.

SECTION 3
ORGANISATION

3.1 The Chief Executive of the OHS will be known as the Medical Adviser and Director (hereafter referred to as the Director).

3.2 The OHS consists of professionally qualified doctors, nurses, occupational health advisers and occupational hygienists, along with a number of administrative staff. At 1 April 1990 there were some 95 professional staff and some 45 administrative staff.

3.3 It has an administrative headquarters in Edinburgh, and delivers its services through a network of ten regional offices and a clinic in central London.

3.4 For management purposes, OHS is organised in professional divisions known as the Medical, Advisory and Nursing, Hygiene and Safety, and Administration Divisions.

3.5 The Director is responsible for all aspects of the organisation and management structure of the OHS.

SECTION 4
ACCOUNTABILITY

4.1 *The Minister of State, (Privy Council Office)* is answerable to Parliament for the OHS as an agency. The Minister will not be involved in its day-to-day running, but will deal with questions of policy and enquiries from Members of Parliament who specifically seek a ministerial response. Members of Parliament will be encouraged to deal directly with the Director on matters concerning its day-to-day operation.

4.2 The OHS continues to be subject to audit by the *National Audit Office*.

4.3 *The Second Permanent Secretary OMCS* is the Departmental Accounting Officer.

4.4 *The Director* will be designated as the Agency Accounting Officer by the Departmental Accounting Officer. He will be responsible for the OHS's accounts and financial procedures, and for the proper, effective and efficient use of OHS funds within the terms of this framework document.

4.5 The Director will normally attend hearings of the Public Accounts Committee and parliamentary select committees at which the operation of the OHS is being examined.

4.6 There is no change in the role of the *Parliamentary Commissioner for Administration*.

4.7 *The Director* is accountable to the Minister for the efficient and effective management of the OHS; for securing the objectives set out in Section 2; and for achieving the targets set out in the OHS's planning documents.

4.8 *The Cabinet Office (OMCS)* advises the Minister on his policies towards the OHS (as distinct from the policy advice on health issues for which the OHS is itself responsible), and in particular on:

- this framework of responsibilities and resources;
- the annual performance targets proposed in its draft business plan;
- arrangements for monitoring its performance;
- the appointment of the Chief Executive.

4.9 *The Civil Service Occupational Health Service Advisory Board* advises the Head of the Home Civil Service on how occupational health services in the Civil Service might develop in the future in the light of changing needs of departments and of developments in occupational health. Members of the Advisory Board are appointed by the Head of the Home Civil Service, who is its Chairman. The OHS provides a secretariat for the Advisory Board. The terms of reference of the Advisory Board are at Annex B.

4.10 The Director is responsible for establishing and keeping under review adequate arrangements to consult the interests of his customers. At present the main forum for such consultation is the Civil Service Occupational Health Service Consultative Committee, whose terms of reference are at Annex C.

4.11 The OHS will continue to delegate to the Ministry of Defence its responsibilities in respect of civil servants at armed forces units, and for those at other nominated defence establishments, in accordance with the Interface Agreement at Annex D.

4.12 Co-operation between the OHS and the Ministry of Defence on these delegated responsibilities will be maintained through the OHS/Ministry of Defence Joint Co-ordinating Committee, whose terms of reference are at Annex E.

SECTION 5
PLANNING AND CONTROL

5.1 The OHS strategic plan and annual business plan will be the chief instruments for planning its future priorities and objectives and setting annual targets for performance.

5.2 The strategic plan will cover a four-year period. It will establish the OHS's main objectives; forecast levels of demand for each of its services, and resource needs (both financial and manpower); set targets for key indicators of performance (initially, the cost per productive professional day, the cost per case referral, the quality of OHS service as measured by agreed methods) and improvements in efficiency, and identify the policies to be followed to secure them. It will be considered by the OHS Advisory Board and the OMCS before being submitted to the Minister of State for approval. It will be rolled forward and updated each year.

5.3 The annual business plan will set out in greater detail the OHS's objectives, targets and work plans, along with forecasts of volume, income and expenditure for the year immediately ahead. It will be considered by the OMCS and submitted to the Minister of State for approval.

5.4 The OHS's annual planning cycle is shown diagrammatically at Annex F.

5.5 The OHS will provide the OMCS with quarterly reports on its performance and its income and expenditure and, in October and January of each year, with forecasts of its total annual income and expenditure for the current financial year.

5.6 The Director will arrange for the internal audit of the OHS, through OMCS, in accordance with standards set out in the Government Internal Audit Manual.

5.7 The Director will provide the Minister with an annual report on the work of the OHS in the preceding year and the development of occupational health and hygiene standards in departments and other customer organisations. This report, which will be published, will include the OHS's summary accounts, and will show how it has performed against the targets set out in the annual business plan.

SECTION 6
FINANCE

6.1 The OHS's primary financial objective is to provide value for money in carrying out its charter responsibilities and to cover its full costs from charges to its customers.

6.2 Its gross expenditure each year will be voted by Parliament and shown in separate expenditure subheads within the OMCS Vote. The corresponding external receipts will be shown as appropriations in aid. It is intended that it should qualify to operate under a net running costs control regime from 1 April 1991.

6.3 Its fees and charges will take account of Treasury guidance and the need to compete fairly with other providers of health care.

6.4 Within this framework, the Director will have authority delegated from the Departmental Accounting Officer to approve all current and capital expenditure, subject to the further detailed points about the OHS's financial delegations and systems set out at Annex G.

6.5 The Director will exercise his delegated authority in accordance with the principles and specific guidance of government accounting. He will continue to review and pursue options for contracting out the services OHS requires where this would secure better value for money.

SECTION 7
STAFFING

7.1 The Director will be appointed by the Minister of State either from existing civil servants or following recruitment by the Civil Service Commission through open competition.

7.2 The staff of the OHS will be civil servants employed on Civil Service terms and conditions of employment. The terms and conditions may be varied by the normal means to meet the recruitment and retention needs of the agency and to improve its managerial efficiency. Specifically, the OHS will be able to develop pay arrangements, including performance pay and bonuses, within existing flexibilities, and other arrangements, subject to Treasury approval, where these are necessary for the purposes of its strategic plan.

7.3 The Director will determine the management structure of the OHS and the responsibilities of its staff.

7.4 The Director will be responsible for the selection, management and development of all OHS staff, and for career management of professional staff and of administrative staff up to and including Executive Officer (EO) level.

7.5 The Principal Establishment Officer of the Cabinet Office will continue to be responsible for career management of OHS administrative staff above EO level, and to ensure that standards are maintained when staff are being considered for establishment or promotion to posts graded above EO level.

7.6 Details of the personnel management authorities delegated to the Director are set out at Annex H, and are subject to review and development in the light of experience.

7.7 The Director will review training in the OHS and the strategic plan will provide for a continuing programme of formal and other appropriate training for its professional and administrative staff, including training in the management skills required to carry out its functions.

7.8 The Director will be responsible for employee relations and for industrial relations within the OHS. The existing arrangements with trade unions will continue to apply initially, but will be subject to review and development over time. The OHS will aim to maximise job satisfaction for all members of staff.

SECTION 8
REVIEW

8.1 This framework document will be reviewed by the Minister by 1 April 1993.

8.2 In the meantime either the OMCS or the OHS may propose changes which are suggested by experience of its operation or changes in circumstance.

8.3 Copies of any changes will be published and deposited in the Libraries of the Houses of Parliament.

ANNEX A
CHARTER

A1. To promote the health and safety of all non-industrial and industrial civil servants at work.

A2. To provide a professionally integrated service to management through the deployment of physicians, nurses, hygienists, and the co-ordination of their functions with those of safety and welfare officers and first aiders in customer departments and organisations.

A3. To advise management on appropriate arrangements for the immediate treatment of sick and injured civil servants at their place of work.

A4. To advise on the provision of safe and healthy working conditions by informed scientific assessment of the working environment.

A5. To investigate and advise management on occupational hygiene and environmental health problems generally and in accordance with statutory requirements.

A6. To establish and conduct programmes of occupational health surveillance, including statutory medical and environmental surveillance, for employees at special risk, and to maintain adequate occupational health records.

A7. To advise on, and assist in, the medical aspects of disaster planning and accident investigation.

A8. To advise management on health standards for recruitment and placement of staff exposed to special risks, on the surveillance of sickness absence and on questions of premature medical retirement.

A9. To advise management on health aspects of employment of civil servants returning to work after illness or injury, and on the employment, resettlement and rehabilitation of the disabled.

A10. To carry out or promote research into the causes of ill health in civil servants and into means of prevention.

A11. To provide comprehensive advice on all health questions for civil servants and their families working or travelling overseas.

A12. To provide a centralised information service for management and staff.

A13. To provide comparable services for designated non-departmental public bodies.

A14. To develop occupational health policies and to maintain the highest standards of service in the light of national and international developments in the field; to translate such policies into written guidance for OHS staff; and to provide appropriate training for OHS staff.

A15. To advise management on the occupational health aspects of safety, welfare and first aid training, and on training for management in health and safety policies and practice.

A16. To recover its net operating costs through repayment arrangements with customer departments and organisations.

ANNEX B
ADVISORY BOARD

Terms of Reference

B1. The Advisory Board is constituted:

B1.1 to review the work and performance of the OHS taking into account its Charter in relation to the needs of the Civil Service;

B1.2 to advise on how occupational health services in the Civil Service might develop in the future in the light of changing needs of departments and of developments in occupational health;

B1.3 to receive and consider the Annual Report of the OHS;

B1.4 to consider any other matters referred to it.

ANNEX C
CONSULTATIVE COMMITTEE

Terms of Reference

C1. The Consultative Committee will be the Director's forum for consultations between the OHS and departments and other customer organisations on occupational health policies and administrative problems applicable to their organisations. It will set up expert working groups as necessary.

C2. The Consultative Committee will meet quarterly, or more frequently as required.

C3. The Committee will be guided by any Interface Agreements and other arrangements established by the OHS with departments.

ANNEX D
OHS/MOD JOINT INTERFACE AGREEMENT

D1. Introduction

This joint agreement between the Cabinet Office (Management and Personnel Office) and the Ministry of Defence defines the basic principles for co-operation on occupational health matters between the new Civil Service Occupational Health Service (OHS) and the Defence Medical Service (DMS) of the Ministry of Defence (MOD). The policies and standards governing the occupational health cover to be provided for civil servants working in individual Service units and establishments will be worked out by the two Departments within the framework of these general principles.

D2. Roles

D2.1. The OHS is responsible for providing a comprehensive occupational health service for all non-industrial and industrial civil servants. It does not provide generally for the primary medical care of civil servants (other than in cases of sudden illness or accident at the workplace) but it advises management on the health problems of staff exposed to special hazards, and carries out certain medical work required by legislation or resulting from joint policy decisions. Its full responsibilities are set out in its Charter.

D2.2. The DMS is responsible for providing continuous, comprehensive medical care including an occupational health service for all men and women in the Armed Forces. This includes emergency and first aid treatment and occupational health services for the civilian staffs who are employed in support of the Armed Forces.

D3. Principles of Co-operation

D3.1. The OHS carries the primary responsibility in the Civil Service for all occupational health matters. This includes industrial and non-industrial civil servants in support of Armed Forces units wherever they are employed in the UK and overseas. The OHS will delegate its responsibilities for these civil servants at Armed Forces units, and for those at other nominated Defence installations, to the DMS by agreement between the OHS and MOD.

D3.2. The OHS and the DMS will establish a joint co-ordinating committee to formulate policy and to resolve administrative problems. In particular, the joint committee will ensure that the medical and research facilities of both organisations and the expertise and facilities of MOD scientific establishments are put at the service of an economic use of resources and the direction of an overall common purpose.

D3.3. Differences of policy which the joint co-ordinating committee is unable to resolve will be referred to higher authorities in both departments for guidance.

D3.4. In common with Headquarters and local management in all other government departments, the Defence Medical Services Directorate and all military commanders in the UK with management responsibilities for civilian staffs will be responsive to jointly agreed policy and advice on matters in the OHS Charter concerning the occupational health of civilians. The OHS will pay due regard to the line management responsibilities of all military commanders for their civilian staffs, including those discharging safety, welfare and first aid functions.

D3.5. The OHS will provide advice on health questions for MOD civil servants and their families working and travelling overseas, including health screening, briefing and immunisation of individuals posted abroad, standards of medical treatment abroad, and arrangements for emergencies and repatriation.

D3.6. OHS responsibilities for occupational health may be delegated as appropriate by DMS to unit level management in the Armed Forces where such delegation would be consistent with the provision of an efficient and cost-effective standard of occupational health service for MOD civil servants. The DMS will be responsible to the OHS for the implementation of agreed policy and for the monitoring of the services provided.

D4. Financial Arrangements

The OHS will provide its services to the MOD on repayment terms. The financial arrangements will take account of any countervailing costs incurred by MOD through delegation by the OHS of responsibilities for the occupational health care of civil servants, and the provision of facilities and/or medical supplies.

May 1986

ANNEX E
OHS/MOD JOINT CO-ORDINATING COMMITTEE

Terms of Reference

E1. The Joint Co-ordinating Committee will be responsible for:

E1.1. formulating occupational health policies and standards for civil servants working in Service units and establishments;

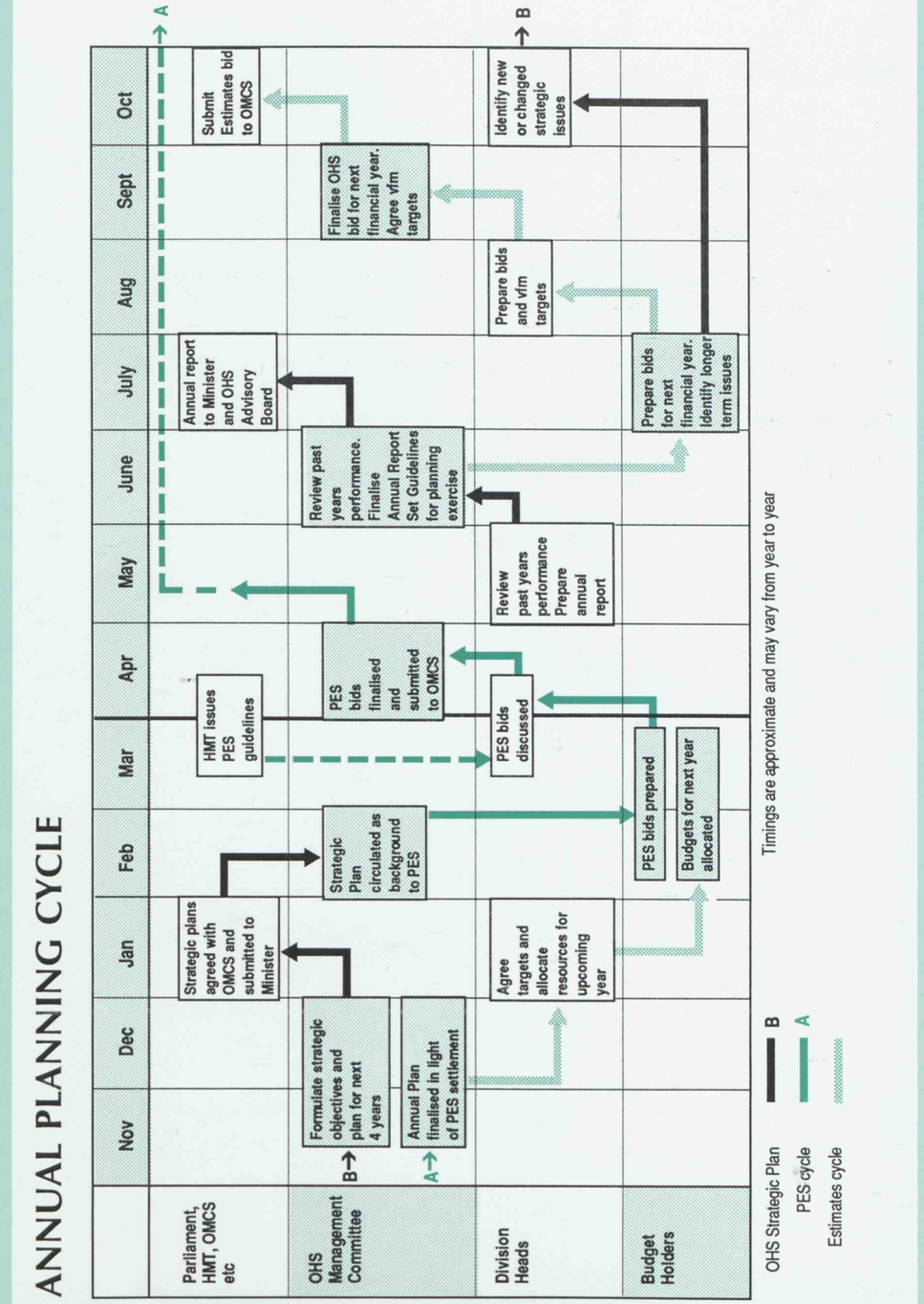
E1.2. resolving difficulties arising from the application of agreed policies;

E1.3. ensuring that the medical, scientific, information and research facilities of the OHS and MOD are employed economically in support of agreed policies and their application.

E.2 The Committee will meet quarterly, or more frequently as required.

E.3. The Committee will be guided by the Interface Agreements between the OHS and MOD.

ANNEX F



ANNEX G
FINANCIAL DELEGATIONS

G1. The Director has delegated authority to approve all capital and current expenditure within totals agreed in the annual business plan, on the understanding that the powers delegated to him, and any powers subsequently sub-delegated, will be exercised within normal Civil Service rules, conditions and standards, except where specific exceptions have been agreed in writing with the Principal Establishment and Finance Officer of the Cabinet Office (PEFO).

G2. The Director is responsible for seeking any necessary approvals for expenditure, through OMCS if appropriate; and for producing the reports which will be required to meet the requirements of a net running costs control system.

G3. The OMCS will act for the Director in relation to capital expenditure on land or buildings; on maintenance and minor new works which are subject to PSA approval; and on items or projects estimated to cost more than £100,000.

G4. The Director will agree manpower requirements with OMCS in the annual business plan, and will consult the PEFO about variations of more than seven posts during the year.

G5. The Director has powers delegated from the OMCS Departmental Accounting Officer to approve a single tender action up to £10,000 for any single contract (a minimum of three quotations will be sought for all contracts and purchases where practicable); and to give written authority for appropriate sub-delegations.

G6. The Director will not enter into agreements that could give rise to a contingent liability.

ANNEX H
PERSONNEL MANAGEMENT DELEGATIONS

H1. The Director has delegated authority as defined below, on the following understandings:

H1.1 he will apply normal Civil Service pay, grading standards, recruitment criteria and conditions of service, except where variations appropriate to the OHS's circumstances are introduced by the established means;

H1.2 he will consult the trade union officials responsible for representing OHS staff, as appropriate;

H1.3 he will be free to call on specialist advice from the Cabinet Office Establishment Officer's Group or elsewhere;

H1.4 he will operate within an agreed equal opportunity policy and will implement good equal opportunity practice;

H1.5 the Cabinet Office will ensure that grading standards are maintained when staff are being considered for establishment or promotion to all OHS posts graded at Executive Officer or above.

H2. Authorities Delegated to the Director

H2.1 Organisation

To determine the numbers and grades of posts up to and including grade 6 professional staff and grade 7 administrative staff within a total to be agreed in the Annual Business Plan.

H2.2 Recruitment

Professional staff

To negotiate the loan of staff from departments either on a level transfer or on temporary promotion by trawl, or on level transfer without the need to trawl.

To negotiate with departments for the permanent transfer of individuals. To seek assistance directly from the central management unit in the recruitment of in-service accountants.

To initiate open competition for full and part-time established posts and part-time posts under arrangements for individuals to be shared with other institutions.

To recruit to period appointments (including part-time and 'shared' part-time appointments) through delegated recruitment.

To arrange secondments from outside the Civil Service.

Administrative staff

At all levels in London and at EO level and above elsewhere, where the Cabinet Office cannot provide suitable staff quickly, to authorise recruitment by loan (with or without a trawl), secondment, or limited period appointment.

To undertake local recruitment at AO level and below outside London.

Casuals

To recruit casual staff and to employ sandwich students.

H2.3 Probation

To decide on the probation of all OHS staff.

H2.4 Establishment

To decide whether staff recruited initially as period appointees should be offered establishment for a career in the OHS subject to the issue of a full certificate by the Civil Service Commissioners as necessary.

H2.5 Conditions of service

Within existing agreements or any agreed variations, to decide on the conditions of service most appropriate to particular posts.

To approve overtime working and associated payments to staff up to and including SEO level.

To approve discretionary payments to staff at grades 6 and 7.

To approve substitution and temporary promotion.

To authorise annual leave and special leave, and deal with sick absence (consulting the Cabinet Office on permanent Cabinet Office staff at EO level and above).

H2.6 Career development

To arrange the transfer of permanent OHS professional staff out of the OHS on career development or other personnel management grounds.

To arrange periods of loan, detachment, secondment etc with other employers in order to broaden individuals' experience.

H2.7 Promotion

To promote professional staff (apart from those on loan from other departments).

To promote into administrative vacancies outside London up to and including EO level.

H2.8 Extra mural work

To authorise OHS staff to undertake external lecturing and consultancy work.

H2.9 Fees (including consultancy)

To authorise the employment of fee-paid staff.

To exercise all management responsibility over fee-paid staff.

To be responsible for all contractual matters affecting fee-paid staff.

H2.10 Discipline

For permanent members of the professional staff and for administrative staff up to and including EO level, to take decisions at all stages up to and including dismissal.

For other staff, to operate the standard procedures in consultation with the Cabinet Office.

H2.11 Retirement and resignation

To decide on the retention of staff aged sixty and over having regard to departmental agreements.

To terminate the service of period appointment, casual, and agency staff.

To accept resignation from any member of staff.

To nominate to the Cabinet Office staff for early retirement, ie before the age of sixty, and for redundancy.

Printed in the United Kingdom for HMSO
(780/90) Dd8164242 3/90 C10 G495 10170

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MANAGEMENT IN CONFIDENCE

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon Cecil Parkinson MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

29th March 1990

Dear Cecil

ESTABLISHMENT OF THE DRIVER AND VEHICLE LICENSING AGENCY, THE DRIVING STANDARDS AGENCY AND THE VEHICLE CERTIFICATION AGENCY

Thank you for your letter of 23 March, and the enclosed framework documents.

2 I am happy to agree with your proposal to announce formally the establishment of the Driver and Vehicle Licensing Agency, the Driving Standards Agency and the Vehicle Certification Agency as Executive Agencies with effect from 2 April 1990.

3 I recognise the extensive work which has been required to prepare these three organisations for Agency status. I note that from 2 April you will have over 9000 Agency staff, including those in the Vehicle Inspectorate Executive Agency, accounting for nearly 60 per cent of your Department's total manpower.

4 The unit cost and service targets agreed for each of the Agencies, are challenging ones which will require a high level of performance from the three Chief Executives and their staff.

5 I am copying this letter to the Prime Minister, Richard Luce, and to Sir Robin Butler and Peter Kemp.

NORMAN LAMONT

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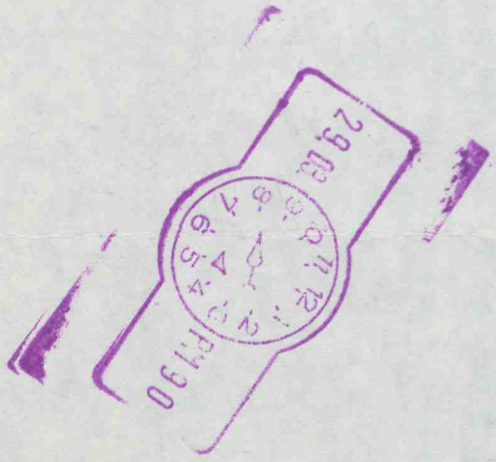

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the department for Enterprise

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Your ref
Date 29 March 1990

ARCG
29/3

Dear Richard

ESTABLISHMENT OF THE RADIOCOMMUNICATIONS EXECUTIVE AGENCY

I am writing to seek your agreement and that of the Chief Secretary to the Treasury to the establishment of the Radiocommunications Executive Agency on 2 April. I enclose a copy of the draft Framework Document which has been cleared by OMCS and Treasury officials in line with the procedures for establishing Agencies. We have also consulted the DTI Trade Unions on its contents.

The Framework Document sets out the Agency's responsibilities and provides new flexibilities which will help it provide an improved service and better value for money. The most significant development is the net running cost regime which was agreed by Norman Lamont as part of the Public Expenditure Survey last year. The net cost regime places work done for Government users of the radio spectrum onto a proper customer-contractor basis and will allow the Agency to respond to changes in demand for its services - whether that be up or down.

I will be announcing demanding efficiency and quality of service targets. These will require the Agency to provide its customers with an improved service in key areas of its operations and to achieve an increase in overall efficiency of at least 3 percent during the forthcoming financial year. I also propose to set an efficiency target for future years when I review the Agency's Corporate Plan.

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When John Redwood wrote about plans to establish the Insolvency Service as an Executive Agency you and Norman Lamont sought confirmation that our arrangements for adapting pay agreements to meet the Agency's needs and for consultation with the unions provides management with the flexibility required to meet the demanding targets being set for the Agency. I can confirm that these points have been carefully considered by Agency managers here and that the Radiocommunications Agency Framework Document reflects their needs for the Agency's first three years.

The Radiocommunications Agency will be unusual among agencies in combining a substantial direct management charge with significant policy responsibilities. The Agency, and the Chief Executive in particular, will have to be closely involved in wider Departmental policy issues including the telecommunications duopoly review, broadcasting policy and European telecommunications developments. For this reason David Young took the view with which I agree, that the policy component of the Chief Executive's job, with its responsibility for advice to Ministers and co-ordination with other Departments, pointed clearly towards the appointment of an experienced civil servant as the Agency's first Chief Executive rather than going to open competition.

John Michell was therefore appointed head of the Radiocommunications Division some 18 months ago in the expectation that he would become the Chief Executive of the Agency. He was selected for the job in pursuit of the Next Steps theme that able people should be given substantial management experience. John Michell is 48 and, I am advised, one of the best Grade 3s in the DTI. He has done well in preparing Radiocommunications Division to be an Agency in management and in contributing to the policy review. I propose therefore to appoint him as Chief Executive of the Radiocommunications Agency for two years.

I am copying this letter to the Prime Minister, the Chief Secretary to the Treasury, Sir Robin Butler and Peter Kemp.

Recycled Paper

RADIOCOMMUNICATIONS EXECUTIVE AGENCY

POLICY AND RESOURCES FRAMEWORK (final)

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FOREWORD BY THE SECRETARY OF STATE

I am pleased to establish the DTI's Radiocommunications Division as an Executive Agency of the DTI.

One of the most important tasks for the Radiocommunications Agency will be to continue to make radio spectrum available - wherever possible - for the expansion of existing services and to enable new services to be introduced. Demands on the radio spectrum from government, business and private users have risen substantially in recent years both in volume and in complexity. In the 1990s, the Agency will face the additional challenge of the development of new and sophisticated technologies and an ever growing demand for use of the radio spectrum. Applications for access to the radio spectrum will require increasingly complex technical analysis. The Agency will also be called upon to handle the growing demands of European Community and other international work.

The establishment of executive agencies has an important part to play in devlivering government services efficiently and effectively, benefitting not only taxpayers, but also customers and staff. All Agencies are required to show improved effectiveness, efficiency and quality. Radiocommunications Division has made good progress in all these areas during the last two or three years. As an Agency the process moves into higher gear. Accordingly, I have set the Radiocommunications Agency demanding targets for efficiency and quality of service. The targets are intended to be testing but achievable. Overall, I expect an increase in productivity from the Agency of 3 per cent in its first year. Other, more specific targets will apply to its licensing and enforcement work with the aim of maintaining and improving existing quality of service.

Operating as an Agency is a challenge. I offer my best wishes to all the staff of the Radiocommunications Agency.

Nicholas Ridley

Secretary of State for Trade and Industry

CHAPTER 1: TITLE, ROLE AND OBJECTIVES

1.1 TITLE

The Agency's formal title is the Radiocommunications Executive Agency. As in this document, it will normally be called 'The Radiocommunications Agency'.

1.2 RESPONSIBILITIES, AIMS AND OBJECTIVES

The Radiocommunications Agency is responsible for most civil radio matters other than those of telecommunications policy, broadcasting policy, and the radio equipment market. It also has certain responsibilities in connection with implementation of the EC Directive on electromagnetic compatibility (EMC).

The Agency's main aims are:

(a) to seek to ensure that the radio frequency spectrum, the geostationary satellite orbit (GSO) and other earth orbits are used in ways which maximise their contribution to national social and economic welfare, while having regard to safety of life factors;

(b) to seek to ensure that the maximum amount of spectrum is available for commercial use;

(c) to provide an expert service to Government as a whole in the field of radio regulation.

Within these areas of responsibility, the Agency's objectives are:

(a) to ensure, through appropriate consultation, that its activities as far as possible meet the needs of existing and new radio users in the United Kingdom;

(b) to allocate and assign frequencies in ways which meet the needs of current and future users, service providers and manufacturers;

(c) to ensure that authorised spectrum use is, as far as possible, free of interference, and in particular of interference which could endanger life;

(d) to plan and ensure future spectrum availability and efficient use of the spectrum;

(e) to promote greater economy, efficiency, and quality of service in its operations;

(f) to pursue a policy of deregulation where possible and appropriate, and in a way which minimises burdens on business, especially small businesses;

(g) to provide an objective and independent service to other parts of Government on frequency allocation and assignment;

(h) to represent United Kingdom interests in those international negotiations on radio matters which may from time to time be specified by DTI Ministers or the Deputy Secretary responsible for telecommunications and radiocommunications.

(i) to contribute to the effective implementation of the EMC Directive.

The Agency provides Ministers with policy advice on matters for which it is responsible. The framework of accountability for this aspect of its work is unchanged by its establishment as an Agency.

1.3 ACTIVITIES AND OPERATING PRINCIPLES

In pursuit of its aims and objectives the Agency's main activities are:

(a) regulating use of wireless telegraphy apparatus (radio equipment) in particular by licensing the use of radio equipment, investigating interference and enforcing the relevant legislation;

(b) participating in international fora dealing with radio spectrum management matters;

(c) seeking to ensure that all United Kingdom users, manufacturers and installers of radio equipment comply with relevant European Community measures and with the relevant provisions of international agreements to

which the United Kingdom is a party. Where appropriate the Agency will consult other parts of DTI, other Departments, and other agencies;

(d) developing policy for, and planning and regulating use of the radio frequency spectrum, the GSO and other earth orbits by all non-government users of radio equipment in the United Kingdom except where otherwise agreed;

(e) monitoring the radio frequency spectrum as an aid to its management, enforcement, and ensuring freedom from harmful interference;

(f) maintaining an appropriate programme of Research and Development.

In carrying out its activities the Agency will seek to achieve the aims and objectives set out in Sections 1.2 and the targets set for the performance indicators in Section 3.9 of this Framework Document.

In pursuing its activities the Agency exercises statutory responsibilities on behalf of the Secretary of State. Details of the relevant legislation are given in Annex A.

Amendments to the relevant legislation may result in changes in the Secretary of State's responsibilities. Such changed responsibilities may be exercised by the Agency, where necessary through changes to this Framework Document.

In carrying out its responsibilities the Agency will have regard to wider Departmental policies and will contribute, where appropriate, to Departmental activities and initiatives.

In developing policy for use of the radio spectrum the Agency will consult relevant Divisions within DTI and other Government Departments and take account of other related policies.

A substantial part of the Agency's work is undertaken on behalf of other Government Departments as part of its general responsibility for managing the radio frequency spectrum. The Agency's work for other Government Departments will be the subject of annual discussions with them with a view to agreeing an annual work programme.

CHAPTER 2: ASSETS, RESOURCES AND ORGANISATION

2.1 LOCATION AND ASSETS

The Radiocommunications Agency's headquarters are currently at Waterloo Bridge House in London. It has a monitoring station at Baldock in Hertfordshire; a laboratory at Whyteleafe in Surrey, and 21 regional and district offices of the Radio Investigation Service (RIS).

The written down value of capital equipment used by the Agency at 1 April 1989 was approximately £12 million.

2.2 MANAGEMENT AND STAFFING STRUCTURE

The day-to-day management of the Agency is the responsibility of the Chief Executive. The Chief Executive is assisted by the Agency's Management Board which comprises the Chief Executive; the Director of Radio Technology; the Agency's Heads of Branch; and its Finance Officer.

On 2 April 1990 the Agency had a complement of 516 posts distributed as follows:

Open Structure	36.5
P & T Group	46
Science class	1
TTO Class	194
ADP specialists	20
Executive staff	61
Clerical staff	95.5
Secretarial staff	37
Office support grades	25

The Chief Executive will ensure that the Agency's line managers have the information which they need to assess whether targets are being met and, if not, to take remedial action in good time. Progress will be monitored by the Agency's Management Board. The overall targets of the Agency will form the basis for setting appropriate

operational targets for line managers and performance against targets will be a factor to taken into account in personal performance assessment.

The Management Board will give staff regular information about the overall performance of the Agency and its success in achieving targets.

CHAPTER 3: REPORTING AND ACCOUNTABILITY

3.1 ACCOUNTABILITY TO MINISTERS

The Radiocommunications Agency is an executive agency of the Department of Trade and Industry (DTI). Ministerial responsibility lies with the Secretary of State for Trade and Industry ('the Secretary of State'). DTI Ministers answer to Parliament on the work of the Agency generally and will continue to determine the policy and resources framework within which the Agency operates but they will not normally become involved in the day-to-day management of the Agency.

The framework of its accountability to Ministers on policy matters is unchanged by its establishment as an Agency. The Chief Executive will report to Ministers on policy matters through the Deputy Secretary responsible for telecommunications and radiocommunications, as the responsible line manager.

3.2 CHIEF EXECUTIVE

The Chief Executive is accountable to DTI Ministers for the management of the Agency and its performance in accordance with:

(a) this framework document;

(b) the Agency's Corporate Plan;

The Chief Executive is expected to contribute to, and will be consulted about the development of Departmental policy on subjects relevant to the activities of the Agency, and on operational and management matters which affect its work.

3.3 ACCOUNTING OFFICER RESPONSIBILITIES

As Accounting Officer for DTI the Permanent Secretary will designate the Chief Executive of the Agency as its Accounting Officer. The Chief Executive's duties will be defined in the light of responsibilities assigned to him in this Framework Document. The Permanent Secretary will remain responsible for overall matters affecting the policy of the Department towards the Agency such as this Framework Document, the Agency's performance targets and the Departmental resources allocated to it.

As Agency Accounting Officer, the Chief Executive will be expected to account for its expenditure and the way in which it executes its work, as well as its performance against its targets.

The Accounting Officer and Agency Accounting Officer are liable to be summoned to appear before Parliamentary Select Committees when the affairs of the Agency are being considered.

3.4 MPs' ENQUIRIES

Members of Parliament will continue to be able to raise with Ministers any matters concerning the Agency. However, Ministers will encourage MPs to write direct to the Chief Executive on day-to-day operational matters affecting the Agency. Where correspondence is addressed direct to Ministers they will normally ask the Chief Executive to reply in the first instance. Where any correspondence involves wider policy considerations, or where the Minister decides to reply, advice will be provided by the Agency. Where correspondence is addressed direct to the Agency, but has implications which go beyond its day-to-day work, the Agency will consult the relevant Division in the Department or in other Departments before replying.

3.5 PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

The creation of the Radiocommunications Agency does not affect the right of the Parliamentary Commissioner for Administration to make reports on its activities. The Chief Executive will be given the opportunity to comment on such reports in draft, and will also be invited to comment on other statutory or non-statutory approaches affecting the Agency made to the Department by the Parliamentary Commissioner.

3.6 DTI RESPONSIBILITIES

Subject to the arrangements set out in Section 3.8, the Department will monitor the Agency's performance and, on request, provide advice to the Agency on any matters covered by this Framework Document. Subject also to the arrangements set out in Chapters 6 and 7, the Department will provide advice and services on finance, planning and control, and on pay, complementing and conditions of service.

The responsible Deputy Secretary is the formal link between the Agency and the Department. The Deputy Secretary is responsible for advising Ministers, the Accounting Officer and the Principal Establishment and Finance Officer on the Corporate Plan, including the annual targets specified in it and the resources needed to achieve them, and on major policy issues and investment decisions.

The Deputy Secretary is also responsible for advising the Secretary of State, the Accounting Officer and the Principal Establishment and Finance Officer on the performance of the Agency against the aims and objectives set out in this Framework Document and the Corporate Plan; and for ensuring that the need for any corrective action is drawn to the attention of the Chief Executive.

3.7 STEERING BOARD

The responsible Deputy Secretary chairs a Steering Board which includes members from outside DTI, including some with relevant commercial experience, as well as a representative of central DTI Divisions. The Chief Executive and the Director of Radio Technology are members.

The Steering Board's role is to advise the responsible Deputy Secretary, in particular on the Agency's annual Corporate Plan and on the extent to which the Agency carries out its functions effectively and efficiently, in accordance with the operating principles set out in Section 1.4 of this is framework document and with the Agency's annual Corporate Plan.

The Steering Board is not responsible for the provision of policy advice to Ministers nor for decisions on spectrum allocation and management.

3.8 PLANNING FRAMEWORK

This Framework Document and the Agency's annual Corporate Plan, together establish the Agency's objectives and the framework within which its resources are settled.

The annual Corporate Plan provides the Agency's basic management planning framework. It sets out the Agency's strategy to achieve the aims and objectives defined in this framework document. It will include a detailed business Plan for the forthcoming year and forward projections for the following four years.

Typically the Corporate Plan will set out the Agency's assessment of:

- developments in demand for and use of the radio spectrum;
- strategic aims and specific targets in the plan period;
- spending plans and resource needs, including capital investment;
- detailed financial forecasts;
- fees and charges strategy;
- targets and performance measures;
- staff numbers;
- plans for deregulation;
- IT strategy;
- management and organisation including training and development;

Following consideration by the Agency's Steering Board the Corporate Plan will be submitted for approval by DTI Ministers. The Corporate Plan will be prepared to a timetable consistent with the Public Expenditure Survey, and will be revised as necessary to reflect its outcome.

3.9 PERFORMANCE

The Secretary of State will set targets, agreed with the Treasury and based on the following performance indicators which are designed to ensure that the Agency achieves progressive improvements in efficiency and effectiveness and provides improved quality of service:

(a) an overall efficiency target for each year of the planning period;

(b) unit cost measures for the Agency's main measurable outputs (licensing work and regulatory and enforcement activities);

(c) quality of service measures covering licensing work and regulatory and enforcement activity;

(d) minimum and maximum levels of resources devoted to additional areas of activity which are not covered by the unit cost and quality measures specified in (c) and (d) above, that is, policy and international work, licence planning, and certain overheads, including administration.

The Corporate Plan will set out the Agency's proposals for targets for these performance indicators. The Agency's main performance targets will be published together with details of the Agency's performance against them.

Where the Agency is required by the Secretary of State to undertake additional work beyond what is budgeted for in its Corporate Plan, its objectives and performance measures will be adjusted accordingly.

3.10 REPORTING AND MONITORING

The Chief Executive will report to the responsible Deputy Secretary on:

- the preparation of the Agency's Corporate Plan;
- the Agency's performance against its Corporate Plan targets;
- major investment proposals and developments;
- major issues which are not covered by the Corporate Plan or which may involve deviation from the Plan;
- preparation and publication of the Agency's annual report;

Where such matters require consideration by the Accounting Officer, the Principal Establishment and Finance Officer, or Ministers, the Deputy Secretary will submit reports and make recommendations after consulting the Chief Executive and, as appropriate, the Steering Board.

The Agency will prepare quarterly reports to the DTI through the Deputy Secretary and the Steering Board, covering its financial performance and other targets. Periodic reports will similarly be provided to the Treasury on the Agency's performance and progress.

The Agency will publish an Annual Report which will contain details of key target measures and financial information. Copies will be deposited in the libraries of both Houses of Parliament.

3.11 AUDIT

The Agency will be subject to DTI Internal Audit and Staff Inspection on behalf of the DTI Accounting Officer, to Treasury Staff Inspection, and to the National Audit's statutory certification and value for money audit. To assist with planning, the Department will discuss with the Agency annually the anticipated requirements for audit.

3.12 RELATIONSHIP WITH OTHER GOVERNMENT DEPARTMENTS

The Agency will discuss with other Government Departments annually the work which it is to do on their behalf in the following year and the appropriate level of repayment.

CHAPTER 4: FINANCE AND PLANNING

4.1 ACCOUNTING FRAMEWORK

The Agency will continue to have its expenditure financed by supply voted by Parliament and DTI will submit on its behalf each year Estimates for Treasury and Parliamentary approval.

The Agency will be exempt from gross running costs control. This will enable it to adjust expenditure within a year to meet changes in demand. Any increase in expenditure will be covered by receipts and Supplementary Estimates as necessary.

The Agency's budget includes expenditure on capital equipment and on administrative costs, including staffing costs. Its income is derived mainly from Wireless Telegraphy Act licence fees and from analogous charges made to other Government Departments.

As part of the annual corporate planning process, the agency will put forward bids for administrative costs and capital costs for the coming year, together with an estimate of future income at existing fee levels, and a proposal for an average fee change to balance the Memorandum Trading Account which will take account of planned improvements in efficiency. After review by the Deputy Secretary with advice from the Steering Board, the bids together with the proposed average fee change will be considered by the Department. The running costs, capital costs, proposed income and average fee level and other targets will be set each year following agreement to the Corporate Plan as part of the Public Expenditure Survey process.

In year the Agency will adjust its expenditure, as set out in its Corporate Plan, in accordance with the demand and receipts for its services for its activities. Increases in total staff numbers and expenditure to meet increases in demand above the upper limits of the range envisaged in the Corporate Plan forecasts will be notified to the Department and to the Treasury for approval.

If, despite the Agency's best endeavours, its net cash limit is exceeded the excess will be met from offsetting savings from elsewhere on the DTI cash limited Vote.

4.2 CHARGING POLICY

The Agency obtains income from activities where a fee is payable in accordance with statutory provisions, and from other activities where a charge is set for the provision of a service. As required by the Treasury Fees and Charges Guide, the overall level of income received from fees and charges is intended to cover the full economic cost of the service (or group of services) provided, taking one year with another.

As specified by applicable Orders under S102 of the Finance (No 2) Act 1987, the income from the Agency's fees will contribute to the recovery of the costs of regulating radiocommunications. This includes the cost of developing legislation and enforcing it as well as the other functions of the Agency plus a return on resources employed.

Changes to fees will continue to require Parliamentary approval in accordance with the Department of Trade and Industry (Fees) Orders.

4.3 CAPITAL EXPENDITURE

The Agency has a planned capital expenditure programme which will be identified in its Corporate Plan. To meet its objectives the Agency may, where appropriate, reallocate funds in-year to capital from current expenditure and vice-versa subject to Treasury approval of virement.

The agency will continue to invest in projects which increase its efficiency and effectiveness, and which develop its range of services in a way which offers value for money and work to reduce costs. These projects are in many cases likely to represent a development in the Agency's IT capability.

Standard Government investment criteria will be applied, including cost/benefit analysis, payback, discounted cash flow forecasting and net present value calculation.

4.4 RELATIONS WITH THE TREASURY

The Agency's Corporate Plan will be discussed with the Treasury as part of the Public Expenditure Survey when it has been approved by the Secretary of State. The Agency will conduct an annual review of licence fees to be submitted to the Treasury for approval.

4.5 ACCOUNTING

The Agency operates a Management Accounting and Information System. In the short term at least the system will depend on DTI's financial management information system (FINMIS).

The Agency's accounting system will:

(a) be consistent with Treasury requirements;

(b) be compatible with the Department's management accounting systems;

(c) be capable of reconciliation with the Department's vote accounting arrangements; and

(d) satisfy Department audit arrangements as to security, comprehensiveness, separation of authorities and accuracy.

The agency will increasingly aim to conform to accounting practices appropriate to a trading fund type organisation in line with 'The Financing and Accountability of Next Steps Agencies' (Cm. 914)

4.6 INTENDED DEVELOPMENTS

In the medium term the Agency intends to move towards fully autonomous costing and accounting, operating at arms length from the Department, other Government Departments and other executive agencies. This will involve a contractor/customer relationship with those parts of the Department which provide services to the Agency, or to which the Agency provides services. The Department, the Agency and the Treasury will consider the introduction of a trading fund in the light of the development of the Agency and of the prospects for further improvements in effectiveness and efficiency as a result of such a change.

CHAPTER 5 PERSONNEL, PAY AND CONDITIONS

5.1 GENERAL POLICY

Radiocommunications Agency staff will be DTI Civil Servants. The Agency will continue to operate within Civil Service rules for recruitment, pay, grading and personnel management, including conduct and discipline.

With the Department's Personnel Management Division the Agency will aim to offer staff a well planned and well managed career. Compatible with the needs of the Agency, the Agency and the Department will maintain movement of staff between the Agency, the Department and other DTI agencies, and the wider Civil Service, and ensure that career development options available to the Department's staff are also available to staff in the Agency. All staff will still have access to the Department on wider career opportunities.

The Agency will strengthen its local Personnel Management capability so that it can take on a wider range of personnel functions.

Annex C lists the personnel functions which the Department will delegate to the Agency progressively from 1 April 1990.

5.2 RECRUITMENT

The Agency, in consultation with the Department, may make direct arrangements with the Civil Service Commission for recruiting staff below Grade 7 in the P & T group (above PTO) and TTO class (above TTO). It will determine the timing of recruitment, may place its own advertisements, and may conduct interview boards chaired by the Civil Service Commission.

The Agency will have delegated power to recruit other groups of staff, in association with the Civil Service Commission

where necessary, as it takes on responsibility for their personnel management.

The Agency will have the power to determine starting pay for recruits in accordance with national agreements at any point on the pay scale appropriate to the grade, dependent on the recruit's qualifications, experience and the needs of the Agency.

The Agency has authority to recruit casual staff in accordance with DTI guidelines. It may also make limited period appointments for a period up to 5 years for scientific and technical grades up to and including Grade 7. Civil Service grades and pay scales will apply, together with the possibility of terminal bonuses where permitted. In determining the appropriate levels of salary and grading for these appointments, the Agency will take into account the age, qualifications and experience of the appointees compared with what would be expected of civil servants at similar levels. The Agency will also take into account appointees' ability to offer specialist or professional skills not otherwise readily available or required in the long term.

5.3 PROMOTION

All the Agency's staff will remain eligible for DTI promotion boards. Promotions within the TTO class and P & T Group below Grade 7 will be the responsibility of the Agency. The Agency will also examine arrangements for conducting promotion boards for mobile and non-mobile administrative staff as it takes on responsibility for their personnel management. Procedures will be agreed with the Department whereby promotions will be fully recognised by the Department and other DTI Agencies when staff transfer to other posts.

Where an individual vacancy in a grade below Grade 7 or equivalent cannot be filled in the normal way by recruitment, transfer or promotion from the appropriate

reserve list, the Agency will circulate a Vacancy Notice within the Department, and as appropriate a trawl notice, and will arrange the selection board. PM Division will nominate a representative for the board, and procedures will be agreed whereby any resulting promotion will be fully recognised by the Department and other DTI agencies.

5.4 TRAINING AND DEVELOPMENT

The Agency attaches importance to ensuring the provision of training for staff at all levels to enable them to carry out their work efficiently, while developing their skills, consistent with the Agency's operational requirements.

The Agency will prepare a Training Action Plan in consultation with the Department. Priority will be given to developing training programmes for staff in the following areas:

- personal development of all staff, for example through management training;

- developing the administrative and financial skills of all staff to ensure efficient use of resources and a high quality of service;

- maintaining and enhancing the skills of engineering and other specialist staff through their training and professional development.

In addition to the training which the Agency organises for itself, it may use the Department, the Civil Service college, and the private sector on a value for money basis.

5.5 RETIREMENT, REDUNDANCY

In due course the Department will delegate to the Agency its authority on retirement for staff in the grades for which the Agency has responsibility for personnel management. This includes the authorisation of early retirement, and retention or re-employment of staff beyond normal retirement age in these grades in accordance with Civil Service Pay and Conditions of Service, subject to the Department's financial approval.

The Agency will continue to operate the Department's retirement and redundancy policies and agreements. No

action on redundancy of mobile grades will be taken without reference to the Department.

5.6 DISCIPLINE, UNSATISFACTORY ATTENDANCE, UNSATISFACTORY PERFORMANCE

The Agency will have delegated powers relating to discipline, unsatisfactory attendance and unsatisfactory performance for all staff for whom it has personnel management responsibilities. It will, however, continue to act in accordance with The DTI Guide in these matters.

5.7 APPEALS

Agency staff may appeal to the Chief Executive against management decisions affecting them personally. Existing rights of appeal to the Permanent Secretary remain unaffected.

5.8 OTHER PERSONNEL ISSUES

The Chief Executive has delegated authority to engage consultants. In appointing consultants the Chief Executive will seek advice from the Department on contractual and propriety matters, as appropriate.

The Agency will continue to use the Department's central welfare services.

5.9 PAY ARRANGEMENTS

The Agency will apply nationally negotiated Civil Service pay arrangements for national grades, subject to any arrangements which may be negotiated to apply to the Agency. It will observe the provisions of national agreements on performance pay. It will also seek to use available local and special pay flexibilities as necessary to maintain staff numbers to meet work requirements.

5.10 PERFORMANCE RELATED BONUS SCHEME

The Agency will examine the scope for a bonus system for staff related to the overall performance of the Agency, in discussion with the Treasury, DTI and the Agency's Trade Union Side. It will also consider special bonuses for

individual staff in recognition of outstanding performance in particularly demanding tasks or situations in accordance with Treasury guidelines.

5.11 STAFF SUGGESTIONS

The Agency will operate its own staff suggestions scheme and will be responsible for the payment of awards where successful suggestions concern the work of the Agency.

CHAPTER 6: GENERAL DELEGATIONS

6.1 SUPPORT SERVICES

The Agency is responsible for administrative decisions about the structure and running of its support services listed in **Annex D**. The Chief Executive has discretion to decide on their source of supply, having regard to value for money and quality of service.

The Agency may continue to use DTI central services on the basis of agreed charging arrangements.

The Agency will progressively take on responsibility for remaining support services. The arrangements will be implemented in the light of Ministerial priorities and the need to ensure maximum economy and effectiveness.

6.2 INFORMATION TECHNOLOGY

The Department will progressively delegate full responsibility to the Agency for the development, operation and procurement of information technology systems related to the work of the Agency.

The Agency's exercise of these delegations will be the subject of an annual Information Technology strategy review.

The Agency will continue to participate in Departmental discussions and co-ordination of IT strategies and projects.

6.3 PURCHASING

The Agency is responsible for its own purchasing and stores operations, but will comply with Treasury requirements and guidance, and will work with the Department's Director of Procurement to implement policies to continue to improve the Department's purchasing performance.

The Agency will comply with Treasury initiatives on market testing but has freedom to decide whether to adopt or participate in the Department's procedures or put in place procedures of equivalent effect.

6.4 ACCOMMODATION AND SITE MANAGEMENT

The Agency's current headquarters at Waterloo Bridge House is on the common user estate. Proprty Holdings are responsible for the maintenance of the fabric of the building and estate management duties. As major occupier the Agency exercises responsibilities for its maintenance.

The Agency's monitoring station at Baldock and testing laboratory at Whyteleafe are specialised buildings which form part of the Departmental estate. For the time being estate management is the responsibility of PSA Property Holdings. The Agency is responsible for site management.

14 of the offices of the Radio Investigation Service are part of the common user estate. Of the remaining 7, the RIS is the major occupier of 1 site which forms part of the Departmental estate, and is the minor occupier of 6 sites which form part of the Departmental estate of the DTI or other Government Departments.

The Department is responsible for estate management of all the locations occupied by the Agency which form part of the Departmental Estate.

6.5 HEALTH AND SAFETY

The Chief Executive is responsible for ensuring compliance with statutory and Departmental requirements but may continue to draw on the advice and expertise of the Department where necessary.

6.6 PUBLICITY AND PUBLIC RELATIONS

The Chief Executive will be responsible for publicity and public relations matters insofar as they concern the Agency's day-to -day operations.

The presentation of wider policy issues will be subject to clearance by Ministers after appropriate consultation with the responsible Deputy Secretary and the Head of Information. Questions about these matters from the press,

tv or radio will continue to be handled by the Department's Press Office in the first instance.

6.7 LEGAL ADVICE

The Agency will continue to rely on the advice of the DTI Solicitor for preparing and interpreting licences granted under the Wireless Telegraphy Acts and legislation relevant to its main activities.

The Agency may continue to use outside legal advisers for matters connected with its enforcement activities.

CHAPTER 7: INDUSTRIAL RELATIONS

Good industrial relations are of fundamental importance and the Agency will continue to operate the Whitley arrangements.

The Agency will be covered by a single Agency Whitley Committee to cover matters specific to the Agency and falling within the responsibility of the Chief Executive who will chair its meetings.

Every effort will be made to resolve issues within the Agency Whitley Committee. Issues not so resolved will be pursued within the usual Whitley procedures, which involve the Departmental Whitley Council.

The Chief Executive will be the Official Side Manager responsible for existing arrangements and their application to the Agency. This includes agreements negotiated at Departmental level, which either side may seek to modify to reflect local needs and conditions. Local agreements or Departmental agreements modified for the Agency, are not intended to have implications for other parts of the Department or other Agencies.

CHAPTER 8: REVIEW AND VARIATION OF FRAMEWORK

This Framework Document will be reviewed jointly by the Agency and the Department in consultation with the Treasury and OMCS no later than three years after publication. The Departmental Trade Union Side will be consulted on any modification. Amendments will be published.

The Annexes to the Framework Document provide for progressive delegation of responsibility to the Agency in the light of experience and may be amended by the Department from time to time in consultation with the Agency.

ANNEX A: LEGISLATION UNDER WHICH THE RADIOCOMMUNICATIONS AGENCY HAS STATUTORY RESPONSIBILITIES

The Agency exercises statutory responsibilities on behalf of the Secretary of State in accordance with the provisions of:

Wireless Telegraphy Act 1949

Wireless Telegraphy Act 1967

Marine &c Broadcasting (Offences) Act 1967

Telecommunications Act 1984

Subordinate legislation has been made under these Acts as follows:

Wireless Telegraphy Act 1949:

Section 1 (licensing of wireless telegraphy):

Exemption regulations, exempting specified uses of radio from the requirement to hold a licence;

Section 2:

Licence Fees Regulations prescribing the fee to be paid by licensees. Fees are set in accordance with the Department of Trade and Industry (Fees) Order 1988 (SI No 93) made under Section 102(5) of the Finance (No 2) Act 1987.

Section 3:

Regulations prescribing the things which are or are not to be done in connection with the use of any station for wireless telegraphy or wireless telegraphy apparatus;

Section 10 :

Regulations respectively on radiation of electro-magnetic energy and on resistance to electro-magnetic interference;

These sections and the regulations made under them will be replaced by legislation to implement the European Community Directive on Electromagnetic Compatibility

(Directive (89/336/EEC);

Wireless Telegraphy Act 1967:

Section 7:

Prohibition orders banning the manufacture, import, possession and sale of unsuitable wireless telegraphy apparatus;

Telecommunications Act 1984:

Part (VI) Section 84:

Type Approval Testing Fee Order, prescribing the fees to be paid by applications for tests to Ministry of Posts and Telecommunications specifications conducted to determine applications for type approval.

ANNEX B: FINANCIAL DELEGATIONS

The Chief Executive may exercise the following delegated powers in respect of the functions shown:

Authority to:

Commit expenditure	unlimited*
Certify expenditure	unlimited*
Authorise payments	unlimited*
Accept receipts	unlimited*
Make ex-gratia payments	up to £25000
Authorise imprest payments	up to £500
Authorise write-offs	up to £25000
Authorise contractors claims: extra contractual payments	up to £25000
Authorise awards to staff for staff suggestions	up to £1000
Authorise compensation payments for personal injury in respect of the Agency's own employees	up to £5000
Authorise gifts of official property	up to £25000

* up to limit of applicable budget allocations

The authority to commit, certify and authorise expenditure may be exercised in respect of expenditure incurred by the Agency on DTI forecast and ledger headings and suspense accounts allocated to the Agency.

Within agreed limits and in accordance with Departmental procedures, the Chief Executive may approve ADP proposals relating to the purchase, hire and maintenance of computers and associated equipment and software for administrative and

scientific purposes.

The Chief Executive may subdelegate any of the above powers to named Agency staff.

These financial delegations may be varied by agreement between the Department and the Agency.

ANNEX C: PERSONNEL AND TRAINING DELEGATIONS

(i) **To be exercised from 1 April 1990**

Creation and suppression of posts;

Staff suggestions scheme;

Performance related bonus scheme;

Training for all staff including Graduate Trainee Engineers (GTEs) and T/TTOs;

Recruitment of casual staff and of limited period appointees up to and including Grade 7;

(ii) **To be assumed by 30 September 1990**

Career and personnel management and promotion reviews of TTO class below Grade 7;

Recruitment of TTOs, ATTOs and T/TTOs;

Recruitment of TTO class staff above TTO and below Grade 7:

- Liaison with Civil Service Commission over advertisements and interviews;

Career and personnel management and promotion reviews of P & T Group below Grade 7;

Recruitment of PTOs;

Recruitment of P & T Group staff above PTO and below Grade 7:

- Liaison with Civil Service Commission over advertisements and interviews;

(iii) To be assumed on or after 1 April 1991

Career and personnel management and promotion boards for mobile administrative staff below Grade 7 and for non-mobile

administrative staff;

Recruitment of mobile administrative grades below S level, in collaboration with PM Division;

Recruitment of non-mobile administrative grades;

Career and personnel management of office support grades.

ANNEX D: SUPPORT SERVICES DELEGATIONS

Delegations exercised from 1 April 1990

(i) Office Equipment and Systems

Information Technology:

purchase of administrative and scientific computer equipment and systems

ADP consultants

Telecommunications and office machinery equipment

(ii) Information

Publicity and public relations

Marketing

Library services

Agency industrial relations matters

Local staff communications

Registry

In-house telephone directory

(iii) Accommodation and associated responsibilities

Accommodation and site management

Purchasing and market testing

Drafting, negotiating and placing contracts

Messenger services

Printing, typing, reprographics, stationery

Post, telephones and telex

Call logging

Office cleaning

Health and safety

Fire precautions

Emergency arrangements

Security

Delegations to be assumed on or after 1 April 1990

Design and control of forms

cc PV.

FROM THE MINISTER OF STATE

SCOTTISH OFFICE

WHITEHALL, LONDON SW1A 2AU

NBPM
CAS

David Curry Esq MP
Parliamentary Secretary
Ministry of Agriculture Fisheries & Food
Whitehall Place
London

28 March 1990

Dear David,

I am writing ~~to~~ for reply on behalf of Malcolm Rifkind to the letter which you wrote on 15 March to Richard Luce concerning the move to agency status of the Central Veterinary Laboratory and the Veterinary Medicines Directorate on 2 April. This is, of course, to be welcomed as a further move in the Next Steps Initiative, and I am in agreement with what you propose in this case.

I have no comments to make on the proposed Framework Documents, and I understand that our officials are in contact concerning any financial adjustments which may have to be made in respect of the work done in Scotland by the CVL.

I am copying this letter to the Prime Minister, Richard Luce, Peter Walker, Peter Brooke and Norman Lamont.

Yours Ever

Russell

SANDERSON OF BOWDEN

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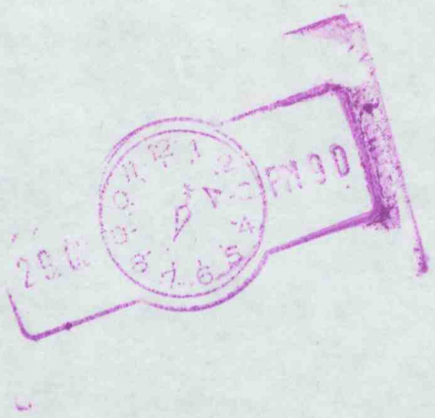

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CC(90)

DEPARTMENT OF SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01 - 210 3000

From the Secretary of State for Social Security

The Rt Hon Richard Luce MP
Minister for the Arts
Office of the Minister for the Civil Service
Horseguards Parade
London
SW1P 3AL

NBPM at this stage. 28 March 1990

RLC6
28/3

Dear Richard.

EXECUTIVE AGENCY STATUS: DSS INFORMATION TECHNOLOGY SERVICES AGENCY

My predecessor, John Moore, announced on 17 May 1989 that all Social Security operations would be undertaken by Executive Agencies by April 1991. I am now writing to say that I intend to launch the second of our Agencies, the Information Technology Services Agency (ITSA), on 2 April. I should be grateful for your agreement, and that of the Chief Secretary, to the attached Framework Document which has been prepared in full consultation with your Department and Treasury and has their agreement at official level. I would be grateful for your responses by tomorrow. I also attach a "What's New" statement for ITSA. I am copying these papers to interested colleagues.

This will be a large and important Agency. In 1990-91 its total budget will be £370 million. Nearly 3,000 staff, many of whom are information technology (IT) specialists, will be employed in five major locations. A number of large external contracts for the delivery of specific IT services or products will be managed. The Agency will provide an important example of the Next Steps approach in practice as much of its business may be compared directly with the commercial market and there are real benefits to customers from a more commercial method of operation.

ITSA will provide full IT support to the extensive range of DSS business in the areas of benefit payment, contribution collection and recording, and the gathering of statistical and financial information. It will operate payroll services for both DSS and the Department of Health and computerised processing and payment systems for delivery of most of the Department's total expenditure on Contributory and Non-Contributory Benefits £45.1 billion in 1989-90. Many millions of citizens are at the "receiving end" of these systems, including about 10 million Retirement Pensions and Widows' Benefit Recipients, nearly 7 million Child Benefit payees and over 2 million beneficiaries receiving a range of 9 other individual benefits through our central and local office network throughout England, Scotland and Wales.

DM/4140p/2

E.R.

One of the main responsibilities of the new Agency will be the continuing development and maintenance of my Department's £1.7 billion computerisation programme, the Operational Strategy, which is the largest and most ambitious civil computerisation programme of its kind in Europe.

Information technology is transforming the way we administer Social Security benefits. It is at the heart of our strategy to provide a professional and efficient service to benefit recipients. Over the last year, under the direction of John Kenworthy, first the Head of the IT Directorate and now the Chief Executive Designate of the Agency (appointed on a 3 year term), all my Department's existing computer systems and IT projects have been brought together within a single management structure in preparation for the move to Agency status.

It is clear that the creation of the ITSA will provide even greater opportunities for: greater efficiency in administration; greater accountability for the quality of service provided; the creation of a more dynamic and flexible climate for improving performance; and greater scope for staff to do a better and more satisfying job.

The Framework Document outlines ITSA's aims, objectives, services provided, "constitutional" relationships, and planning and monitoring arrangements. These arrangements have already provided the basis for rigorous strategic and operational planning and, in turn, a number of challenging targets have been agreed for both ITSA and its new Chief Executive. For example, we are expecting a significant 5.5% improvement in efficiency in ITSA's first year. Further details of ITSA's high level performance targets are attached.

The Framework Document also requires the selection of the Chief Executive on the basis of open competition once the present post-holder's three year term has expired.

Much of ITSA's work in future years will relate to the work of two of my Department's other (planned) Agencies, the Benefits Agency and the Contributions Agency, which will be established in April 1991. Work on the setting up of these Agencies is well underway. As a significant step on the way to Agency status, contributions work will be concentrated in a single management unit within the Department from April this year.

I am confident that these new arrangements, and the greater freedom with increased authority they will confer to the Chief Executive, should enable ITSA to compete even more effectively in what is a highly specialised labour market and dynamic field.

E.R.

I am copying this letter to the Prime Minister, Peter Walker, Malcolm Rifkind, Kenneth Clarke, Norman Lamont, Michael Howard and to Sir Robin Butler.

Yours ever.
Tony

TONY NEWTON

INFORMATION TECHNOLOGY SERVICES AGENCY (ITSA) - "WHAT'S NEW"

As an Agency ITSA now has a Framework Document which clearly sets out the resources, responsibilities and accountability within which it will operate. In particular much of the authority which previously lay with the Department (DSS) has now been delegated to the Chief Executive, as outlined in the Framework Document, and will be further delegated within ITSA, increasing the flexibility with which managers are able to manage and respond to the particular needs of an information technology (IT) organisation.

In particular:-

- the Chief Executive of ITSA will have extensive flexibility to manage the Agency's resources and, as Agency Accounting Officer will be directly accountable to the Public Accounts Committee.

- commercial accounting and management information systems will be developed during ITSA's first year, culminating in a fully-developed accrual accounting system by April 1992.

- ITSA is working to tight and challenging performance targets, including the requirement for a 5.5% efficiency gain in its first year.

Budgetary flexibilities

ITSA will have greater freedom, for example, the ability to authorise capital projects up to £1 million and the authority to reinvest each year an agreed proportion of efficiency savings.

Personnel flexibilities

ITSA will now have greater freedom in personnel management, in particular, it will have the authority to:

- introduce an efficiency-related bonus scheme for its staff.

- conduct job-specific appointment and promotion;

- promote staff permanently up to and including Grade 6, and temporarily up to Grade 5 or its equivalent;

- transfer, or assign on promotion, staff up to and including Grade 5 or its equivalent;

- increase allowances in recognition of additional expense faced by staff during extended period of detached duty;

- conduct disciplinary and inefficiency proceedings for staff up to and including Grade 6.

ITSA is at present reviewing pay and rewards arrangements with a view to developing proposals for a system better suited to the needs of its business.

Training

ITSA will extend the staff appraisal system in use in DSS to include a more detailed assessment of the IT skills of its staff. Training and staff development is to be given a major boost with a view to increasing the flexibility of staff and their expertise in project and financial management.

Relationship with Trade Unions, ITSA Staff.

The Agency will have its own consultative machinery. Industrial relations issues will be settled within the Agency.

Selection of Chief Executive

When the first Chief Executive's term has expired, the Chief Executive will be selected by open competition.

DEPARTMENT OF SOCIAL SECURITY
INFORMATION TECHNOLOGY SERVICES AGENCY

FRAMEWORK DOCUMENT

[Draft: 27 March 1990]

FOREWORD BY SECRETARY OF STATE FOR SOCIAL SECURITY

The work of the Department of Social Security has an impact, one way and another, on the life of practically every citizen. That is an indication of how important - and of just how challenging - is the primary aim we have set ourselves, the better delivery of social security services.

Already, over recent years there have been enormous changes, brought about in part by the computerisation of support services across the whole of our business, in areas of benefit payment, contribution collection and recording and gathering of statistical and financial information. Now, we are going on to implement the largest civilian computerisation programme in Europe.

The major part of the development of this huge project, the Operational Strategy, has been carried out within the IT Services Division of this department. I am today establishing the Division as an Executive Agency, to be known as the Information Technology Services Agency, or ITSA.

The new Agency's first major function is to deliver on time, to full functionality and within budget, the Operational Strategy; it will also provide an extensive range of IT services to this department and to others. This is a significant executive function: ITSA operates from five major locations, and has a budget of some £370 million a year. Its most important resource lies in nearly 3,000 staff, many of whom are specialists in their field.

I have set demanding performance targets for ITSA and have asked the Chief Executive, who will manage ITSA day to day, to report to me on his progress in meeting them.

IT work is different. Executive Agency status and this Framework Document recognise that and provide the scope for ITSA to build on earlier success and develop in an ever more challenging environment. The Agency needs special skills which are in high demand both within and outside the civil service; flexible working practices built around the team approach, to deliver projects to agreed specification, on time and within budget; the opportunity to make major investments towards future gains in productivity; the capacity to keep up to date with detailed knowledge of the market place to ensure that the department gets best value for money; and expertise in dealing with departmental customers in order to meet their needs and priorities. The discipline and flexibility offered by the Next Steps approach should ensure that ITSA meets these challenges.

I wish the Agency, its Chief Executive and his staff every success. I know they will respond vigorously to the opportunities and challenges of the next few years in the knowledge that their achievement will benefit the public through better value for money for the taxpayer and better service to social security customers.

TONY NEWTON
SECRETARY OF STATE FOR SOCIAL SECURITY
2 APRIL 1990

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1. INTRODUCTION

Establishment of ITSA

1.1 In May 1989, the then Secretary of State for Social Security announced that the Information Technology Services Directorate (ITSD) of the Department of Social Security (DSS) would be established as an Executive Agency from 2 April 1990.

1.2 This document describes the policy and resources framework within which that Agency now operates. The Agency's formal title is the Information Technology Services Agency (ITSA).

2. AIMS AND OBJECTIVES

Main aims

2.1 ITSA's main aim is the efficient and effective provision of a range of IT services which meets the requirements of DSS and other approved customers (generally, other Departments acting as DSS's agent). In support of this aim, ITSA will introduce more commercial management policies.

Objectives

2.2 ITSA's service objectives are:

2.2.1 to maintain and operate existing computerised benefit and administrative systems and IT infrastructure cost effectively and to specified standards of service.

2.2.2 to deliver, on time, to full planned functionality and within budget, the Operational Strategy (DSS' major computerisation programme).

2.2.3 to provide advice and guidance on opportunities to exploit current or emerging technologies in pursuance of customers' business objectives.

2.2.4 to provide computer services - including planning, project development, hardware and software systems and systems maintenance - within timescale and budget, and to specified standards of service.

2.2.5 to contribute to DSS' policy development and evaluation activities by providing information on the operational implications of current and alternative programme characteristics.

2.3 In support of these service objectives, ITSA's management objectives include:

2.3.1 to develop and maintain an effective workforce able to provide directly, and procure and manage, the required range of IT services.

2.3.2 to achieve the optimum balance between in-house and contracted-out services having regard both to cost effectiveness, in the face of peaks and troughs of demand for particular skills, and the need to avoid excessive reliance on any one source of supply.

2.3.3 to develop, maintain and operate supporting financial and management information systems and procedures consistent with those typically required to sustain operations on a commercial basis while maintaining the highest standards of propriety in the conduct of public affairs.

3. SERVICES PROVIDED

3.1 ITSA provides IT services, principally for DSS, through the placing and management of external contracts and through the use of in-house resources. The specific service lines provided include:

3.1.1 network and processing services - the provision, operation and management of computer networks and processing centres.

3.1.2 printing and distribution services - such as Instruments of Payment.

3.1.3 data preparation services - for some DSS benefits.

3.1.4 software support services - the maintenance of existing application systems.

3.1.5 software development services - the development of new application systems and enhancement of existing systems.

3.1.6 information provision services - a wide range of statistical and other information used, for example, for policy analysis or responses to Parliamentary Questions.

3.1.7 professional advice services - on a wide range of IT issues but also including project management, procurement and contract management regardless of whether ITSA is the main supplier.

3.2 A number of these services are provided to other approved customers. In particular, the Department of Employment, Northern Ireland Department of Health and Social Security (DHSS) and the Department of Health receive network and processing, printing and distribution and software support and development services; the Northern Ireland DHSS also receives professional IT services. Inland Revenue receives network and processing, and software support and development services.

3.3 Initially ITSA will be the principal agent of the DSS in the provision of advice on IT and in the management, development, installation and maintenance of IT services. This initial arrangement is needed to ensure that the Operational Strategy is delivered on time.

3.4 This initial arrangement will be reviewed before April 1992 and ITSA's future role determined in the light of lessons learned. During the period to April 1992, ITSA will develop further its internal organisation and management information systems to provide scope for a more free-standing and commercially orientated Agency in subsequent years. In particular, ITSA will manage its consultancy and service delivery roles in a manner which sharpens the distinction between them.

3.5 Where it is appropriate, and to ensure its overall cost effectiveness, ITSA market tests individual services. This is done in accordance with procedures agreed with DSS, the Treasury and, ultimately, the Secretary of State; individual decisions are for the Chief Executive. Key principles are that ITSA:

3.5.1 ensures that the best possible value for money is obtained.

3.5.2 does not place excessive reliance on any one source of supply.

3.5.3 maintains, so far as is cost effective and feasible, the capacity to respond quickly to Ministerial direction.

4. ACCOUNTABILITY AND REPORTING

4.1 ITSA is part of the Department of Social Security and works within the Department as a whole to promote effective, efficient and coherent administration of the full range of social security services. At all times, ITSA acts in support, in the interests, and subject to the direction, of the Secretary of State for Social Security.

4.2 ITSA is headed by a Chief Executive charged with the responsibility to achieve the Agency's specified objectives (see Section 2 above) in accordance with delegated authority, standards and targets set by the Secretary of State, within the resources allocated to it.

4.3 The Permanent Secretary (as Departmental Accounting Officer) has appointed the Chief Executive as Agency Accounting Officer and has defined his duties as such in the light of the powers and responsibilities assigned to him in this Framework Document. The Chief Executive has specific responsibilities to the Public Accounts Committee (PAC). When considering ITSA, the PAC may require both the Permanent Secretary and the Chief Executive to appear before them.

4.4 The Chief Executive is accountable for ITSA's performance in meeting its assigned objectives and targets and, in particular, for prudent and economical management of ITSA's administrative resources and for the propriety and regularity of its expenditure. He or she will also sign ITSA's Accounts.

4.5 The roles of the Secretary of State, Permanent Secretary and Chief Executive in the management of ITSA are as follows.

> 4.5.1 The Secretary of State is responsible for approving the scope of ITSA activities, the allocation of resources to ITSA, the specification of ITSA strategic objectives and performance targets, ITSA's longer term strategy and annual Business Plan as revised from time to time, and the appointment of the Chief Executive. The Chief Executive will have direct access to the Secretary of State, following consultation with the Permanent Secretary, on any issues affecting his or her operational responsibilities. The Secretary of State and DSS will not normally intervene in the day-to-day running of ITSA.
>
> 4.5.2 The Permanent Secretary, as Permanent Head of DSS, is responsible for those matters affecting the management of DSS as a whole and for ensuring that the Chief Executive has established adequate systems to discharge his or her delegated responsibilities. The Permanent Secretary is also responsible for advising the Secretary of State about resource allocations, objectives and targets for ITSA, and for monitoring the performance of the Chief Executive and the Agency.

4.5.3 The Permanent Secretary, as the Departmental Accounting Officer, delegates to the Chief Executive, whom he has appointed as an Agency Accounting Officer, responsibility for accounting for the proper control and propriety of the expenditure allocated to ITSA. The Chief Executive is responsible for establishing adequate systems for this purpose, including internal audit arrangements. The Departmental Head of Audit, who continues to report to the Permanent Secretary, is responsible for advising the Permanent Secretary that these control systems are adequate.

4.5.4 The Chief Executive is responsible for the effective operation of ITSA in accordance with this document, ITSA's agreed strategy and its Business Plan. It is his or her responsibility to consult the Secretary of State and Permanent Secretary about changes he or she considers necessary in ITSA's strategy and Business Plan, to advise them of any aspect of DSS activity which affects significantly ITSA's ability to perform effectively, and to provide them with the information required for monitoring ITSA's performance against its specified targets and for policy development and related purposes. The Chief Executive is responsible for ensuring that responsibility and management authority within ITSA is extensively devolved. The Chief Executive is also responsible for ensuring that ITSA conforms with any directions of the Permanent Secretary on matters for which he or she is responsible as the Departmental Accounting Officer or Permanent Head of the Department and reports to him or her as required on those matters or on any such matters which the Permanent Secretary has delegated to the Chief Executive.

Strategy and Annual Business Plan

4.6 ITSA prepares each year, to a timetable specified by the Secretary of State, an Annual Business Plan. ITSA also prepares a broader strategy covering its longer term plans for the organisation and performance of the Agency. Subsequent approval of this strategy and plan by the Secretary of State constitutes authority for ITSA to conduct its operations accordingly.

4.7 In coordination with the annual Public Expenditure cycle ITSA specifies its strategy and resource requirements for the Survey years and, in particular, ITSA produces an annual Business Plan setting out objectives, proposed patterns of expenditure and major performance targets for the coming year. The Secretary of State is responsible for agreeing this strategy and Business Plan. The Plan is reviewed as soon as resource allocations are known, to ensure that allocated resources, objectives and performance targets are aligned, and may also be reviewed in the course of the year if resources or priorities change significantly in the intervening period.

4.8 The Plan is prepared each year, drawing on previous plans and the strategy. It sets out:

4.8.1 The general priorities and targets for the Agency which have been established by, among other things, discussion with ITSA's customers and assessed by the Departmental Information Strategy Steering Committee (DISSC - see paragraph 4.9 below).

4.8.2 ITSA's service and management objectives and the strategies to be employed to achieve these objectives.

4.8.3 The working relationship between ITSA and its customers (including Service Level Agreements and liaison arrangements.

4.8.4 Specific management initiatives to improves ITSA's performance, such as the phased introduction of commercial accounting and costing systems linked to those required for Parliamentary accountability.

4.8.5 ITSA's work programme for the year.

4.8.6 Key performance targets. (These targets are set by the Secretary of State, advised by the Permanent Secretary. In addition, Service Level Agreements are established and monitored by customers to ensure a high standard of service to ITSA's customers. Additional targets for internal management purposes are set by ITSA itself.)

4.8.7 Financial and accounting arrangements.

4.8.8 Broad financial requirements, related to performance measures, including any special management arrangements agreed with the Permanent Secretary and/or the Treasury as appropriate. Also included are the contractual arrangements and the costing policies to be employed by ITSA in dealing with its customers.

4.8.9 Any proposed changes in human resource management arrangements that require the approval of DSS and, where necessary, central Departments.

4.8.10 Any proposed extension or expansion of work which may create additional expenditure commitments in future years.

Departmental Information Strategy Steering Committee (DISSC)

4.9 DISSC provides a senior DSS management forum for co-ordinating DSS' information technology strategy as a whole and for assessing the relative priorities to be attached to individual projects within that strategy.

Reporting

4.10 The Chief Executive is required each year to produce and submit to the Secretary of State an Annual Report on ITSA's operations and to sign the Accounts of its expenditure in accordance with Treasury requirements. The Annual Report is placed in the Libraries of both Houses of Parliament.

4.11 The Chief Executive provides regular reports to the Secretary of State and the Permanent Secretary on expenditure and progress in meeting its objectives and targets. These reports include ITSA's performance on key performance indicators and draw attention to, explain and outline remedial action in response to any significant deviation from the annual Business Plan. The Chief Executive also provides such ad hoc reports as the Secretary of State or the Permanent Secretary may require.

Parliamentary Questions and Ministerial Correspondence

4.13 Members of Parliament (MPs) and the general public are encouraged to write directly to the Agency when they raise a particular matter bearing on the Agency's operations. MPs may raise any matters of concern with Ministers if they so wish.

5. FINANCIAL PLANNING AND CONTROL

Funding

5.1 The budget for ITSA is set by the Secretary of State.

5.2 Funding of work undertaken by ITSA on a repayment basis for other approved customers is provided by agreement between ITSA and those customers within the framework established by the Agency's agreed strategy and Business Plan. Any changes impinging on another part of ITSA's work programme will be subject to approval by DISSC on behalf of the Permanent Secretary.

5.3 ITSA aims to be highly responsive to its customers' needs and it may therefore be necessary to agree revisions to the Agency's overall work programme through the annual planning process. Significant in-year changes to customer requirements are examined and approved by DISSC and, if of sufficient magnitude, necessitate the Secretary of State's approval of a revised Business Plan.

5.4 ITSA is moving to a position in which it accurately assesses the full cost of its services, so enabling DSS to test ITSA's cost effectiveness and competitiveness against other IT service suppliers. In consultation with the Treasury, DSS will consider whether changes to ITSA's funding regime are needed as a result of this assessment.

Annual Report and Accounts

5.5 At the end of each financial year, the Chief Executive compiles an Annual Report analysing performance against the Annual Business Plan and Accounts, in accordance with Treasury and Departmental guidance. ITSA prepares both an Appropriation Account for money voted by Parliament and a more commercially based account which will, with some development, be fully accruals based. ITSA will provide a reconciliation of the Appropriation Account and accruals account. There will be an interim period during which ITSA will introduce systems to support these accounts and to provide in-year financial control; a fully developed accruals accounting system will be established by April 1992. The Annual Report is placed in the libraries of both Houses of Parliament.

Management Accounts and Financial Control

5.6 ITSA operates financial control and management accounting systems that enable management and the Department to review performance and expenditure against specified targets and budgets. ITSA submits to the Secretary of State such reports on its financial and other activities as may be specified by the Secretary of State, together with any ad hoc reports which may be required.

Budgetary Flexibilities

5.7 To the greatest extent possible, ITSA is free to conduct its affairs within the agreed strategy and Annual Business Plan. The Chief Executive is able, subject to the Permanent Secretary's approval of ITSA's financial management systems, to:

5.7.1 authorise capital projects up to £1 million (this limit will be reviewed periodically).

5.7.2 switch expenditure between running cost budgets.

5.7.3 carry forward running costs and capital within the constraints of global Departmental limits and with the agreement of the Permanent Secretary.

5.7.4 reinvest each year in its business an agreed proportion of efficiency savings with the approval of DSS and, where appropriate, the Treasury.

5.8 Financial management flexibilities may be reviewed in the context of ITSA's strategy and Business Plan. DSS will consult the Treasury when required.

Internal Audit

5.9 ITSA's Internal Audit function is discharged in accordance with the framework approved by the DSS Accounting Officer and the DSS Audit Committee and to the standards laid down in the Government Internal Audit Manual. The Internal Audit practices operated by ITSA are approved, and monitored, by the Permanent Secretary.

5.10 An Internal Audit Manager has responsibility for audit within ITSA. The programme of work is agreed between the Chief Executive and the Internal Audit Manager, subject to oversight by the DSS Audit Committee. Reports on work conducted by Internal Audit within ITSA will be directed to the Chief Executive and made available to the Permanent Secretary. Up to 31 March 1991, line management responsibility will remain with the Head of Internal Audit in DSS; subsequently the role will transfer to the Chief Executive. The Head of Internal Audit in DSS will be responsible for monitoring the standard of internal audit. The Permanent Secretary may instruct the DSS Internal Audit Unit to conduct enquiries into ITSA's operation.

External Audit

5.11 The Agency's accounts are audited by the Comptroller and Auditor General, who maintains the right to conduct Value for Money Studies relating to ITSA's activities.

Organisation & Methods and Staff Inspection

5.12 Reviews of Organisation and Methods, and Staff Inspection, have been devolved to ITSA following the Permanent Secretary's approval of the systems employed.

6. PERSONNEL, CAREER DEVELOPMENT, TRAINING AND INDUSTRIAL RELATIONS

Selection of Chief Executive

6.1 The Chief Executive will be selected by open competition at the expiry of the three-year contract of the first post-holder.

Status and Conditions of Service

6.2 The Chief Executive is responsible for the personnel policies and management of Agency staff, within delegations agreed with DSS which are aimed at meeting the business needs of ITSA.

6.3 Staff in the Agency remain Civil Servants and their existing civil service terms and conditions of employment will be respected. They are expected to maintain the highest standards of propriety in their work. ITSA is an equal opportunities employer.

Pay and Grading

6.4 ITSA's initial pay and grading structure is based on the Civil Service standards and structure. However, ITSA has authority to introduce an efficiency-related bonus scheme for its staff. The Chief Executive will have delegated authority to grade posts up to and including Grade 6, or its equivalent, subject to Treasury grading standards.

6.5 For the future, ITSA will examine options, in consultation with DSS, OMCS and Treasury, with the objective of:

6.5.1 developing a performance-based pay system which would increase the proportion of pay linked to achievement.

6.5.2 encouraging flexibility and greater commitment from staff.

6.5.3 creating a grade structure better suited to the needs of project work.

6.5.4 relating pay more closely to specific tasks taking account of both job weight and the availability of individuals with the skills and abilities for the job.

Recruitment

6.6 Recruitment will be by fair and open competition, on merit, and otherwise in accordance with Civil Service regulations.

6.7 ITSA has authority, in consultation where appropriate with the Civil Service Commission, to recruit staff, up to and including the current Grade 6, or its equivalent, on:

6.7.1 permanent appointment

6.7.2 short service contracts

6.7.3 casual or limited period appointment.

6.8 In consultation with DSS HQ, ITSA has authority to recruit Grade 5 , or equivalent level, staff on short service contract.

Staff Appraisal

6.9 ITSA operates the performance appraisal system in use within DSS but may extend the system to meet its own requirements. ITSA will extend the system to include a more detailed assessment of the IT skill of staff.

Promotion

6.10 ITSA:

6.10.1 has authority to hold promotion boards.

6.10.2 provides the opportunity for eligible staff within DSS to compete for promotion to administrative posts and, where they have the required skills, to IT posts.

6.10.3 has authority to promote staff permanently up to and including Grade 6, or its equivalent; and temporarily up to and including Grade 5, or its equivalent.

6.10.4 has authority to advertise some posts, up to and including Grade 6, or its equivalent, for which staff can compete on merit and irrespective of their current grade. This job specific approach includes the option of permanent promotion where appropriate.

Transfers and Assignments

6.11 ITSA has delegated authority to:

6.11.1 transfer staff within the Agency up to and including Grade 6, or its equivalent.

6.11.2 assign staff on promotion up to and including Grade 6, or its equivalent.

6.12 ITSA will preserve opportunities for the transfer of staff, including those on special development schemes, to other parts of DSS. Opportunities will also be available for other DSS staff to transfer to ITSA and, if appropriate, be trained in the IT specialism.

Working Patterns and Arrangements

6.13 ITSA has delegated authority to negotiate new working patterns and/or arrangements, or renegotiate existing arrangements, to meet the special needs of IT work.

Mobility

6.14 The freedom to move staff between projects and locations is essential for the successful development and operation of IT work. In consultation with DSS, Treasury and OMCS, ITSA is developing an overall package of measures which will enable it to make the maximum use of valuable personnel by increasing their mobility. ITSA has authority to increase allowances in recognition of the additional expenses faced by staff during extended periods away from their home base.

Discipline and Inefficiency

6.15 ITSA has full delegated powers relating to discipline and inefficiency in respect of grades up to and including Grade 6, or its equivalent, in accordance with central rules. The internal right of appeal against any such decisions is to the Director of Personnel or the Chief Executive depending on the level at which the decision was taken.

Career Development and Training

6.16 ITSA operates a career development programme for staff; career maps, skills requirements and training structures are produced for staff in each functional area, including generalists. Staff with high potential and commitment continue to be identified and developed through the Management Development Programme and other similar programmes.

6.17 Training is organised and controlled through ITSA's Training Services Group, drawing on staff from within ITSA and from external sources as necessary. This training covers the whole range of technical, managerial and personal skills.

6.18 Training and Development strategies are reviewed regularly in order to ensure that they continue to meet corporate and individual needs within ITSA.

Industrial Relations

6.19 ITSA's Management consults with staff and their trade union representatives as appropriate. ITSA has full and independent negotiating rights on all matters delegated to the Chief Executive by DSS. ITSA is seeking, with Trade Union representatives, to establish a structure of consultation which is directly representative of the Agency's staff.

7. ESTATE AND ASSET MANAGEMENT AND PURCHASING

Estate Management

7.1 ITSA provides its own Estate Management function through delegated powers from DSS, for buildings on the Departmental Estate (principally those of the central offices at Newcastle and North Fylde) and "common user" buildings on the estate of the Department of the Environment's Property Holdings (principally those of DSS's benefits administration network). On multi-occupancy sites where the Agency is the major DSS occupier it provides works and maintenance services to other DSS occupiers.

7.2 Where ITSA is a minor DSS occupier on a site, works and maintenance services are provided by the major DSS occupier. ITSA has special responsibilities for computer buildings on all sites. ITSA holds and directly manages the budgets for all work and services associated with computer buildings; where such a building is located within a site otherwise managed by DSS, close liaison is maintained with the relevant accommodation section over works and other services essential for the efficient running of the computer centre.

IT Purchasing and Asset Management

7.3 ITSA purchases IT equipment and systems for DSS and its Agencies in accordance with the framework provided by ITSA's approved strategy and Business Plan, using purchasing arrangements approved by DSS HQ. The Chief Executive is responsible for managing those Departmental assets in such a way as to deliver and maintain cost effective IT services. Since the Department remains the owner of these assets, procedures for their disposal are subject to agreement by DSS.

Purchasing and Supplies (other than IT equipment and systems)

7.4 ITSA provides its own purchasing and supplies facility, subject to DSS approval of purchasing arrangements, and holds the budget for this function.

7.5 "Call-off" contracts negotiated centrally by ITSA's purchasing unit in conjunction (where appropriate) with DSS HQ are the principal means of securing cost-effective purchasing in appropriate areas. Where it would be advantageous (eg. for supplies of goods or services which will be used across the Agency) major ad hoc contracts may also be negotiated.

8. FRAMEWORK DOCUMENT



Review Arrangements

8.1 DSS and ITSA in consultation with Treasury and OMCS will review this Framework Document by April 1992 and at least every three years thereafter.

8.2 Staff representatives will be consulted on amendments affecting conditions of employment.

8.3 The Secretary of State may issue supplementary directions or guidance relating to this Framework Document.

8.4 Copies of this Framework Document, and of any amendments subsequently agreed by the Secretary of State, will be placed in the Libraries of the Houses of Parliament.


28.03.
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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 March 1990

NEXT STEPS EXECUTIVE AGENCIES:
TRAINING AND EMPLOYMENT AGENCY

The Prime Minister was grateful for your Secretary of State's minute of 12 March. She has also seen the subsequent comments from the Chief Secretary and the Minister of State, Privy Council Office. She is content for your Secretary of State to proceed with the launch of the Training and Employment Agency.

I am copying this letter to Carys Evans (Chief Secretary's Office) and Martin Le Jeune (Minister of State, Privy Council Office).

PAUL GRAY

Stephen Leach, Esq.,
North#ern Ireland Office

cst.ps/let/9nl19.3

UNCLASSIFIED

cc P.U.

CHIEF SECRETARY TO THE TREASURY



Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon Peter Brooke MP
Secretary of State for Northern Ireland
Northern Ireland Office
Whitehall
London
SW1A 3AZ

27th March 1990

NBPM
PRCG
27/3

Dear Secretary of State

MMC EXAMINATION OF NORTHERN IRELAND ELECTRICITY

Thank you for your letter of 16 March which seeks my agreement to the cancellation of the MMC examination of NIE.

WITH PG

2. It is regrettable that the examination could not take place in the first quarter of 1990 as you had requested but I, like you, would wish to avoid putting intolerable pressure on NIE's small management team at a time when they will be heavily involved in the preparation for privatisation.

3. It is helpful that you have been able to suggest a substitute candidate for a scrutiny in 1990, and I am content that the NIE should be removed from this year's MMC programme. I am sure Nicholas Ridley, to whom you copied your letter, will wish to comment on the inclusion of Northern Ireland Railways in the MMC's programme, but if it is not examined this year it would seem be a good candidate for the 1991 programme.

4. I am copying this letter to the Prime Minister, Nicholas Ridley, Chris Patten, Kenneth Baker, Malcolm Rifkind, Cecil Parkinson, John Wakeham and to Sir Robin Butler.

Yours sincerely

Isleen Campbell

NORMAN LAMONT

Approved by the Chief Secretary and signed in his absence

cc PM.

SECRETARY OF STATE FOR SCOTLAND

SCOTTISH OFFICE
WHITEHALL. LONDON SW1A 2AU

The Rt Hon Michael Howard QC MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

NBPM
PRCG 28/3

27 March 1990

Dear Michael

EMPLOYMENT SERVICE EXECUTIVE AGENCY: FRAMEWORK AGREEMENT

Thank you for copying to me your letter of 19 March to Richard Luce with the Agency Framework Document. I am generally content with the arrangements set out in the Framework Document.

On the specific matter of your proposals for the future handling of correspondence from Members of Parliament, I am entirely content to encourage MPs to take cases up with the Agency direct so far as possible, recognising of course that there are likely still to be, from time to time, issues on which it would be appropriate for me to reply, as I have done in the past.

I know that you fully appreciate the significance of employment as a Scottish issue and the importance I attach to the services provided by your Department to help unemployed people into jobs, and I am confident that the arrangements you have put forward for the new Agency will result in a more effective service.

I am copying this letter to the Prime Minister, Richard Luce, John Major, Peter Walker, Tony Newton and Norman Lamont, and to Sir Robin Butler.

Yours ever

MALCOLM RIFKIND

ITP082P6

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CONFIDENTIAL AND MANAGEMENT-IN-CONFIDENCE

NDM
ET 28/3

Treasury Chambers, Parliament Street SW1P 3AG

Andrew Turnbull Esq
Private Secretary
10 Downing Street
London
SW1

27 March 1990

Dear Andrew

VALUE FOR MONEY SEMINAR: PSA AND GOGO STATUS

The Chief Secretary was interested to read the conclusions of the Prime Minister's Value for Money Seminar on 13 March. He very much shares the view that it is important to make early progress in improving PSA Services" (PSAS) competitiveness, which requires firm action to reduce costs.

2. Against this background, he was struck by the emphasis that Mr Brown laid on a target for creation of PSAS as a Government-owned company of 31 March 1991. The Chief Secretary believes that it is important to be clear whether setting so early a target for incorporation might not distract from achievement of the prime objectives for early action, given that changing the status of PSAS will involve a series of difficult and time-consuming exercises. For example, it will mean changing the status of all the staff; it will mean changing relationships with customers fundamentally; it will demand that PSA Services was in a position to prepare an opening balance sheet and run commercial accounts from 31 March 1991, allowing no scope for slippage; and it will compress the time scale for decisions on the structure of the new company, including for example its opening balance sheet and the distribution of assets between it and subsidiaries, which could be of critical importance to getting best value for the taxpayer for the sale.

3. The Chief Secretary therefore hopes that the Prime Minister's endorsement of the objective for incorporation of PSAS on 1 April 1991 does not preclude critical examination of whether such an early date for the change of status which must come before privatisation is practicable and in the best interests of

Government as a customers of PSAS and of securing a successful privatisation. Meanwhile he has asked Treasury officials to explore urgently with PSA what would need to be done to meet the timetable suggested by Mr Brown.

4. I am copying this letter to Roger Bright, to Simon Webb (MOD), Sir Angus Fraser, and Sir Robin Butler.

Yours
Carys Evans

MISS C EVANS
Private Secretary

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 5802
Telex 915564 Fax 01-273 5821

Secretary of State

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Office of Arts and Libraries
Horse Guards Road
LONDON
SW1P 3AL

26 March 1990

Dear Richard

EMPLOYMENT SERVICE EXECUTIVE AGENCY

Thank you for your letter of 22 March endorsing the arrangements under which I am launching the Employment Service Agency.

I attach the text of a parliamentary reply which I propose to make on 2 April, and the foreword to the framework document which you asked to see.

I am copying this letter to the Prime Minister, John Major, Peter Walker, Malcolm Rifkind, Tony Newton, Norman Lamont and to Sir Robin Butler.

Yours ever
Michael

MICHAEL HOWARD

jw.a2.te

DRAFT PQ

To ask the Secretary of State for Employment, when the Employment Service will be established as a Next Steps Agency and if he will make a statement.

MICHAEL HOWARD

The Employment Service becomes a Next Steps Agency today, 2 April 1990. The Employment Service has 35,000 staff dealing directly with the public, helping unemployed people into jobs and paying £4.6 billion in benefits for unemployment, making the Agency the biggest and the most significant to be set up so far under the Next Steps Initiative.

I am publishing today the Agency framework document which describes how the Agency will operate in relation to the Department, and its Annual Performance Agreement which describes the specific performance targets the Agency is aiming to achieve in 1990-91. Copies of these documents will be placed in the Library.

My Hon Friend the Minister of State will be writing to all Members with more details about the Agency arrangements and the responsibilities of the Agency's Chief Executive.

FOREWORD TO FRAMEWORK DOCUMENT

The Employment Service plays a key role in supporting the economic growth of this country. It has an excellent record in helping unemployed people into work - placing over one and a half million unemployed people into jobs last year - and it has made a crucial contribution to the steady downward trend in unemployment and the increase in employment which we have all welcomed. It can rightly be proud of this success.

The labour market of the 1990s will pose new challenges. With the change in demographic patterns and the increase in international competition, not least from Europe, the Employment Service will need to respond quickly and flexibly to changing labour market demands.

I believe that the establishment of the Employment Service as a Next Steps Agency - the largest and most significant Agency to be set up so far - will enable it to meet these challenges. Agency status will allow the management and staff freedom to manage and deliver their services more efficiently and imaginatively, and so improve the whole range of their services to their clients. I am setting the Agency stretching performance targets because I want it to deliver its services as efficiently and effectively as possible, for the benefit of the users of the Agency's services and the taxpayer. It is against the achievement of these targets that the Agency's success will be judged. I am delegating to the Chief Executive of the Employment Service full authority to manage the Agency and its day to day operations, and I am ensuring that he has the necessary financial and personnel management freedoms to do this.

The staff of the Employment Service have an excellent record in successfully meeting challenges over the years. I am confident that moving to Agency status will result in a better service to customers and better value for money for tax-payers.



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UNCLASSIFIED

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon Peter Brooke MP
Secretary of State for Northern Ireland
Northern Ireland Office
Whitehall
London
SW1A 3AZ

26th March 1990

Dear Peter

NEXT STEPS EXECUTIVE AGENCIES: TRAINING AND EMPLOYMENT AGENCY

Thank you for copying your minute of 12 March to the Prime Minister to me.

2 My officials have given yours a few drafting points on the framework document, subject to which, I am content that it provides a clear and robust frame within which the Agency can go forward seeking greater managerial freedom as its role develops and delivering its services, which have a clear part to play in the Province's economic development with increasing effectiveness, efficiency and economy.

3 The complement to that managerial freedom will of course be the evaluation of progressively more demanding performance targets within the frame set out in Annex 2 to the document. Your officials will keep mine informed of progress in this area and will, of course, be consulting them on the initial performance targets that you will be publishing for the launch of the Agency.

4 Subject to that consultation I am content that you proceed as you propose.

5 I am copying this letter to the Prime Minister and to Richard Luce.

Yours

NORMAN LAMONT



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FILE

JOHN MILLS

DEPARTMENT OF TRANSPORT 'NEXT STEPS' AGENCIES

Thank you for your note of today's date.

I think your points are worth pursuing. But I doubt if they are Prime Ministerial; on the Employment Service she simply wanted me to pass on Andrew Dunlop's points informally.

So can I suggest you should pass on the points to the Department of Transport. If you are having any difficulty let me know.

PAUL GRAY
26 MARCH 1990

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MANAGEMENT-IN-CONFIDENCE

PAUL GRAY **26 March 1990**

DEPARTMENT OF TRANSPORT 'NEXT STEPS' AGENCIES

WITH PG ?

Cecil Parkinson's letter of ~~23~~ March.

There is one point worth noting which relates to all three of the agencies which Cecil Parkinson wishes to announce. It relates to consultation with staff over future review of the Framework Documents. The arrangements for this look a little unsatisfactory. (The same point arose on the Employment Service, on which Andrew Dunlop advised the other day). The arrangements are also inconsistent.

This may seem fairly small beer, but it goes to the heart of the attempt to open up these parts of the public sector to private sector attitudes and practice through Next Steps.

Driver and Vehicle Licensing Agency

(para 6.2). Amendment of the Framework Document depends, inter alia, on consultation with **'the Trade Unions'**. (For the Employment Service, it was recognised Trade Unions). There is no mention of consultation with non-unionised staff. Changes in the annexes to the Framework (these contain important material such as performance indicators) are however left to management.

There will be a full review in three years time to which the Trade Unions will be invited to contribute.

Driving Standards Agency

(para 8.1). Review of the Framework depends, inter alia, on consultation with **'the Trade Union side'**. Again there is no mention of consultation with non-unionised staff. Review of the Annexes is also left to management.

Vehicle Certification Agency

(para 7.1). Review of the Framework also depends on consultation with 'the Trade Union side'. No mention, yet again, of non-unionised staff. But in this case, Trade Union consultation is also required for changes to the Annexes.

Comment

Keeping the Framework Documents under review is critical if the new Agencies are to develop in a market-orientated way and to be able to respond flexibly to new pressures.

Limiting consultation on this to the Trade Unions, but not to staff generally, could well act as a brake on this process. And it is unduly restrictive, going against the grain of the Government's industrial relations policy.

In particular, requiring trade union consultation on changes to the Vehicle Certification Agency annexes is likely to inhibit the Agency's (and the Department's) managerial freedom. Perhaps it is simply an oversight that Cecil Parkinson intends to require it for one, but not his other two agencies?

Finally, the different ways Trade Unions are referred to need sorting out. 'The Trade Union side' is Civil Service language which seems out of place in the new set-up. (I believe that the Employment Service formula ('recognised Unions') is the correct one, because Government policy is that matters of trade union recognition are for employers to determine on a voluntary basis).

Recommendation

- the different ways the Unions are referred to in the review clauses of the Framework Documents need to be clarified;

- it should be questioned why consultation about review of the Frameworks is not expressly extended to non-unionised staff too;

- it should be questioned why, for the Vehicle Certification Agency but not the other two, changes to

the Framework annexes also require union consultation. It would be wiser, as with the others, to keep this a management task.

John Mills

JOHN MILLS

PRIME MINISTER

NEXT STEPS:
NORTHERN IRELAND TRAINING AND EMPLOYMENT AGENCY

Peter Brooke has minuted you (Flag A) seeking approval to launch his Training and Employment Agency in Northern Ireland as a Next Steps Agency in next week's set of announcements.

I doubt if this is one of the agencies you need to take a particularly close interest in, although it will be significant as the first Northern Ireland agency. Richard Luce (Flag B) and the Chief Secretary (Flag C) are content, subject to detailed points.

Content to give Peter Brooke the go ahead for this?

PAUL GRAY
26 MARCH 1990

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Treasury Chambers, Parliament Street SW1P 3AG

The Rt Michael Howard QC MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

26th March 1990

Dear Michael

EMPLOYMENT SERVICE EXECUTIVE AGENCY: FRAMEWORK AGREEMENT

You copied to me your letter of 19 March to Richard Luce, enclosing the Framework Document for the Employment Service Agency (ESA) and supporting material.

2. As you say, this has been fully discussed between our officials, who have agreed a few further limited changes since your letter. Subject to these changes, I am content that the Agency should be launched on the basis set out in the these documents. In particular, I believe the documents now incorporate the agreed position on financial flexibilities, on which I was grateful for your letter of 20 March. I understand that the performance agreement, to which you refer, is still being finalised. It will clearly be important for this to set demanding targets, and also to be supported by the necessary systems to ensure that those targets can be monitored and delivered.

3. You also referred to the personnel aspect. I welcome your intention to charge the Chief Executive with the development and implementation of personnel policies appropriate to the needs of the Agency. Your officials will no doubt wish to keep mine closely in touch with their thinking as it develops in areas, such as recruitment, where we shall need to agree the proposed changes in due course. You also mention the possibility of the Agency developing its own pay structure. Your officials have made arrangements for mine to be closely involved in this work and, particularly, with the proposed pay scoping study. I am grateful for this. We will both need to look very carefully at the outcome of that study before reaching a view on what changes, if any, need to be made in this area.

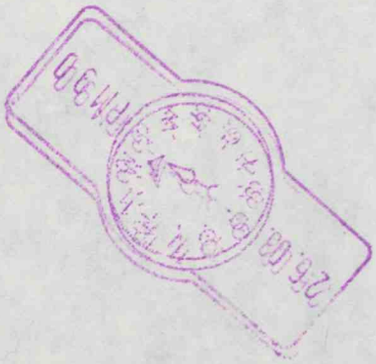
4. I am copying this letter to the Prime Minister, Peter Walker, Malcolm Rifkind, Richard Luce, and Tony Newton, and to Sir Robin Butler.

Yours ever

NORMAN LAMONT

Govit Machi Reeyner /T33

26.03.90



PA

Note Passed on all Andrew's comments to Anne-Marie Lawler in Michael Howard's office, and asked for them to be taken into account.

RRCG 26/3

PRIME MINISTER

EMPLOYMENT SERVICE EXECUTIVE AGENCY

It was agreed in the E(A) discussion last Autumn that the Employment Service would be launched as an Executive Agency. That is now planned for 2 April. This will be the largest Agency launched so far.

You may wish to glance at the proposed framework agreement circulated by Michael Howard (Flag A). This has now been agreed by Richard Luce.

Andrew Dunlop (Flag B) has raised one or two points on which he thinks further clarification is required. I sympathise with his points, with the exception of the proposal for more end-year flexibility on running costs. There is, however, a danger that raising detailed points on the framework agreement at this stage, just one week before the launch, could present major logistical difficulties. It would also mean re-opening a package which has been settled between the Department, the Treasury and Peter Kemp's Unit. A low key way of handling the issue might be for me to raise these points informally with the Department and say that you hope they will be fully taken into account in the development of the Agency's work.

(i) content to handle in that way? Yes MT

OR

(ii) do you want me to minute out any of Andrew's concerns more formally?

OR

(iii) do you feel the points are not worth pursuing at this stage? They are worth pursuing. MT

RRCG.

PAUL GRAY

23 March 1990

MANAGEMENT IN CONFIDENCE

THE DEPARTMENT OF TRANSPORT

SECRETARY OF STATE FOR TRANSPORT

FROM THE SECRETARY OF STATE

2 MARSHAM STREET LONDON SW1P 3EB
TELEPHONE 01-276 3000

The Rt Hon Norman Lamont MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

My Ref: c/PSO/12301/89

Your Ref:

23 MAR 1990

Dear Norman,

ESTABLISHMENT OF THE DRIVER AND VEHICLE LICENSING AGENCY, THE DRIVING STANDARDS AGENCY AND THE VEHICLE CERTIFICATION AGENCY

as will request if required.

In your letter of 11 September 1989 you agreed that the Driver and Vehicle Licensing Directorate (DVLD), the Driver Testing and Training Division (DTT) and the Vehicle and Component Approvals Division (VCA) should become Executive Agencies, subject to formal approval of the Framework Documents and targets. Those have now been agreed at official level with the Treasury and with OMCS. I therefore propose, subject to your agreement, to announce formally the establishment of the Driver and Vehicle Licensing Agency (DVLA), the Driving Standards Agency (DSA) and the Vehicle Certification Agency (VCA) as Executive Agencies with effect from 2 April 1990. I enclose a copy of each of the Framework Documents for these Agencies containing the text which will be published on that day.

These Agencies will, of course, continue to be part of the Department and hence subject as hitherto to Ministerial direction. MPs will therefore continue to have access to Ministers, and Ministers will continue to be accountable to Parliament on matters concerning all three Agencies.

I will be setting the Chief Executives of the Agencies demanding financial and service performance targets, these will be set out in published Business Plans. The performance of the Agencies against the targets set will be published in the form of Annual Reports. The respective Business Plans and Annual Reports along with the Framework Documents will be put in the Library.

The Chief Executives of these new Agencies will have the pivotal responsibility for day-to-day management. Following an open competition, I am proposing to appoint Mr Stephen Curtis, formerly Chief Executive of Companies House, to be the first Chief Executive of the Driver and Vehicle Licensing Agency. I also propose to appoint Dr Christopher Woodman and Mr Derek Harvey as Chief Executives of the Driving Standards Agency and the Vehicle Certification Agency respectively. I am satisfied that these are the right people to lead the Agencies and achieve the liberation of management energy we want to see.

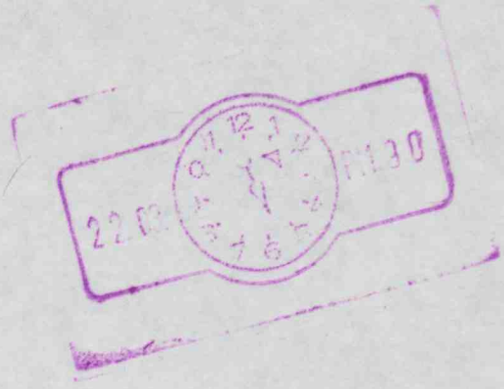
I am also confident that setting up these organisations as Agencies will strengthen their sense of corporate identity; ideas and resources will be more clearly focused on providing increasingly effective and economical services, whilst maintaining high standards of professionalism.

I am sending copies of this letter to the Prime Minister, the Chancellor of the Exchequer, Richard Luce, and to Sir Robin Butler and Peter Kemp.

Yours ever,

CECIL PARKINSON

Copies of attachments to Mr Lamont and Mr Luce



THE VEHICLE CERTIFICATION AGENCY

FRAMEWORK DOCUMENT

MARCH 1990

Vehicle Certification Agency
Department of Transport
Tollgate House
Houlton Street
Bristol BS2 9DJ

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FOREWORD

I am establishing the Department of Transport's Vehicle and Component Approvals Division as an executive agency from 1 April 1990. It will be known as the Vehicle Certification Agency.

The new title reflects more closely the Agency's responsibility for providing a national testing and certification service for new vehicle models and vehicle parts and for administering the compulsory national vehicle type approval schemes which operate in Great Britain.

The Agency forms a key link between the setting of standards for vehicle safety and environmental protection and their translation in to design and construction for use on the road. In carrying t this function and providing a service for manufacturers who need approval certificates, it needs to operate effectively and efficiently. To that end, it is being established as an executive agency with clearly identified objectives and responsibilities.

Under this framework document, I am devolving responsibility for day to day management of the Agency to the Chief Executive who will be accountable for achieving the objectives I have set. He and his staff will be required to meet specific unit cost and performance targets which will be set out in their annually published business plan. Their annual published report will describe and comment upon the Agency's performance against these targets and certain financial and management accounts.

Setting up the Vehicle Certification Agency will strengthen the sense of corporate identity within the organisation and help focus ideas and resources more clearly, whilst maintaining high standards of professionalism.

I wish the Chief Executive and his staff every success as they set out on this new venture.

Cecil Parkinson,
Secretary of State for Transport

March 1990

1. THE EXECUTIVE AGENCY AND ITS WORK

1.1 Formal Title

The Agency will be formally known as the Vehicle Certification Agency.

1.2 Function

In Britain (and in most of the rest of Europe) motor vehicles are required to demonstrate that they meet specific safety and environmental standards before they are permitted on to the roads. The Vehicle Certification Agency will be the authority responsible for testing those vehicles and vehicle parts and for issuing the subsequent approval certificates.

1.3 Aim and Responsibilities

The Agency's aim will be to contribute to the achievement of the Department's vehicle safety and environmental protection aims by providing vehicle and component test and certification services. The Agency will aim to perform its role efficiently and effectively, in a manner which commands respect from both industry and the public. Annex 1 lists the main statutory powers under which the Agency will operate. Its main responsibilities will be:-

i. to discharge the Secretary of State's statutory responsibility for operating "whole vehicle" type approval schemes; and

ii. as the designated United Kingdom authority, to provide a service to manufacturers who wish to obtain international vehicle system and component type approval certificates in the United Kingdom rather than from other approval authorities.

1.4 Objectives

In pursuit of its aims, the Agency will seek to achieve the following objectives:-

(i) Service and performance

1. To respond to the needs of industry and Departmental customers, as set out in the annual business plan.

2. To maximise the operational effectiveness and efficiency of its use of resources and meet financial targets set by Department of Transport Ministers.

3. To develop appropriate business and business initiatives consistent with the above objectives.

ii. Staff

4. To maintain a suitable and appropriate skill base (with the emphasis on relevant automotive engineering needs) to meet the Agency's service objectives.

5. To develop and maintain a relationship with both staff and trade unions which values the importance of the individual contribution to the Agency's work and which, through communications and team building, motivates staff to improve the efficiency, effectiveness and service of the Agency.

1.5 Organisation

The Agency will be based in Bristol with a test centre at Nuneaton.

The Agency will be organised in branches providing test services at its test centre and at manufacturers' premises in the UK and abroad, conducting whole vehicle examinations and conformity of production assessments at factories, dealing with administration (including administration of the organisation itself and handling applications, approvals and finance), and carrying out forecasting, planning, information management and quality assurance control.

The Agency will at the outset employ some 80 staff including administrative as well as professional and technical grades. The Agency's turnover will initially be about £$2^1/_2$ million a year.

1.6 Management Structure

The Agency will be managed by the Chief Executive, details of whose role and accountability are set out in section 2.7. He will be assisted by his Management Board which will normally meet monthly. The other members of

the Management Board will be the Chief Executive's Deputy and the heads of branches, all of whom will be designated key staff.

2. RELATIONSHIPS WITH THE DEPARTMENT, CENTRAL GOVERNMENT AND PARLIAMENT

2.1 Ministerial Direction

The Agency will be part of the Department of Transport. It will contribute to the development within the Department of advice to Ministers on new and amended technical standards for vehicles and their parts and will contribute to the development of relevant international standards. The setting of vehicle standards will remain the responsibility of the Department's Vehicle Standards and Engineering Division. The Department and Ministers will not be involved in the day-to-day management of the Agency.

2.2 Setting Departmental Policy and Targets for the Agency

The Permanent Secretary is the Departmental Accounting Officer and is responsible to the Secretary of State for the framework document, the allocation of resources to the Agency and for the setting of appropriate financial and performance targets. In exercising these responsibilities under the direction of Ministers, the Permanent Secretary will be advised by an Advisory Board chaired by the Under Secretary responsible for road and vehicle safety. The other members of the Advisory Board will include the Chief Executive of the Agency, the Department's Chief Mechanical Engineer, representatives of the Department's Vehicle Standards and Engineering Division and Finance Directorate and, as appropriate, the

Department's Personnel Management organisation. Other key staff of the Agency may be invited to attend meetings of the Advisory Board as necessary.

The Board's terms of reference will be to:

Advise Ministers and the Departmental Accounting Officer on the framework document, the content of the corporate and business plans for the Agency and the effectiveness of their implementation and the Agency's performance against them;

Advise Ministers on proposals from the Agency's Chief Executive about opportunities for new initiatives;

Consider the effect on the Agency of Ministerial decisions or policy developments internationally or within the Department of Transport or other Government Departments which might have a bearing on the Agency's business.

In the event of any disagreement between the Chief Executive and the Department, the Chief Executive will have the opportunity to make representations direct to the responsible Minister but must inform the Permanent Secretary of the advice he gives.

2.3 **Departmental Policy Divisions**

The division of responsibilities between the Agency and the Department's policy division concerned, the Vehicle Standards and Engineering Division,

is at Annex 2. Any proposals for major changes will be considered by the Departmental Advisory Board.

2.4 Departmental Customer Divisions and other agencies

In cases where the Agency supplies a service to other parts of the Department not covered by fees, the Agency will discuss with the Departmental customer(s) during the preceding Autumn what service(s) are required for the following financial year.

If customer divisions wish to vary their requirements in-year, they must give reasonable notice to the Ag[illegible] and discuss with them any associated changes to the funding arrangements.

Where the Agency provides a serv[illegible] to other agencies, reimbursement to the Agency will be made on a repayment basis based on full cost recovery.

2.5 Relationships with Providers of Common Services within the Department

The Agency will from time to time review the costs of services and supplies provided centrally by the Department and will discuss with the Department arrangements for untying from central provision where that seems desirable. The Agency will for the time being use the Department for the services listed at Annex 3. The Department will levy a charge assessed with full regard to the cost of providing them. Such an assessed charge, together with the associated notional on-costs will be reflected in the Agency's unit costs, fees and charges. For other services, and in particular for those listed at Annex 4, the Agency will be free to make its own provision

subject to satisfactory resource transfers being agreed with the Department.

2.6 Accountability to Parliament and the public

The Secretary of State for Transport will remain accountable to Parliament on all matters relating to the Agency. The Secretary of State will, however, encourage Members of Parliament in the first instance to address correspondence concerning individual cases to the Chief Executive who will be best placed to reply. Ministers will reply to letters dealing with questions of policy or where Members of Parliament are dissatisfied with the Agency's reply. Where correspondence is received by the Agency which has implications beyond its day-to-day work, the Agency will consult the relevant divisions in the Department before a reply is sent.

The Agency will not have its own Vote. The Permanent Secretary as Departmental Accounting Officer will designate the Chief Executive as Agency Accounting Officer and both will be liable to appear before the Public Accounts Committee when affairs of the Agency are being discussed. There will be no change to the practice governing the appearance of senior staff before other Select Committees of the House, nor to the role of the Parliamentary Commissioner in relation to the work of the Agency.

2.7 Role and Accountability of the Chief Executive

The Chief Executive will manage the Agency and will be personally responsible for the achievement of the Agency's performance targets and satisfactory management.

He will be responsible to the Minister but will report to the Chairman of the Departmental Advisory Board on the management of the Agency in ensuring that it meets its aims and objectives and agreed targets and budgets.

All delegations to the Agency will be vested in the Chief Executive and such other persons as he may nominate from time to time subject to any limits set out in the relevant Annexes to this framework.

The Chief Executive will submit for the approval of the Secretary of State:-

a. a 3 year corporate plan;

b. a 1 year business plan;

c. an annual report and accounts for the preceding year.

3. PLANNING AND RESOURCES

3.1 The Corporate Plan

The Agency will prepare a 3 year corporate plan which will be rolled forward each year. The corporate plan will set out the Agency's main strategies and objectives and the means of progressing towards them, paying particular attention to the identification of unit cost targets and the assumptions on which they are based together with performance targets and the means by which they will be achieved. Information on past performance will be provided as a means of comparison. The corporate plan will focus on policies, staffing and volume profiles as well as business initiatives.

3.2 The Business Plan and Budget

The business plan will be the definitive document against which the performance of the Agency will be judged.

Summary copies of the Agency's business plans and annual reports and summary accounts will be deposited in the Libraries of the Houses of Parliament each year, as will any revisions to the framework document. The business plan will contain the main performance indicators (summarised in Annex 5) and performance against past targets, where available. Although the prime instrument of financial control will be unit cost targets at specified levels of service, the Department will continue to present Vote Estimates for the Agency within the Administration and Transport Services Vote f gross expenditure and fee income appropriated-in-aid.

The business plan will be prepared annually using the trends and assumptions in the corporate plan as its basis. It will provide a more detailed account of the immediate aims of the Agency, including how it is intended to respond to the needs of industry and Departmental customers, and the resources and fee levels which will be needed to accomplish them. It will provide a brief overview of the Agency's work, organisation, financial budgets and work volumes for the current year and will state the budgets and targets for the year ahead and the planning assumptions behind them.

The Agency will also prepare each Autumn, as part of its business plan, forecast management accounts with demand volume, pay/price and unit cost assumptions. These accounts will be updated in February when the targets are confirmed.

3.3 Setting and periodic revision of fees and charges

The Agency will review fee levels and other charges from time to time, in particular, in the light of agreed targets, with a view to ensuring that fee levels are consistent with full recovery of type approval costs. The Agency will be responsible for reviewing and making proposals for fee levels to Ministers and will continue to follow Government policy in respect of fee-setting. Financial provision for non-statutory functions will be decided on a case-by-case basis.

3.4 Authority to take on new work

In addition to carrying out the responsibilities described in section 1.3 and any other work requested by Ministers, the Agency may develop and introduce additional activities, provided they are consistent with its aims and objectives. Any such additional activities must aim either to improve the overall efficiency and effectiveness of the Agency or to make improvements to the level or standard of service offered, or both. Any proposals for such additional activities will be agreed within the Agency's corporate and business planning framework, and those perceived to be of a continuing nature will be covered by specific statutory authority.

3.5 Setting and periodic revision of financial and other targets

The Agency will produce an updated corporate plan each year, outlining planned forward targets together with their gross expenditure and fee income consequences and manpower requirements, to the timetable consistent with the Public Expenditure Survey. These estimates will be firmed up by early October using pay/price assumptions agreed with Finance Directorate to form part of a focal year business plan with unit cost targets for agreement by the Department and Treasury before the submission of Vote Estimates in early December. Delegated budgets will be issued by Finance Directorate early in the new calendar year to reflect the unit cost targets agreed by Treasury.

4. FINANCIAL ARRANGEMENTS

4.1 Expenditure Classification and Control Mechanisms agreed with Treasury

The Agency will be exempt from gross running costs control. Within the public expenditure allocations the principal focus of financial control for the day-to-day management of the Agency will be the unit cost targets calculated using accruals whole cost accounts and agreed with the Department and Treasury.

Once unit cost targets are agreed, Finance Directorate will prepare Vote Estimates consistent with the Public Expenditure Survey programme reflecting the expenditure and fee consequences of the targets at estimated

volumes. The Agency's direct cash expenditure and appropriated fee cash income will remain subject to Parliamentary Vote funding.

The Agency's performance will be monitored primarily in terms of the total accrued management account unit cost while remaining subject to the effective management of the cash element of its budget and taking into account Vote consequences.

If the volume of external demand and hence resource requirements alter during the year, Finance Directorate will seek supplementary estimates as necessary consistent with maintaining the unit cost target.

4.2 Accounting Arrangements

The Agency will operate a financial control and management accounting system providing for a monthly review of costs incurred against agreed budgets. The system should reconcile with the Department's Vote Accounts for the Agency's current expenditure and fee income. Details of the accounting system and the Agency's accounting responsibilities are shown at Annex 6.

The Department and the Agency believe that, as a demand led self-financing body, the Agency's operation could well be suited to a trading fund type of financial regime.

4.3 Insurance Arrangements

Insurance arrangements will be as set out in Annex 7.

4.4 The Role of the Department's Finance Directorate

The Department's Finance Directorate will be responsible for those areas set out in Annex 8.

4.5 Financial, Contractual and Complementing Delegations

Financial, contractual and complementing delegations are shown in Annexes 9, 10 and 11 respectively.

5. REPORTING AND MONITORING

5.1 Measuring and Monitoring of Inputs and Outputs

The format of the monitoring statements, their frequency and the arrangements for ensuring that they are as up-to-date as possible will be agreed from time to time with Finance Directorate. The returns will cover expenditure, income, demand, outputs, unit costs, service standards and efficiency measures using the business plan as the base line for monitoring within the year.

5.2 The Annual Report and Accounts

The Agency will prepare and publish each year the annual report and accounts, the format of which will be agreed with the Department and the Treasury.

The accounts will have previously been subject to a certification audit by the office of the Comptroller and Auditor General.

The Agency will aim to present the annual report and accounts to Departmental Ministers by 31 July.

Copies will be deposited in the Libraries of the Houses of Parliament and will be made available to those organisations who represent the Agency's customers and to the testing laboratories which carry out tests on behalf of the Agency.

5.3 **Agency Quality Branch**

The Agency's Quality Branch will check that correct and uniform standards are maintained throughout the Agency.

5.4 **Role of the Department's Audit, Staff Inspection and Efficiency Scrutiny teams**

The Chief Executive will be responsible for commissioning the internal audit service required, to the standards set out in the Government Internal Audit Manual, to ensure the proper and efficient conduct of the Agency's affairs and to discharge his responsibilities as Agency Accounting Officer. In the first instance, these services will be provided by the Department's Internal Audit. Departmental Internal Audit will also advise the Permanent Secretary in line with his responsibilities as Departmental Accounting Officer. The Agency will continue to be subject to external audit and value for money scrutiny by the National Audit Office.

The Chief Executive will also be able to call on the services of the Department's Staff Inspection and Efficiency Scrutiny teams. Inspection programmes will be discussed with the Advisory Board as part of the forward planning process for inclusion in the business plan. Inspection reports will be submitted to the Chief Executive who will be responsible for ensuring their proper consideration and for the implementation of agreed recommendations. Copies of the reports will be sent to the Chairman of the Advisory Board, the Departmental Finance representative on the Advisory Board, and, in the case of staff inspections, to the Trade Union Side. The Chief Executive will report annually to the Advisory Board on the inspections and scrutinies undertaken, and the reasons for the rejection of any recommendations.

6. STAFFI ?

6.1 Status and Conditions of Service

The Agency's staff will continue to be civil servants of the Department of Transport. Civil service terms and conditions of service, including pay, recruitment criteria and grading will continue to apply unless specific provision is made to the contrary following normal procedures including consultation with the trade unions. Staff can remain in, or can join, the Principal Civil Service Pension Scheme, unless they opt not to do so.

In addition to the normal civil service rates of pay the Agency will develop with Treasury agreement an incentive scheme to reward staff if the Agency exceeds the performance and unit cost targets set.

Appointment of the Chief Executive may be made either by internal selection, from within the Department or on a service-wide basis, or by recruitment following open competition. The appointment will be for a fixed term with a possible extension, subject to review of performance.

The appointment of the Agency's key staff will be subject to the agreement of the Chief Executive and they will be accountable to him.

The Chief Executive will have delegated personnel management responsibilities from the Department as set out in Annex 12. The Department's Personnel Management organisation and the Vehicle Inspectorate's Personnel Management Branch will provide personnel management services for those responsibilities not specifically delegated.

For the time being, recruitment to fill vacancies in the Agency, including that of the Chief Executive and of key staff (other than recruitment to grades listed in the current Schedule to the Civil Service Order in Council 1982) will be carried out by the Civil Service Commission (via the Department's Personnel Divisions). Recruitment to grades included in the Schedule to the Civil Service Order in Council will be carried out on behalf of the Agency by the appropriate Departmental personnel unit or the Vehicle Inspectorate's Personnel Management Branch, in accordance with instructions and guidance issued by the Minister for the Civil Service and within a framework of roles and responsibilities to be agreed by the Agency and the Department.

The Agency will enter into an agreement with the Department's Personnel Management organisation and the Vehicle Inspectorate's Personnel Management

branch on the levels and standards of the service to be provided to the Agency and the costs to be charged.

The Agency will be committed to ensuring equal opportunity and treatment for all its staff and for all applicants for employment. The Chief Executive will act as the Agency's Equal Opportunities Officer, maintaining liaison with the Department's Equal Opportunities Officer, and will take responsibility for ensuring that Departmental policy on equal opportunities is observed.

The Agency will be fully committed to complying with the Health and Safety at Work, etc Act 1974. It will have its own Health and Safety Officer who will ensure that the requirements set out in the [illegible]t, and in relevant Departmental policy, are fully met. The Trade Union Side will be consulted on health and safety matters. An appropriate Agreement (or Agreements) on health and safety will be entered into.

6.2 Industrial Relations

The Chief Executive will be responsible for industrial relations within the Agency. The Agency will attach importance to the process of consultation with staff and their representatives. It will recognise existing trade unions and develop relationships with them. It will also attach importance to the need to make full use of the skills and talents of staff and to provide them with an opportunity to contribute to decisions affecting their jobs. Appropriate consultative arrangements within the Whitley system will be developed in conjunction with the Department and the trade unions.

6.3 Training

The Agency will develop a training programme designed to ensure that the Agency can take full advantage of the opportunities of executive agency status to realise the full potential of its staff in the efficient conduct of its operations, in its relationships with those who use its services, and in the achievement of standards of service.

7. REVIEW OF THE FRAMEWORK

7.1 Review Period and Mechanisms for amending the Framework

The Permanent Secretary, on behalf of the Secretary of State, and the Chief Executive will jointly review the framework document within 3 years (and thereafter as agreed between the Department and the Agency), or earlier if any part of the framework is no longer appropriate, and make whatever changes are appropriate after consultation with the Treasury, the Office of the Minister for the Civil Service, and the Trade Union Side.

Changes may be made to the content of the annexes to the framework with the agreement of the Under Secretary responsible for the Agency in consultation with the Agency and the Trade Union Side.

A list of the main statutory powers under which the Agency will operate

POWERS	FUNCTIONAL AREAS
European Communities Act 1972 s.2(2) United Nations agreement of 20 March 1958	Testing and issue of type approval certificates to international standards in respect of vehicle systems and components.
Road Traffic Act 1988 s.54-65	Operation of national type approval scheme for passenger cars in Great Britain.
Road Traffic Act 1988 s.54-65	Operation of national type approval scheme for goods vehicles in Great Britain.
Road Traffic Act 1988 s.80	Designation of approval marks.
European Communities Act 1972 s.2)	Testing of motorcycles and issue of certificates to confirm that their sound level conforms to European Community requirements.
Energy Act 1976 s.15 European Communities Act 1972 s.2(2) United Nations agreement of 20 March 1958	Testing to determine the fuel consumption of passenger cars and the issue of fuel economy certificates.
Finance Act 1973 s.56(1) and (2) Road Traffic Act 1988 s.61(2)	Collection of type approval fees and charges.

ANNEX 2

RESPONSIBILITIES OF THE AGENCY AND VEHICLE STANDARDS AND ENGINEERING DIVISION

1. The Agency will carry out vehicle type approval and related activities in response to policies developed by Vehicle Standards and Engineering Division and approved by Ministers.

2. The Agency will be primarily responsible for -

a. operating compulsory type approval schemes for motor vehicles in Great Britain;

b. carrying out tests and inspections to national and international standards on motor vehicles and vehicle parts and, as appropriate, issuing approval certificates to applicants;

c. advising Ministers and dealing with enquiries on the operational aspects of vehicle type approval;

d. developing detailed proposals for the operation of new or amended vehicle type approval schemes;

e. advising Vehicle Standards and Engineering Division on the practicalities of approving vehicles or vehicle parts to proposed new or amended technical standards (subject to paragraph 3 below);

f. advising Ministers and Vehicle Standards and Engineering Division on the practicalities of adopting harmonised arrangements proposed in Europe for approving vehicles and vehicle parts;

g. contributing to the development of policies by Vehicle Standards and Engineering Division in relation to the application of technical standards to vehicles and vehicle parts;

h. carrying out type approval activities on behalf of foreign governments or other Government departments;

i. calculating fees and charges for vehicle type approval activities.

3. Subject to a programme agreed by Vehicle Standards and Engineering Division and to agreement by the Departmental Advisory

Board on financing and resourcing the work involved, the Agency will also:

a. prepare and be responsible for regulations (and advise on primary legislation) governing national and international type approval schemes, including any appropriate fee regulations;

b. provide briefing for and representatives at international discussions on development of type approval arrangements;

c. develop specific areas of policy activity in the field of type approval;

d. carry out enforcement activities over and above those normally associated with type approval activities to give the Department appropriate assurances about the continued compliance of approved vehicles and vehicle parts with safety and environmental standards and to seek to ensure that the requirements of national type approval schemes are being adhered to;

e. prepare and be responsible for regulations governing fuel economy requirements; issue official fuel economy

certificates; periodically publish new car fuel consumption figures and information on vehicles' capabilities of using unleaded petrol; and contribute to issues of policy or practice relating to this remit.

4. In relation to tasks relevant to the Agency, Vehicle Standards and Engineering Division will be responsible for:

a. determining or negotiating on behalf of Ministers the development of new or amended national and international standards for vehicles and vehicle parts;

b. advising Ministers on the technical standards which should be applied to newly registered vehicles in Great Britain and the methods for such application;

c. advising Ministers on the acceptability or otherwise of proposed international technical standards for vehicles and vehicle parts;

d. ensuring that the United Kingdom becomes party to ECE and other international vehicle regulations except in circumstances where so doing would have unacceptable policy implications or would conflict with other standards or compromise negotiating positions;

e. advising Ministers on the acceptability or otherwise of proposals to harmonise motor vehicle approval requirements in Europe;

f. setting the level of enforcement and agreeing the programme of testing which the Agency will follow so as to ensure that an acceptable degree of compliance with type approved specifications is achieved;

g. dealing with enquiries about the appropriateness of motor vehicle technical standards and the way in which vehicle standards should be applied to new or existing types of vehicle which do not clearly fall within the scope of existing type approval arrangements;

h. handling proposals for changes to primary legislation in this field;

i. preparing and taking responsibility for the Construction and Use and Road Vehicle Lighting Regulations.

5. It will be for the Agency to determine operational matters within the framework of Vehicle Standards and Engineering Division's involvement described above. Any disagreements about what is an operating matter for the Agency and what is a matter for Vehicle Standards and Engineering Division will be for resolution by the Chairman of the Departmental Advisory Board, taking account of the advice of that Board.

6. In order to ensure that the Agency's knowledge and expertise is adequately available for policy advice, the Agency will provide any necessary information and advice to Vehicle Standards and Engineering Division to assist in policy formulation provided that the costs of such provision can be readily absorbed within the Agency's resources. Where the provision of such information would require a significant resource input on the part of the Agency, the Agency will negotiate an agreed and appropriate charge payable by Vehicle Standards and Engineering Division before carrying out the work involved.

Support services which the Department will provide, unless otherwise agreed

1. Internal audit.

2. Processing and payment of travel and subsistence claims made by the Agency's staff.

3. Banking (partly).

4. Personnel management and establishment services other than those specifically delegated to the Chief Executive.

5. Staff inspection.

6. Efficiency services (including O and M).

7. Personnel and document security (eg staff rules and conduct, security clearances, security furniture) etc.

8. Training.

9. Occupational health.

10. Arrangements for payment of staff.

11. Pensions and superannuation.

12. General advice on accommodation and office furniture, property management services, physical aspects of building security, Health and Safety Act.

13. Office machinery.

14. General guidance on telecommunications service and GTN services.

15. Procurement services other than those specifically delegated to the Chief Executive.

16. Library services.

17. Legal services.

18. IDS.

19. Statutory advertising.

ANNEX 4

Support services some or all of which the Agency may provide or arrange for itself

1. Banking (partly).
2. General office services.
3. Accommodation and property management services.
4. Building security.
5. Telecommunications.
6. Postal services.
7. Printing and stationery.
8. Office machinery.
9. VCA internal computing projects.
10. Public relation .
11. Staff suggestions.
12. Information services.
13. Library services.
14. Typing and secretarial services.
15. Reprographic services.

Main performance indicators

1. The Agency's aggregate unit cost.

2. Performance against target times for key stages in the approval processes, namely:

   a. the time taken between technical clearance and issue of the certificates; and

   b. the time taken between opening approval jobs and issuing certificates.

3. A further indicator (or indicators), still to be developed, relating to the quality of the Agency's work.

Accounting System and Responsibilities

1. The Agency's accounting system will:-

a. be consistent with Treasury requirements for the production of accrual trading accounts to validate fee levels;

b. recognise appropriate interfaces with Departmental management account systems such as IFCOS;

c. be capable of reconciliation with the Department's Vote accounting arrangements for the Agency's direct current expenditure and fee cash income; and

d. satisfy Government Accounting standards laid down by Treasury.

2. Ultimate responsibility for Vote Accounting will remain with the Department's central Accounts Branch (AB). Functions undertaken by the Agency will be as follows:

a. receipt of all fees including analysis of local bank reconciliations; transfers to PMG; supply of Vote Accounting figures to AB;

b. production of management accounts;

c. authorisation of payments within delegated limits;

d. investment appraisal;

e. production of detailed and summary budgets covering:- outputs, income, expenditure, staff numbers, cash flow;

f. maintenance of a fixed assets register which will incorporate current cost accounting principles;

g. preparation of unit cost indicators.

Insurance Arrangements

The Agency will insure (either separately or as part of a wider Departmental arrangement) any vehicles it uses on public roads in the course of its work.

The Agency will also insure its technical staff engaged in testing against any accidents or damages they incur in the course of their official duties.

The Department will meet any liability incurred by the Agency as a result of it being sued in a Court of Law including any damages or compensation payments subsequently awarded or any settlement reached in advance of the Court hearing.

ANNEX 8

Areas of Responsibility of the Department's Finance Directorate

1. Advising the Board on the adequacy of the Agency's accounting and financial systems and protecting the position of the Departmental Accounting Officer.

2. All liaison with Treasury on matters affecting the Agency including negotiations (with Agency support) to agree annual unit cost targets and Estimates provisions.

3. Financial approval of major investment decisions beyond agreed delegations limits.

4. Maintenance of data on financial performance, productivity and staff resources as required to meet external central Government demands.

5. Complementing approval to senior or other posts beyond agreed delegations limits.

6. Assistance in the negotiation of appropriate resource arrangements and transfers if and when functional responsibilities between the Agency and central services alter.

7. Notifying the Agency of factors affecting bids, processing bids, and notifying the Agency of agreed allocations.

ANNEX 9

Financial Delegations

1. The Chief Executive has been given the following maximum financial delegations.

Maximum financial approval	£40,000
Maximum financial approval (without competition)	£5,000
Claims - ex gratia payments	£500
Certification of invoice	£40,000
Authorisation of payment	£40,000

2. The Chief Executive may at his discretion (and subject to certain agreed maxima according to the grade of the officer authorised to exercise the sub-delegation) authorise sub-delegations to staff within the Agency. Such sub-delegations will always be made in writing to order to ensure that proper accountability is maintained.

3. Within delegated budgets and subject to the above financial delegations the Agency has authority to re-deploy resources according to the rules set out in the Appendix.

4. The Chief Executive is also delegated responsibility for the approval of special performance bonus payments within Treasury guidelines.

APPENDIX TO ANNEX 9

Cash Expenditure Budget Switching Rules

The Agency's cash expenditure budget is divided into 3 blocks.

1. Direct current expenditure (salaries, travel and subsistence, minor maintenance, stores, etc).

2. Services purchased from other parts of the Department:

   a. where the prime cost is DTp staff (eg some training, typing/copying provided from a central pool, computer advice provided by DVOIT);

   b. where the prime cost is consumables (eg stationery, printing, protective clothing, HMSO publications).

3. Capital (capital equipment and computers).

As under existing Treasury rules switching is permitted WITHIN any of the above blocks. Switching BETWEEN blocks is permitted as follows:-

   a. From block 1 to 2 and 3.

   b. From 2(b) to 1.

   c. From block 3 to 1 and 2 (subject to Treasury agreement).

Contractual Delegations

The Chief Executive has been given the following maximum contractual delegations.

Contractual approval	£25,000
Single tender action	£5,000

The Chief Executive may at his discretion (and subject to certain agreed maxima according to the grade of the officer authorised to exercise the sub-delegation) authorise sub-delegations to staff within the Agency. Such sub-delegations will always be made in writing to ensure that proper accountability is maintained.

Complementing Delegations

The Agency will have responsibility for complementing up to and including Grade 7 subject to:-

a. ensuring that grading standards are maintained;

b. accountability for controlling staff numbers relative to work demand;

c. production of regular returns of staff numbers in post and approved complemented posts by grade to formats and frequencies required by the Department's Finance Directorate;

d. taking reasonable account of staff inspection recommendations.

ANNEX 12

PERSONNEL MANAGEMENT DELEGATIONS

The following delegations have been made by the Department to the Chief Executive in respect of the Agency's staff up to and including Grade 7.

1. Approval of overtime, long hours gratuity, travelling time, meal, night, on-call and standby allowances. Certification of payment for these allowances.

2. Annual leave, special leave, time off within Departmental rules.

3. Substitution within Departmental rules.

4. Temporary and geographical promotion.

5. Discipline: oral and written reprimands, subject to Departmental procedures and rights of appeal.

6. Responsibility for flexible working hours arrangements.

7. Decisions on performance pay awards, subject to Departmental procedures.

Note

a. The Chief Executive will undertake the personnel management functions delegated to him in Annex 12. Otherwise the personnel management of P&T Group staff up to and including SPTO will be retained by the Head of Personnel Management Division 1 and by the Chief Executive of the Vehicle Inspectorate Executive Agency both acting on behalf of the Principal Establishment Officer. All non-delegated ects of personnel management for Administration Group staff will be retained by the Head of Personnel Management Div..ion 1 acting on behalf of the Principal Establishment Officer.

b. Recording and payment action for functions (1), (3), (4) and (5) above will remain the responsibility of VIPM and local personnel units as appropriate.

DRIVING STANDARDS AGENCY

FRAMEWORK DOCUMENT

9 March 1990

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DRIVING STANDARDS AGENCY

POLICY AND RESOURCES FRAMEWORK

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FOREWORD BY THE SECRETARY OF STATE FOR TRANSPORT

I am establishing the Driver Testing and Training Division of my Department as an Executive Agency on 2 April 1990. From that date it will be known as "The Driving Standards Agency". This will reflect more accurately the organisation's basic role of fostering good driving standards, including the standards of those who instruct learner drivers and train motorcyclists. The DSA's new slogan "Safe driving for life" conveys two messages: first, the need for instructors to teach people to drive and ride as a life skill, not just to pass the driving-test; and second, that careful and considerate driving saves lives. The Agency has a vital role to play in the Government's target to reduce road casualties by one-third by the year 2000.

The Driver Testing organisation is already run on business lines. It recovers its costs through fees, so it is not a burden on the general body of taxpayers. It has a range of service performance measures, in particular, the waiting time for the different types of test. It measures its efficiency by means of unit costs for its various activities: a recognised yardstick of efficiency in well-run private sector companies.

Executive agency status will enhance the organisation's ability to deliver services to its customers more efficiently and effectively. It will provide a stronger corporate identity, and an object of this Framework Document is to give it greater freedom to manage its staff and resources effectively. Good businesses recognise that success depends on meeting the needs of their customers. The DSA's customers are candidates for tests and driving instructors. One of the Agency's priority tasks in 1990/91 is to carry out a survey of its customers to establish the level of service they expect from it. I shall be looking to the Agency to develop flexible and positive responses to its findings.

The Agency will publish a Business Plan and Annual Report each year. The Plan will set out the targets I look to them to meet for the year ahead in terms of financial performance and service standards. The Annual Report will review the Agency's performance and will include a full set of financial and management accounts.

The driving-test was introduced in 1935. In the 55 years since then the Agency's predecessors have tested many millions of

people in cars, lorries and buses and on motorbikes. Testing will remain its core activity, but the Agency will have freedom to provide additional services which are related to that activity.

Agency status will provide the DSA's staff with new opportunities to contribute to better and safer driving in Britain. I have every confidence that they will do so, and I take this opportunity to wish them every success in the years ahead.

I. DESCRIPTION OF THE AGENCY

Title of Agency, Aim and Objectives

1.1 The Agency will be known as the Driving Standards Agency.

1.2 The primary aim of the Agency is:-

- to promote road safety in Great Britain through the advancement of driving standards and, in particular, by testing drivers[1] and driving instructors fairly and efficiently.

1.3 In pursuing this aim the Agency is expected to meet the following objectives:-

- progressively to improve the efficiency and effectiveness with which it carries out the statutory functions of the Secretary of State for Transport in connection with driver testing and instruction;

- to provide a high quality of service to its customers;

- to achieve the financial and performance targets set by Ministers, including the recovery of its full costs in fees and charges;

- to ensure consistency in the assessment of driving standards throughout Great Britain; and

- to run its operations as far as possible in accordance with best business practice.

1.4 The Agency will seek to strengthen its core activities by initiating as opportunity arises, and with Ministerial approval, new services in the field of driving standards that are not otherwise readily available and can contribute to road safety and the efficiency of the Agency.

1.5 The Agency will:-

- within the terms of this Framework and of the Agency's Business and Corporate Plans, as approved, respond to the requirements of Ministers and the Department of Transport on the content and running of driving tests and on the quality of driving instruction, and provide advice;

- develop its corporate identity;

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[1]Throughout this Document the terms "driver" and "driving" include motorcycle riders and riding except where the sense requires otherwise.

- establish consultative machinery and develop training policies which motivate staff to contribute to the achievement of the Agency's aim and objectives;

- introduce, after consultation with Treasury and with staff representatives, an incentive payment scheme designed to recognise the contribution of staff;

- develop integrated financial control and information systems to monitor its operations and to identify and respond to divergences between planned and actual performance; and

- seek to achieve Trading Fund status as soon as practicable.

The Business

1.6 The Agency is responsible for conducting four statutory driving tests - the 'L' test for motorists, the test for motorcyclists, at present in two parts, and the vocational tests for drivers of Heavy Goods Vehicles and Public Service Vehicles. It is also responsible for the operation and management of the Register of Approved Driving Instructors (ADI Register). The bulk of its activities (over 80%) is related to the 'L' test for motorists.

1.7 The statutory framework of the Agency is set out at Annex A.

1.8 The Agency provides a nationwide service through a network of some 375 full-time local test centres (and over 100 centres in occasional use) and 11 regional offices. It employs over 2,000 staff, of whom over 1,600 are Driving Examiners or Senior Driving Examiners located at test centres and some 270, based at the regional offices, provide booking and other services. Its turnover, derived from fees and charges covering the costs of the various services it performs, is currently about £43m. The organisation is described in more detail in Annex B.

Management of the Agency

1.9 The Agency will be headed by the Chief Executive, whose responsibilities are set out in paragraphs 2.5 to 2.8. The Chief Executive will chair the Agency's Management Board, which will normally meet monthly. The other members of the Management Board will be the Deputy Chief Executive and other senior managers, designated as key staff.

1.10 Regional Managers will be responsible for the driving test booking sections, the day to day deployment of the field organisation, the regional budgets and accommodation. The Regional Managers will report to their line manager in the Agency's headquarters.

II RELATIONSHIPS WITH THE DEPARTMENT OF TRANSPORT

2.1 The Agency is a part of the Department of Transport. Its Chief Executive is accountable to the Secretary of State for the efficiency of its operations and the implementation of road safety policies affecting driver training and testing. Ministers and the Department will not normally be involved in matters of day to day management.

2.2 The Permanent Secretary is the Departmental Accounting Officer and is responsible to the Secretary of State for Transport for the Framework Document, for the allocation of resources and, in particular, for the functions assigned in the Framework Document to the Department rather than the Agency (including the setting of appropriate financial and performance targets). A Deputy Secretary will assist the Permanent Secretary in discharging these responsibilities, and will provide the main link between the Agency and the rest of the Department.

2.3 The Permanent Secretary will appoint an Advisory Board to advise him/her, chaired by the Deputy Secretary and consisting of representatives of central policy divisions, the Chief Executive and one or more non-Departmental members with relevant business experience.

2.4 The terms of reference of the Board will be to assist the Deputy Secretary in:-

- advising Ministers on the Corporate Plan for the Agency, including strategic objectives of the business and long-term financial and performance targets,[2] the resources needed to achieve those objectives and targets, and the capital investment programme;

- advising Ministers on the annual Business Plan for the Agency, including its budget, performance targets and unit costs;

- advising Ministers on the consequences for the Agency of policy changes affecting driver testing and training, including those originating in other parts of the Department, and on any changes needed to the Framework Document;

- considering issues raised by the Department of Transport or by the Agency affecting the work of the Agency or with implications for Departmental policy, and in particular, any changes in the UK driver testing and training regime necessary to fulfil the Department's objectives in the field of road safety;

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[2]A list of service level indicators which it is intended progressively to develop in order to measure the Agency's performance is given in Annex C.

- monitoring the Agency's performance against the Business Plan and reviewing out-turn; and

- advising the Permanent Secretary that the Agency is being managed efficiently in accordance with good business practice.

2.5 The Permanent Secretary as Departmental Accounting Officer will appoint the Chief Executive of the Agency as the Accounting Officer for the Agency. The Chief Executive will be responsible for the management of the Agency, and will be assisted in this by the Agency's senior management team.

2.6 The Chief Executive is responsible for commissioning the internal audit service required, to the standards set out in the Government Internal Audit Manual, to ensure the proper and efficient conduct of the Agency's affairs and to discharge his responsibilities as Agency Accounting Officer. In the first instance, these services will be provided by the Department's Internal Audit. The Head of Internal Audit will advise the Chief Executive, by 30 June 1990, on the scope for establishing DSA's own internal audit unit and on its terms of reference. The Department's Internal Audit would be responsible for advising the Chief Executive on the operation of such a unit. Departmental Internal Audit will also advise the Permanent Secretary in line with his responsibilities as Departmental Accounting Officer. The Agency will continue to be subject to external audit and value for money scrutiny by the National Audit Office.

2.7 The Chief Executive will also be able to call on the services of the Department's Staff Inspection and Efficiency Scrutiny teams. The inspection programme will be discussed with the Advisory Board as part of the forward planning process for inclusion in the Business Plan. The Inspection Reports will be submitted to the Chief Executive who, as Accounting Officer for the Agency, will be responsible for ensuring their proper consideration, and for the implementation of agreed recommendations. Copies of the Reports will be sent to the Chairman of the Advisory Board, the Departmental Finance Representative on the Board and in the case of staff inspections the Trade Union Side. The Chief Executive will report annually to the Advisory Board on the inspections and scrutinies undertaken, and the reasons for the rejection of any recommendations.

2.8 The Chief Executive will report to the Deputy Secretary on the management of the Agency and its performance in relation to its aim and objectives (set out in paragraphs 1.2 to 1.5) and its agreed targets and budgets. The Chief Executive will be responsible for the preparation each year of:-

a. a Corporate Plan for the next 5 years;

b. a 1 year Business Plan, which will also be used as a contribution to the Departmental Management Plan; and

c. an Annual Report and Accounts.

2.9 The Finance Directorate will be responsible for:-

- advising the Advisory Board on the setting of targets, including unit costs, and on the Agency's performance against them; and

- liaison with the Treasury on matters affecting the Agency, including negotiations with the Agency's support, to agree annual unit cost targets and Estimates provisions.

2.10 The Department remains responsible for policy on road safety, but will look to the Agency for advice on matters relating to the testing and training of drivers, including the operational and financial implications of possible changes in the testing and training systems, advice on the need for and content of research and professional advice on driving technique.

Departmental Policy Divisions

2.11 Existing arrangements for liaison and consultation on policy development and operational matters between the Agency and the Department will be maintained. Any proposal for changes with significant implications for the Agency will be drawn to the attention of the Chairman of the Advisory Board and the Chief Executive and these implications will be reflected in advice to Ministers.

Relationships with providers of services within the Department

2.12 The Agency will manage the accommodation and other property it uses to best effect in accordance with its aim and objectives within the framework set for Government property generally, consulting the Department as necessary on matters affecting the Department's Vote and estate and seeking advice as appropriate from the Department's Management Services Group.

2.13 The Department will continue to provide the services listed at Annex D. It will levy a charge on the Vote for these services, determined with full regard to the cost to the Department of providing them, and this charge, together with the associated accrued notional on-costs (eg. superannuation) will be reflected in the Agency's unit costs, fees and charges. The Agency will also be able to continue to use, in return for payment, some services and facilities provided by the Traffic Area Offices and, at certain Test Centres, by the Vehicle Inspectorate. These arrangements will be subject to mutual agreement and review.

2.14 For other services and in particular those listed at Annex E, the Agency will be free to make its own provision subject to satisfactory resource transfers being agreed with the present providers.

2.15 The Agency will from time to time review the costs of services provided centrally by the Department. At the request

of the Agency, the Department will, on the service of appropriate notice, untie the Agency from central provision of any services where this is consistent with this Framework and with the obligations of the Department.

III. RELATIONSHIPS WITH PARLIAMENT AND MEMBERS OF PARLIAMENT

3.1 Department of Transport Ministers will continue to be answerable to Parliament for the policies underlying the Agency's activities and for the way it conducts its affairs.

3.2 Members of Parliament will be encouraged to write in the first instance direct to the Chief Executive of the Agency on operational matters for which authority has been delegated. Ministers will continue to deal directly with enquiries about matters of policy or levels of resources, and with any cases where a Member of Parliament specifically seeks a reply from a Minister.

3.3 The Permanent Secretary as the Departmental Accounting Officer and the Chief Executive as Agency Accounting Officer will both appear before the Public Accounts Committee when requested to do so. There will be no change to the practice governing the appearance of senior staff before other Select Committees of the House.

3.4 The Agency will be subject to scrutiny by the Parliamentary Commissioner for Administration in connection with its activities. The Chief Executive will be given the opportunity to comment on reports by the Commissioner sent in draft to the Department and on matters affecting the Agency raised by the Commissioner with the Department.

3.5 Copies of the overview and key tasks in the Agency's Business Plan (see paragraph 4.4) and its Annual Report and Accounts (see paragraph 5.5) will be deposited in the Libraries of both Houses of Parliament each year; also any revisions to this Framework Document (see Chapter VIII).

IV. PLANNING AND RESOURCES

The Corporate Plan

4.1 The Agency will prepare each year a Corporate Plan, setting out its strategy for the following five years and the key tasks needed to achieve its aim and objectives. This will include:-

- the analysis and forecast of unit costs;
- the setting of efficiency and service level targets;
- discussion of the assumptions underlying the Plan;
- planned levels of cash and manpower; and
- the capital investment which will be needed.

4.2 The Plan will cover new initiatives which the Agency proposes to undertake. These will be considered against the following criteria:-

- consistency with the Agency's aim and objectives;
- evidence of demand;
- the contribution to the efficiency of the Agency's activities;
- the extent to which the services offered are available elsewhere.

4.3 The Plan will be prepared in draft to the timetable consistent with the Public Expenditure Survey, and be revised as necessary to reflect its outcome. It will be submitted to the Advisory Board each year in time to provide the basis on which the Annual Business Plan is developed. The main forward performance and service targets will be published.

The Business Plan

4.4 The Business Plan will provide a more detailed statement of unit costs and financial and service level performance targets for the following financial year, and the immediate key tasks for the Agency. It will include an overview of the Agency's work, organisation, financial budget and performance in the current year and of the budgets and forecasts for the following year. The overview and key tasks in the Business Plan will be published.

4.5 The Business Plan and the estimates associated with it (using pay and price assumptions agreed with Finance Directorate) will be submitted to the Advisory Board in time to agree the unit cost targets with the Treasury and meet the Department's requirements for the purpose of the Vote Estimates.

Changes in the Corporate or Business Plans

4.6 Where the Agency is required by Ministers to take on additional tasks not covered in the Corporate or Business Plans already agreed, the full cost of those tasks will be separately identified in the accounts and, to the extent that the full costs cannot be recovered through statutory fees or charges, appropriate cash provision will be made by the Department.

4.7 Where a change occurs in the structure of unit costs, in the way the Agency carries out its tasks or in the long term demands on resources which could not be taken into account within the framework of the Corporate and Business Plans agreed with the Department, the Chief Executive will bring it to the attention of the Deputy Secretary for consideration by the Advisory Board as appropriate.

V. FINANCIAL ARRANGEMENTS

Financial Framework

5.1 The Driver Testing and Training organisation has been exempted from gross running cost control since 1 April 1987 and will remain so as an Agency. It will continue initially to operate as an on-Vote non-statutory trading body, accountable by reference to unit cost targets for its main activities at agreed service standards, and essentially dependent on demand for its level of activity. The Agency's direct cash expenditure and fee receipts will remain subject to Parliamentary Vote and once unit cost targets are agreed, Finance Directorate will prepare Vote Estimates which reflect the expenditure and fee consequences of the targets at Estimate volumes. Delegated budgets reflecting the unit cost levels and performance targets agreed by Treasury will be issued by Finance Directorate before the beginning of the next Financial Year so as to enable the business to proceed.

5.2 The Agency's financial performance will be monitored primarily in terms of unit cost targets calculated using total accrual cost accounts. Details of the arrangements for monitoring and accounting are at Annex F.

5.3 If the volume of external demand and hence resource requirements alters during the year, Finance Directorate will seek token Supplementary Estimates consistent with achieving the unit cost levels and performance standards which have been agreed.

5.4 The Department believes that the operations of the Agency, as a demand-led self-financing body, are well suited to a trading fund financial regime. At present the Agency's activities do not fall within the powers of the Government Trading Funds Act 1973; but they would fall within the proposed extension of those powers in the present Government Trading Bill. If Parliament approves this legislation, the Department will consult the Treasury about giving the Agency trading fund status as soon as practicable.

Annual Report and Accounts

5.5 The Agency will prepare and publish each year its Annual Report and Accounts, the form of which will be agreed with the Department and the Treasury. They will show the Agency's record of performance against its key financial and service targets. The Agency will aim to present the Annual Report and Accounts to Departmental Ministers by 31 July each year. The Accounts will be subject to certification by the Comptroller and Auditor General.

VI DELEGATION OF DEPARTMENTAL FUNCTIONS

6.1 Approval of expenditure is delegated from the Finance Directorate and the Department to the Chief Executive and other staff of the Agency as shown in Annex G. These limits are subject to periodic review and any changes will be agreed with Finance Directorate.

6.2 Authority to switch between certain blocks in the cash expenditure budget is as set out in Annex H.

6.3 Contractual delegations for the Chief Executive agreed with the Departmental Procurement Unit are set out in Annex I. These are likewise subject to periodic review and any changes agreed with the Unit.

6.4 Further delegations of authority for expenditure and contracts to outstations and to make ex gratia payments are as agreed between the Agency and Finance Directorate or the Unit as appropriate.

6.5 Freedom on staff complementing is given to the Chief Executive within the limits shown in Annex J and is subject to periodic review with Finance Directorate.

VII PAY AND STAFFING

7.1 The Agency's staff will continue to be Civil Servants of the Department of Transport. Civil Service terms and conditions of service, including pay, recruitment criteria and grading, will continue to apply unless specific provision is made to the contrary following normal procedures, including consultation with the Trade Union Side. Staff can remain in, or can join, the Principal Civil Service Pension Scheme, unless they opt not to do so.

7.2 The Chief Executive may be appointed either by internal selection, from within the Department or on a Service-wide basis, or by recruitment following open competition under arrangements approved by the Civil Service Commission. The appointment will be for a fixed term, with a possibility of extension, subject to review of performance.

7.3 The driving examiner grades are unique to the Agency, and the Chief Executive will have delegated responsibility from the Department for recruitment (in accordance with the principles laid down by the Department of Transport and for the full range of personnel management functions in respect of these grades, as shown in Annex K.

7.4 There will be no change in the arrangements for the posting of staff in administrative, executive and clerical grades by Personnel Management Division or the Regional Personnel Unit as appropriate. Staff in these grades will be able to transfer between the Agency and other parts of the Department and to be promoted from and into posts in the Agency as elsewhere in the Department. The opportunities for promotion and the standards of reporting will be the same for staff in the Agency as in other parts of the Department of Transport.

7.5 The Agency wishes to take on, as soon as practicable, responsibility for the recruitment of clerical, secretarial and office support staff. Without prejudice to the matters safeguarded in paragraph 7.4, the Agency will discuss with the Department the scope for delegation from the Department of other personnel functions which may be more appropriately exercised by the Agency for administrative, executive and clerical grades.

7.6 The Agency will seek to use the flexibility on pay allowed for in national agreements where there are special recruitment and retention difficulties and in recognition of the individual contributions of staff to the achievement of the Agency's aim and objectives.

Training

7.7 The Agency will continue to develop a training programme designed to ensure that the Agency can take full advantage of the opportunities of Executive Agency status to realise the full potential of its staff in the efficient conduct of its operations, its relationship with those who use its services and

the achievement of standards of service. The training programme will be produced within an overall Training Development Strategy, which relates to the 5 year Corporate Plan and the 1 year Business Plan. The strategy will include a comprehensive approach to training and development of staff at all levels.

Equal Opportunities

7.8 The Agency is committed to ensuring equal opportunity and treatment for all staff of the Agency and for all applicants for employment. The head of the Agency's personnel management branch will act as the Agency's Equal Opportunities Officer, maintaining liaison with the Department's Equal Opportunities Officer and having responsibility for ensuring that the Departmental policy on equal opportunities is observed.

Health and Safety

7.9 The Agency is fully committed to complying with the Health and Safety at Work Etc Act 1974. It will have its own Health and Safety Officer who will ensure that the requirements set out in the Act, and in departmental policy, are fully met. The Trade Union Side will be consulted on health and safety matters. An appropriate Agreement or Agreements on health and safety will be entered into.

Industrial Relations

7.10 The Chief Executive will be responsible for industrial relations within the Agency. The Agency attaches importance to the process of consultation with staff and their representatives. It will recognise existing trade unions and develop relationships with them. It also attaches importance to the need to make full use of the skills and talents of staff and to provide them with an opportunity to contribute to decisions affecting their jobs. Appropriate consultative arrangements within the Whitley system will be developed in conjunction with the Department and the trade unions.

VIII. REVIEW AND AMENDMENT OF FRAMEWORK DOCUMENT

8.1 The Permanent Secretary, on behalf of the Secretary of State, and the Chief Executive will jointly review the Framework Document within three years (and thereafter as agreed between the Department and the Agency) or earlier if any part of the Framework is no longer appropriate, and make whatever changes are appropriate after consulting the Treasury, OMCS and the Trade Union Side. Changes may be made to the content of the Annexes with the agreement of the Deputy Secretary responsible for the Agency in consultation with the Agency.

ANNEX A: STATUTORY FRAMEWORK OF THE AGENCY

1. The statutory framework within which the Agency currently conducts driving tests is as follows:-

a. motorists and motorcyclists - Part III of the Road Traffic Act 1988 and the Motor Vehicles (Driving Licences) Regulations 1987 (SI 1987/1378);

b. drivers of heavy goods vehicles - until 1 January 1991, Part IV of the Road Traffic Act 1988 and the Heavy Goods Vehicles (Drivers' Licences) Regulations 1975 (SI 1977/1309);

c. drivers of public service vehicles - until 1 January 1991, section 22 of the Public Passenger Vehicles Act 1981 and the Public Service Vehicles (Drivers' Licences) Regulations 1985 (SI 1985/214); and

d. drivers of heavy goods vehicles and public service vehicles (to be known as large goods vehicles and passenger-carrying vehicles) - after January 1991, Part III of the Road Traffic Act 1988 as amended by the Road Traffic (Driver Licensing and Information Systems) Act 1989 and regulations which will be known as the Motor Vehicles (Driving Licences) (Large Goods and Passenger-Carrying Vehicles) Regulations.

2. In addition, the Agency is responsible for :

a. the approval and authorisation of Appointed Training Bodies (ATBs) in connection currently with the Part I test for motorcyclists (under Regulations 14 and 16 of the Motor Vehicles (Driving Licences) Regulations 1987) and, in future, with basic training (which will supersede the Part I test) under section 89(2A) of the Road Traffic Act 1988 as amended by section 6 of the Road Traffic (Driver Licensing and Information Systems) Act 1989; and

b. the operation and management of the Register of Approved Driving Instructors which is dealt with in Part V of the Road Traffic Act 1988, the Motor Cars (Driving Instruction) Regulations 1989 (SI 1989/2057) and, as regards appeals, the Motor Cars (Driving Instruction) (Appeals) Rules 1969 (SI 1969/86) as amended by the Motor Cars (Driving Instruction) (Appeals) (Amendment) Rules 1970 (SI 1970/1967).

ANNEX B: ORGANISATION OF THE AGENCY

1. The Agency's Headquarters currently employs some 70 administrative, executive and clerical staff and is to be located in Nottingham from mid-1990.

2. Outside Headquarters there are 11 Regions under 8 Regional Managers, who are responsible for the execution of the Agency's functions at local level. The Regional Managers, who are accountable to senior management in Headquarters, are line managers for the field force of some 1,600 Senior Driving Examiners and Driving Examiners and the 270 executive and clerical staff currently located in Traffic Area Offices, most of whom are involved in the booking of tests, but some in the scheduling of examiners' workloads, collection of fees, personnel matters and other administrative back-up.

3. Under the Chief Driving Examiner there are separate operational networks, each of which is the responsibility of a Deputy Chief Driving Examiner, one dealing with the performance of driving examiners engaged in driver testing and the other with the operation of the Register of Approved Driving Instructors.

4. The supervision of the network of driving test centres for 'L' tests and HGV/PSV tests is divided geographically into 46 sectors, each of which is headed by a Supervising Examiner (Driving Tests) and overseen by one of five Assistant Chief Driving Examiners in Headquarters.

5. The work in connection with the testing of instructors applying to enter the ADI Register and their subsequent supervision is carried out by some 60 Supervising Examiners (ADI) who are managed from Headquarters by five Assistant Chief Driving Examiners.

6. In addition to these operational networks there is the Driving Establishment at Cardington in Bedfordshire, responsible for the training of driving examiners and staffed by a small cadre of 12 permanent staff, assisted by instructors on loan from the field force.

ANNEX C. MEASURES OF SERVICE PERFORMANCE

1. Waiting times for 'L' tests (national average, average in each region, maximum in each region).

2. Waiting times for motorcycle tests (as for 'L' tests).

3. Waiting times for HGV/PSV tests not block-booked.

4. Waiting times for ADI practical tests.

5. Percentage of ADIs seen within the period required by the check test programme (dependant on most recent grading).

6. Percentage of 'L' and motorcycle test appointments cancelled by DSA (i) without notice or with very short notice, (ii) with at least 2 days' notice to the candidate.

7. Percentage of HGV/PSV tests cancelled by DSA.

8. Time taken to issue appointment cards (by region).

9. Percentage of valid applications which are dealt with accurately, ie by issue of appointments complying with applicants' instructions as to time and date.

10. Percentage of telephone calls to booking sections answered promptly.

11. Level of complaints (as percentage of applications) about booking arrangements.

12. Level of complaints (as percentage of tests conducted) about conduct of tests and driving test centres.

13. Customer satisfaction levels (according to survey).

14. Number of 'L' test centres with on-premises parking for candidates.

15. Provision of facilities for candidates awaiting tests.

ANNEX D. **SUPPORT SERVICES WHICH THE DEPARTMENT WILL CONTINUE TO PROVIDE, UNLESS OTHERWISE DECIDED**[3]

Internal Audit.

Staff Inspection.

Personnel and Document Security (eg staff rules and conduct, security clearances, security furniture etc).

Arrangements for payment of staff.

Information/Press Office.

Legal Services.

Personnel management and establishment services other than those specifically delegated to the Chief Executive.

Procurement services other than those specifically delegated to the Chief Executive.

Pensions and superannuation.

Banking.

Emergency planning arrangements.

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[3]See paragraph 2.15.

ANNEX E. SUPPORT SERVICES WHICH THE AGENCY IS FREE TO PROVIDE OR ARRANGE FOR ITSELF IF IT WISHES

General office services (including accommodation).

Printing and stationery.

Office machinery.

Typing and secretarial services.

Reprographic service.

Library services.

Public relations.

Building security.

Telecommunications.

Postal services.

Processing and payment of invoices including employees' expenses.

Training.

Staff suggestions.

IT systems and facilities.

Business support services.

ANNEX F. MONITORING AND ACCOUNTING

1. It will be necessary to monitor expenditure and income in cash terms against Vote headings as agreed with the Department and the Treasury. The management and accounting frameworks depend essentially on the quality of the Agency's management information systems for the monitoring and control of finances, efficiency and quality of performance. The information systems will also be used to monitor data on driving tests and the other main activities.

2. The format of the monitoring statements, their frequency and the arrangements for ensuring that they are as up-to-date as possible will be agreed from time to time with Finance Directorate. The returns will cover expenditure, income, demand, outputs, unit costs, service standards and efficiency measures using the Business Plan as the base line for monitoring within the year.

3. The returns will be cleared by the Agency's Management Board and submitted to Finance Directorate and the responsible Deputy Secretary.

4. The Agency will adopt the Integrated Financial Control System (IFCOS) which provides information which is compatible with the requirements of the Department's Vote accounting. IFCOS will also form the basis of the Agency's own management accounting system which will provide for a monthly review of costs incurred against agreed budgets.

5. The Agency's accounting system will

- be consistent with Treasury requirements for the production of accrual trading accounts to validate fee levels for each of the main functional areas;

- take account of the interfaces with the Departmental management accounting system;

- be capable of reconciliation with the Department's Vote accounting arrangements; and

- satisfy the Government Accounting rules.

6. The Agency will be responsible for all the mechanics of accounting for its income and expenditure. The Department's central Accounts Branch will retain ultimate responsibility for Vote accounting and will obtain summarised information from the Agency.

ANNEX G. FINANCIAL DELEGATIONS

1. The Chief Executive has been given the following maximum financial delegations:

Financial approval:

- £100,000 (current),
- £100,000, or £250,000 within an overall programme approved by Finance Directorate (capital).

Certification of invoices:

- £150,000.

Authorization of payment:

- £150,000.

2. The Chief Executive may at his/her discretion (and in accordance with guidelines agreed with Finance Directorate) authorise sub-delegations to staff within the Agency. Such sub-delegations will always be made in writing in order to ensure that proper accountability is maintained.

3. Within delegated budgets and subject to the above financial delegations the Agency has authority to re-deploy resources according to the rules set out in Annex H.

ANNEX H. CASH EXPENDITURE BUDGET SWITCHING RULES

The Agency's cash expenditure budget is divided into 4 blocks:

1. Pay related (salaries, wages, overtime, ERNIC etc).

2. Non-pay direct costs (travelling and subsistence, accommodation running costs including minor maintenance).

3. Services purchased from other parts of the Department -

    a. where the prime cost is DTp staff (eg some training, typing/copying provided from a central pool, computer work provided by DVOIT).

    b. where the prime cost is consumables (eg stationery, printing, protective clothing, HMSO publications).

4. Capital works, major maintenance, capital supplies, capital equipment.

Switching is permitted **within** any of the above blocks except between 3a. and 3b.

Switching **between** blocks is permitted as follows :

i. from 1 to 2, 3b. and 4;

ii. from 2 to 1, 3b. and 4;

iii. from 3b. to 1, 2 and 4;

iv. no switching out is allowed into or from 3a;

v. up to 5% of the major maintenance element of 4 may be switched to 1, 2 or 3b. but no switching is allowed out of the remainder of 4.

ANNEX I. CONTRACTUAL DELEGATIONS

1. The Chief Executive has been given the following maximum contractual delegation (including purchase of approval):-

a.	by competition	£25,000;
b.	by single tender action	£5,000.

2. The Chief Executive may at his/her discretion (and in accordance with guidelines agreed with the Departmental Procurement Unit) authorise sub-delegations to staff within the Agency. Such sub-delegations will always be made in writing to ensure that proper accountability is maintained.

ANNEX J. COMPLEMENTING DELEGATIONS

1. The initial delegation in respect of complementing is from the Department to the Chief Executive of the Agency for all administration grades below Grade 6 and all examiner grades below Deputy Chief Driving Examiner.

2. The Chief Executive is responsible for ensuring maintenance of Treasury grading guidance standards and, if any subsequent scheme for sub-delegation (see 3 below) is agreed, will ensure that those involved are familiar with the guidance.

3. Finance may agree a subsequent scheme of sub-delegations to other post holders within the Agency as proposed by the Chief Executive. This will normally be concentrated within the Agency's Headquarters rather than fragmented.

4. The Agency will provide statistics of both approved manpower plans and staff in post by grade and organisational position and produce provisional plans for forward years to enable Finance to respond to the demands of Treasury for information.

5. The Agency will continue to make use of the services provided by the Staff Inspectorate as appropriate. It will take reasonable account of staff inspection recommendations both after reports and between inspections.

ANNEX K. PERSONNEL MANAGEMENT DELEGATIONS TO THE CHIEF EXECUTIVE

The following personnel management functions in respect of driving examiner grades are delegated from the Department to the Chief Executive:

1. Recruitment.

2. Reinstatement, subject to Departmental policy.

3. Pay certification - but not authorisation, which remains with the Director of Personnel Management.

4. Approval of overtime, long hours gratuity, travelling time, meal allowances and night, on call and stand-by allowances. Certification for payment.

5. Leave and Attendance - within Departmental rules.

6. Probation - report, confirmation of appointments, extension of probationary periods and terminations during probation.

7. Annual reports - initiation and completion.

8. Annual reports - retention.

9. Substitution.

10. Temporary and Geographical Promotion.

11. Substantive promotion - all arrangements.

12. Regrading, including demotion on grounds of inefficiency or limited efficiency and on disciplinary grounds.

13. Provision of references and certificates of service.

14. Claims against third parties for loss of services of employees.

15. Discipline (including dismissal) - subject to Departmental procedures and rights of appeal.

16. In-Service transfer within UK. Issue of terms and approval of claims for all detached duty and permanent transfers.

17. Transfers to non-civil service employment.

18. Reference to Medical Adviser.

19. Acceptance of resignations.

20. Termination of service - casual or period appointments, normal retirements, dismissals for inefficiency, compulsory early retirements, redundancies, approved early retirements, flexible early retirements, retirements on actuarially reduced terms, medical retirements.

21. Valedictory and condolence letters.

22. Pay determination - input to the annual Treasury review.

All personnel functions not mentioned above (e.g. superannuation and welfare) will continue to be provided by the central Department of Transport.

In the exercise of these delegations, the Chief Executive will be responsible for ensuring the observance of the Department's policy on equal opportunities (see paragraph 7.8).

B

PAUL GRAY 22 March 1990

EMPLOYMENT SERVICE EXECUTIVE AGENCY

see letter at front

Given the Prime Minister's concern last November on the subject of the future of the Employment Service, there are a number of points in the proposed framework document on which further clarification is required.

1. The Agency's Objectives: despite Norman Fowler's undertaking in his minute to the Prime Minister of 27 November, there is nothing in the Agency objectives about providing a job-placement service to anyone looking for work. Nor is there anything linking the objectives with the needs of employers.

Clearer operational objectives are required in Para 2.2 to leave it in no doubt that, in order to help ensure an efficient labour market, the Agency will provide job-placement services for anyone looking for work, and in a way which takes full account of employers' needs.

2. Consultation with trade unions: in Section 7, the Chief Executive is obliged to consult recognised trade unions on all pay and personnel matters. There is no mention of employees as a whole (ie those who choose not to belong to a union). In Section 8, any review of the framework document is likewise subject to consultation with recognised unions, but not employees generally.

This simply translates civil service rigidities into the new Agency. Moreover, it goes against the grain of our stance on industrial relations, especially in relation to Europe.

Greater flexibility is needed in Sections 7 and 8 to safeguard the interests of non-unionised staff.

NB You summed up ELA)'s discussions on 24/11/89 saying that the Group "thought it important that the service staffed by the Jobcentres should not be exclusively for the long-term employed". PRCG.

3. **End year flexibility on running costs**: The Treasury is strongly resisting giving the Agency any greater flexibility on this than the 0.5 per cent carry-over available now to all Departments.

Michael Howard and Richard Luce have argued strongly for greater flexibility. This must be right in order to demonstrate a meaningful difference between the Agency's operational freedom, compared with its former department. This will, for example, avoid last-minute rushes to spend in March when managerial judgement would argue otherwise.

A modest increase (to 1 per cent) in the flexibilities to running costs is required, with a commitment to review this in the light of experience with a view to greater flexibility in the future.

4. **Revenue generation**. The facility in Appendix B1 for the Agency to generate revenue from other sources, by charging for its services, is severely circumscribed: DE will in effect have a veto over how much can be generated. This seems an odd approach if we want Agencies to become more marketorientated. Provided agreed objectives are met (eg on the long term unemployed) why shouldn't the Agency be allowed to spread its wings in other areas of activity?

The proposed restrictions need to be questioned

Conclusion

The key point is to build in enough flexibility to enable the Agency to develop on sufficiently commercial lines. This will enable us to consider appropriate parts of it (eg job placement services) for privatisation in the next

Parliament. It would be a pity to build in unnecessary rigidities now that ruled out more radical options at a later date. The aim of Next Steps is, rather, to get rid of rigidities and create flexibilities instead.



ANDREW DUNLOP

Pour it mach: Rayre
Pt 33

CABINET OFFICE
OFFICE of the MINISTER
for the CIVIL SERVICE

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

Horse Guards Road
London SW1P 3AL
Telephone: 01 -270 5929

C90/1778

Rt Hon Michael Howard QC MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON SW1H 9NF

22 March 1990

Dear Michael.

EMPLOYMENT SERVICE EXECUTIVE AGENCY

Thank you for your letter of 19 March enclosing the Framework Document for the Employment Service which you are launching as an Executive Agency on 2 April. Subject to the views of others, I am delighted to be able to endorse the arrangements you propose. I wish the Chief Executive and his people every success for the future.

The Framework Document seems to me to be a clear document, setting out concisely what the Agency does, the relationships and responsibilities and how the target and resource setting is going to work. The way it is framed is designed to provide the Chief Executive, accountable to you, with scope to bring about improvements in the running of the Agency so as to carry out the tasks you set it efficiently and effectively. I am particularly interested in the pay scoping study which could give a big opportunity for further modernisation in this area.

The Employment Service will be much the biggest Agency so far. Its direct contacts with the public mean that it will be a very visible test of the way in which Next Steps provides improved delivery of service. I am sure that this is something you will have very much in mind in setting Agency targets.

I note also that you will be writing to encourage Members of the House to write direct to the Chief Executive, rather than you, on matters to do with the Agency's operations. I am sure this is sensible.

I expect that you will shortly be adding your own foreword to the Framework Document. This will be an important keynote statement, as will any Parliamentary reply you may make on the launch of the Agency, and I look forward to seeing them.

I am copying this letter to the Prime Minister, John Major, Peter Walker, Malcolm Rifkind, Tony Newton and Norman Lamont, and to Sir Robin Butler.

Yours Richard

RICHARD LUCE

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PM cc PM

CABINET OFFICE
OFFICE of the MINISTER
for the CIVIL SERVICE

Prime Minister
To note the efforts being made to get MPs to write to Agencies in the first instance.
Additionally, Lord Pres might speak to chairmen of 1922 to assure him that is meant to improve service not to get MP's back up

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

Horse Guards Road
London SW1P 3AL
Telephone: 01 -270 5929

Agree?
HT
2/3

C90/1756

The Rt Hon Sir Geoffrey Howe QC MP
Lord President of the Council
Privy Council Office
68 Whitehall
London SW1A 2AT

Yes

21 March 1990

Dear Geoffrey,

NEXT STEPS EXECUTIVE AGENCIES AND ACCOUNTABILITY

flap & repeat in folder below

As you may have seen from the Next Steps Project Manager's report to the Prime Minister last month, we are making good progress towards establishing further Executive Agencies under the Next Steps initiative. In addition to the existing twelve, which include the Insolvency Service set up this week, many more new Agencies will be set up over the next few weeks. This will be noticed, not just because some are very well-known names, such as the Met Office, but because activities like the Driver and Vehicle Licensing Agency (DVLA) and the Employment Service are the heartlands of the Civil Service.

I am therefore writing to you and colleagues now about a particular aspect of Next Steps which may attract the attention of MPs as this expansion goes on: our intention to encourage MPs to raise queries to do with an Agency's operations direct with the Chief Executive in the first place, rather than with the Minister.

As the Prime Minister's announcement of the Next Steps policy made clear, the heart of establishing an Agency is the delegation of responsibility for its day-to-day operations by the Minister to the Chief Executive. This is no way affects Ministerial accountability. The Chief Executive manages the Agency within the published framework of policy objectives and resources set by the responsible Minister, and reports to him; the Minister remains accountable to Parliament.

The advantage in Members writing direct to the Chief Executive on individual or constituency matters to do with the day-to-day business of an Agency is twofold. First, they will get an answer direct from the person immediately responsible who can

get the matter sorted out. This is already common practice in a number of areas. Then, if the MP needs to pursue the matter further for any reason, he or she can go on to approach the Minister in the usual way. Here too there may be less delay if the Minister is having to deal with fewer letters as a result of more cases being settled by Agencies. As you know, this last point has recently been reinforced by the minute from Sir Robin Butler to the Prime Minister of 16 February, and her Private Secretary's response of 1 March, about ways to minimise delays in departments' handling of MPs' correspondence.

In January, I was able to put on the record a statement of the position in the debate on the Government Trading Bill. In case ... you have not seen it, I attach a copy of the relevant extract from Hansard. Colleagues who are launching an Executive Agency may have it in mind to write to Members of Parliament. If so, I hope they will find this a useful reference.

I am sending a copy of this letter and the attachment to the Prime Minister; Ministerial Heads of Department; Norman Lamont; Peter Lilley; Lynda Chalker; Tim Renton; Lord Belstead and to Sir Robin Butler.

Yours

RICHARD LUCE

[Mr. Luce]

The Bill will allow revenue-generating agencies in particular even more scope to respond to customer demand. It is worth stressing that point, because many right hon. and hon. Members were concerned about the quality of service to the public, and that is a major priority for the Government.

Next Steps agencies are also ensuring that they keep their customers in touch with what they are doing. They are training their staff better to meet customer needs. I attach much importance to that.

There has been a lot of stress on the issue of accountability, in my view quite rightly. My hon. Friends the Members for Cambridgeshire, South-East and for Gainsborough and Horncastle and the hon. Members for Wrexham, for Makerfield (Mr. McCartney) and for Bradford, South (Mr. Cryer), among others, focused on accountability. It is of such importance that I hope the House will allow me to spend a moment or two to reiterate some of the points made by my right hon. Friend the Chief Secretary to the Treasury.

I stress the importance of the greater openness that will come from the Bill and the procedures that we are adopting under the Next Steps policy. There will be much more scope for Parliament to scrutinise the activities of the agencies than there has been hitherto, and that has been recognised by some of my hon. Friends if not by Opposition Members. Agencies' objectives and performance will be more open to scrutiny than ever before, by Parliament and by others with an interest, including their customers.

Parliament will know what the Minister has asked the agency to achieve, the resources the Minister has allocated, through Parliament, for the tasks, and the targets by which performance is measured, and through the agencies' annual report, the way in which the chief executive goes about the task and the extent to which the agency has been successful. That will be expanded on in the Bill, and I have no doubt that it will be debated in more detail in Committee.

A central feature of Next Steps arrangements is the position of agency chief executives. Each has managerial authority delegated to him or her by the responsible Minister.

The Minister is and remains accountable to Parliament as a whole and its Select Committees. When a Committee's interest is focused on the day-to-day operations of the agency, the Minister will normally regard the chief executive as being the person best placed to answer the Committee—on his or her behalf—on the performance of the agency. Ministers remain fully accountable for Government policies.

Alongside these more formal arrangements, right hon. and hon. Members need to know that the day-to-day operations of agencies are still open to their scrutiny on a day-to-day basis. There will always be queries and matters to be raised on behalf of individual constituents, besides the more general need of Members to inform themselves about the way in which Government policies are being executed in practice.

We believe that it will make sense to right hon. and hon. Members to deal in the first instance directly with the chief executive of an agency or his or her staff on matters for which he or she has delegated authority. Because Next Steps agencies are by their nature particularly likely to be delivering services to the public, I would expect that a good proportion of matters raised by right hon. and hon. Members on behalf of their constituents or in connection with an inquiry made of them, are likely to be such operational matters. They will get a quicker response and be likely to resolve any follow-up points more quickly and to their satisfaction by going direct to the agency, rather than routing their inquiry through the Minister—who would almost certainly want to seek advice from the chief executive. That is, therefore, the course I encourage hon. Members to take, bearing in mind that it is the Minister who sets the policy, the resources and the targets for the agency and the chief executive who is responsible to him or her for the way in which the agency uses those resources and sets about achieving its targets.

Many right hon. and hon. Members will recognise this as confirming existing practice, since we already have good contacts with the appropriate Civil Service managers in our constituencies. Certainly, the experience of the existing agency chief executives is that hon. Members find it helpful to contact the agency direct and I know that many Civil Service managers welcome the additional feedback about what their customers really think and the opportunity to rectify errors and omissions when something goes wrong, which a businesslike relationship with local parliamentary representatives can bring.

Mr. Hind: My right hon. Friend has told the House that there will be strong accountability. Will he confirm that every Next Steps agency will have to come to the House and be considered for the inclusion of a trading fund within its operations by positive resolution of the House, and therefore that that additional safety net will be built into the system that he is putting forward?

Mr. Luce: I am grateful to my hon. Friend for giving me the opportunity to reiterate what my right hon. Friend the Chief Secretary to the Treasury said, and what is clearly established in the White Paper. Any organisation that is considered as a candidate for trading fund status under the Bill will be subject to the affirmative resolution of the House before it is established.

Mr. Cryer: Before the Minister leaves the general point, will he say whether the chief executives will have powers to send a minute to the Comptroller and Auditor General if they disagree with any policy laid down by the Government regarding the agency under the relevant audit and exchange control Act, for example, as a permanent secretary has the right to do as auditing and accounting officer in a Government Department.

Mr. Luce: Of course, in most cases the chief executive is established as the accounting officer for his operation. The same relationship would exist as it does with a permanent secretary, who is the accounting officer for overall policy. I confirm that that would be the general position.

To complete my remarks on accountability, I emphasise that it will be an addition to the existing practice by which hon. Members can raise any matter that falls directly within a Minister's responsibility with him in the House.

In short, as we said in Command Paper 524:

"Establishing Executive Agencies within departments will involve some developments in the way in which external accountability is discharged. These include the publication of

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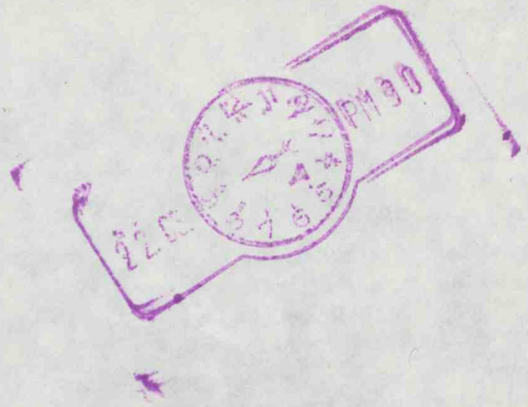
Pt 33



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PRIME MINISTER (1)

NEXT STEPS

Peter Kemp is holding a small party to celebrate the launch of a number of executive agencies on 2 April, including the Employment Service - a major landmark in the development of Next Steps. Sir Robin and those who have been most directly involved in Cabinet Office and the Treasury will be invited.

Sir Robin wondered whether you might be willing to drop in yourself for 15 minutes or so. I understand that you expressed an interest in meeting those involved in Next Steps work when you last saw Peter Kemp.

You have a dinner on that evening but could probably pop into the party for a few minutes.

Do you want to do so, if possible?

CAS

Caroline Slocock
21 March 1990

dti

the department for Enterprise

NBPM CRS

John Redwood MP
Parliamentary Under Secretary of State for
Corporate Affairs

The Rt Hon Norman Lamont MP
Chief Secretary to the Treasury
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Department of Trade and Industry

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Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 01 215 4417
Our ref
Your ref
Date 20th March 1990

Dear Minister

ESTABLISHMENT OF THE INSOLVENCY SERVICE AS AN EXECUTIVE AGENCY

Thank you for your letter of 20 March. You asked for reassurance on two points on the Framework Document which relate modification of agreements with the unions. Your first point related to paragraph 6.1 (pay). The wording of the Framework Document is entirely consistent with the NUCPS and CPSA pay agreements and provides management in The Insolvency Service with the flexibility they require in this area. The second point on industrial relations (paragraph 7.4) was also raised by Richard Luce. The reference here to modification of agreements refers to the consultation which we see as an integral part of good management. As I said to Richard in my letter yesterday, the particular circumstances of the case in question will determine how we proceed and we will not allow the Unions a veto.

It is important to remember that there is no single mould for Next Steps Agencies and we should consider future Framework Documents in the light of what management require in order to deliver a better more efficient service.

I am copying this letter to recipients of yours.

Yours Sincerely

pp Marcella Jaworski

JOHN REDWOOD

(Approved by the Minister & Signed in his absence)

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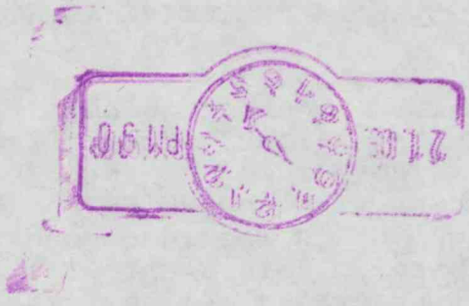

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the department for Enterprise

NBPM CAS

John Redwood MP
Parliamentary Under Secretary of State for
Corporate Affairs

The Rt Hon Richard Luce MP
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Department of Trade and Industry

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Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 4417
Our ref
Your ref
Date 20 March 1990

Dear Minister.

Thank you for your letter of 19 February. I am happy to confirm that the reference to modification of agreements at paragraph 7.4 refers to the consultation which we see as an integral part of good management. The particular circumstances of the case in question will dictate the way we proceed. The Unions will certainly not have a veto.

Copies of this letter go as before.

Yours sincerely

pp Marcella Jarvis.

JOHN REDWOOD

(Approved by the Minister and Signed in his absence)

Recycled Paper

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MANAGEMENT AND SENIOR STAFF IN CONFIDENCE

CHIEF SECRETARY TO THE TREASURY

NBPM at this stage cAS

Treasury Chambers, Parliament Street SW1P 3AG

John Redwood Esq MP
Parliamentary Under Secretary for Corporate Affairs
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H OET

20 March 1990

Dear Minister,

ESTABLISHMENT OF THE INSOLVENCY SERVICE AS AN EXECUTIVE AGENCY

Thank you for copying to me your letter of 15 March to Richard Luce about Agency status for the Insolvency Service.

2. On the basis of the Framework Document enclosed with your letter and the efficiency targets discussed by our officials which you intend announcing separately, I have no objections to the Insolvency Service being launched as your next agency. This is however subject to two reservations.

3. I was surprised to see the references in paragraphs 6.1 (pay) and 7.4 (Industrial Relations) of the Framework Document that agreements with the trade unions should only be modified by negotiation. It may be that I have misinterpreted what is said but I would welcome your assurance that the pay paragraph does not go beyond the national NUCPS and CPSA pay agreements and that future DTI Framework Documents will reflect the wording of those agreements more closely. On Industrial Relations, I would again welcome your assurance that the paragraph as now drafted does not make changes which management believe are desirable conditional upon the agreements of the unions.

4. I am copying this letter to the Prime Minister, Richard Luce, and Sir Robin Butler and Peter Kemp.

Yours sincerely

Aileen Campbell

NORMAN LAMONT

Approved by the Chief Secretary and signed in his absence

Sov it mach : Rayner CCPU
Pt 33



PS.let

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 . . 5802
Telex 915564 Fax 01-273 5821

Secretary of State

The Rt Hon Richard Luce MP
Office of the Minister for the Civil Service
Horse Guards Road
LONDON
SW1P 3AL

19 March 1990

Dear Richard

EMPLOYMENT SERVICE EXECUTIVE AGENCY: FRAMEWORK AGREEMENT

As you know, I am establishing the Employment Service as a Next Steps Executive Agency on 2 April. I should be grateful for your agreement, and that of interested colleagues to whom I am copying this letter, to the attached framework document describing the arrangements under which the Agency will operate. I am sure you are aware that this has been the subject of close consultation on the part of our officials.

The Employment Service is, of course, the largest Agency to be launched so far. Its work is also of great importance. Its main tasks of helping unemployed people into jobs and implementing the stricter benefit regime will continue to play a prominent part in our broader economic policies. I am sure that Agency status will enable the Employment Service to achieve improved performance in its work. We have developed arrangements covering planning, financial and personnel matters which should result in more effective service and better value for money for taxpayers and customers.

I expect to see better results through improved planning arrangements and more stretching targets for the Agency: I intend to set out in an annual performance agreement each year, the specific targets I want the Agency to achieve. It is against the achievement of these targets that the Agency will be judged.

Another new feature of the Agency will be the financial and personnel arrangements which it will be able to use to manage its operations. These are described in the framework document.

Secretary of State
for Employment

The financial arrangements agreed in principle with Norman Lamont for the Agency provide: new arrangements for virement between blocks of expenditure (including into running costs); a regime to allow retention of receipts for certain new activities undertaken on a full cost recovery basis; and a minor easement of capital end year flexibility. As you know, we had also requested enhanced end year flexibility on running costs to enable the Employment Service to manage its diverse operation more effectively. This has not been granted and I am writing separately to Norman Lamont on this issue. On the personnel side, the Chief Executive will be charged with the development and implementation of personnel policies and freedoms appropriate to the needs of the Agency . The ES has already signalled to staff and to its trade unions its wish to revise arrangements affecting areas such as probation, Executive Officer recruitment and possibly pay structures. The Agency will endeavour to pursue all of these issues in agreement with the ES trade unions. It will take them forward in the context of ED Group and Civil Service agreements and in consultation, as appropriate, with my Department, OMCS, Treasury and the Civil Service Commission.

The framework document also contains as an annex an updated version of the agreement under which I am responsible for the administration of benefits for unemployment on behalf of the Secretary of State for Social Security.

One issue of significance for colleagues in the territorial departments is the future arrangements for handling of correspondence from Members of the House. In future, in line with your recent statement to the House about all Executive Agencies, I will be encouraging Members to deal directly with the ES Chief Executive on local or constituency issues, and I plan to write to Members shortly explaining how the new arrangements will operate. I hope that Peter Walker and Malcolm Rifkind, who have up to now replied to enquiries from Members of Parliament about some Employment Service issues affecting their territories, are content to fall in with these arrangements. They are of course very much in keeping with the broader policy outlined in your recent report to the Prime Minister on the handling of all such correspondence.

I am copying this letter to the Prime Minister, John Major, Peter Walker, Malcolm Rifkind, Tony Newton and Norman Lamont, and to Sir Robin Butler.

Yours ever
Michael

MICHAEL HOWARD

THE
EMPLOYMENT SERVICE
EXECUTIVE AGENCY

FRAMEWORK DOCUMENT

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SECTION 1: STATUS

Name

1.1 The Employment Service came into existence as an integrated organisation on 26 October 1987, bringing together the work of the Jobcentre network and the Unemployment Benefit Service. This document lays down the framework within which the Employment Service operates as an executive Agency from 2 April 1990. Throughout this document the Employment Service is referred to as "the Agency". The Agency will continue to be known publicly as the Employment Service. The framework sets out the relationship between the Secretary of State for Employment and the Chief Executive of the Agency and the extent of the authorities and responsibilities of each.

Description

1.2 The Employment Service is an Agency within the Employment Department Group responsible for executing Government policies as agreed by Ministers. The Agency provides services and administers programmes as agreed by the Secretary of State for Employment, to help people get jobs, thereby helping employers to fill their vacancies. The Agency is establishing a network of merged offices to provide a single point of access to Government programmes and services for unemployed people.

Agreement with Department of Social Security

1.3 The Secretary of State for Employment administers benefits for unemployment on behalf of the Secretary of State for Social Security. Benefits are administered through the Agency's local offices. The Agency acts as the agent of the Secretary of State for Employment in carrying out these functions within the provisions of this framework agreement.

1.4 The Secretaries of State for Social Security and for Employment agree the aims and objectives, and the Secretary of State for Social Security is consulted about all policy, financial and planning matters concerning the administration of benefits for unemployment, including targets set for the Agency. These arrangements, including appropriate modifications of the roles and responsibilities of the Secretary of State for Employment, the Permanent Secretary of the Employment Department and the Chief Executive in relation to the administration of benefits for unemployment, are described in annex 1.

SECTION 2 : AIMS AND OBJECTIVES

Aims

2.1 The Agency's main aim is to help promote a competitive and efficient labour market particularly by giving positive help to unemployed people through its job placement service and other programmes and by the payment of benefits and allowances to those who are entitled to them.

Objectives

2.2 In order to meet this aim, the Agency has the following main operational objectives:

- to provide unemployed people, particularly those who have been unemployed for longer than six months and those in the inner cities, with job opportunities and help in job search skills, or opportunities to become self-employed or to find appropriate training;
- to provide particular assistance to people with a disability to take advantage of work and training opportunities; and to help and encourage employers to make such opportunities available;
- to pay benefit promptly, accurately and courteously;
- to encourage unemployed claimants to seek work actively; and to check that they are entitled to unemployment benefit, income support or national insurance credits in accordance with social security legislation;
- to discourage benefit fraud by identifying, investigating and where appropriate prosecuting those suspected of or colluding in obtaining benefit by deception.

2.3 In carrying out these objectives, the Agency aims to provide a high standard of service cost-effectively within the resources available.

SECTION 3: DELINEATION OF RESPONSIBILITIES

Role of Secretary of State

3.1 The Secretary of State determines the overall strategy for the Employment Department Group and thus determines the policy objectives for the Agency. The Secretary of State agrees, in the annual performance agreement, the output targets which the Agency is expected to achieve and allocates resources to the Agency as appropriate; and approves the Agency's annual operational plan, which describes the main ways in which the Agency intends to achieve its targets in the coming year and its broad plans for developing its activities in the next three years. These are described in more detail in section 5.

Role of Permanent Secretary

3.2 The Permanent Secretary is the Secretary of State's chief policy adviser, with principal responsibility for advising the Secretary of State on the Agency's objectives, on the policies it is to implement and on its performance against targets. The Permanent Secretary, supported by Employment Department head office officials, has a particular responsibility for ensuring the compatibility of the Agency's policies and activities with wider Employment Department Group and Government policies; for liaising with other Government Departments on the policies for the Agency; for international matters; and for legislation.

Role of Chief Executive

3.3 The Secretary of State appoints the Chief Executive of the Agency with the approval of the Prime Minister. One element of the terms and conditions of the appointment relates to the performance of the Agency in meeting the targets set out in the annual performance agreement.

3.4 The Chief Executive is a member of the appropriate senior Employment Department Group committees and in that capacity participates in discussions about overall Employment Department Group policy. The Chief Executive may also make proposals to the Secretary of State for changes in the policies and programmes operated by the Agency which are designed to improve the effectiveness with which the Agency meets its overall objectives. In doing this the Chief Executive consults with the Permanent Secretary or with Employment Department head office officials, to ensure that any proposals submitted to the Secretary of State are consistent with the overall policy objectives of the Employment Department Group. The Chief Executive is consulted before any policies affecting the Agency are put to the Secretary of State.

Delegation of Authority to Chief Executive

3.5 The Secretary of State delegates to the Chief Executive full authority to manage the Agency and its day to day operations. The Chief Executive is accountable to the Secretary of State for the performance of the Agency within the arrangements described above and for the efficient use of its resources. The performance of the Agency is measured against agreed targets relating to its main operational objectives as described in paragraph 2.2. These targets and the main processes by which the Agency achieves them with the resources allocated, are laid down in the annual performance agreement and operational plan. The Chief Executive is accountable for the Agency achieving its objectives and targets, as set out in the annual performance agreement and operational plan.

3.6 Once the performance agreement and operational plan have been finalised, the Chief Executive is free to deliver programmes and services in accordance with them. The Chief Executive reports regularly on performance on a basis approved by the Secretary of State. The Secretary of State may seek advice or information from the Chief Executive on any matter within the Agency's responsibilities at any time. The Secretary of State does not normally issue further directions to the Chief Executive other than in the circumstances described in paragraph 3.7.

3.7 The Secretary of State or the Chief Executive may call for revision of the annual performance agreement and the operational plan in the course of the year if, exceptionally, major changes in direction are necessary or circumstances arise which were unforeseen. This is likely to happen only when the Secretary of State wishes, within the year, to change the priorities of the Agency or to ask it to carry out new or different policies or activities; or when the Chief Executive wishes to diverge in any major way from the terms of the annual performance agreement or the operational plan or to propose activities not foreseen.

SECTION 4: ACCOUNTABILITY TO PARLIAMENT

4.1 The Secretary of State is answerable to Parliament for the Agency's activities. The Permanent Secretary is the Employment Department Group Accounting Officer and the Chief Executive is a Treasury - appointed additional Accounting Officer for the Agency Vote. The financial and management arrangements to enable the Secretary of State, the Permanent Secretary and the Chief Executive to discharge their respective accountabilities to Parliament are described in annex 2. The role of the Department of Social Security in respect of benefits for unemployment is described in annex 1.

Parliamentary Commissioner for Administration

4.2 The Agency's operations will continue to be subject to review by the Parliamentary Commissioner for Administration (PCA). The Chief Executive will be consulted by the Permanent Secretary on all replies to the PCA about complaints of maladministration in the Agency.

Arrangements for MPs Correspondence

4.3 The Secretary of State will continue to answer questions from Members of Parliament on matters concerning the Agency but will encourage them to contact the Chief Executive or other appropriate Agency managers direct on individual cases or operational issues, including those of local and constituency interest, since Agency managers are best placed to provide a rapid and informed response. To facilitate this, the Chief Executive will ensure that Members of Parliament have details of local Agency management.

SECTION 5: FINANCIAL AND PLANNING CONTROL

Planning Arrangements

5.1 Agency status provides scope for improved management in the Employment Service which will result in better value for money for taxpayers and customers. The Agency aims to achieve its objectives with economy, efficiency and effectiveness. Agency resources are allocated by the Secretary of State in the context of overall Public Expenditure Survey and Estimates procedures and the timing and nature of the Agency's planning process are consistent with these arrangements. The key documents in the financial and planning arrangements are the annual performance agreement and the operational plan. These are agreed by the Secretary of State and published in April each year.

Annual Performance Agreement

5.2 The annual performance agreement sets out the aims, the operational objectives and the annual output targets to be achieved within the specified allocated resources for the current year. The annual performance agreement is the basis on which the performance of the Agency will be judged and sets out the specific annual targets which the Agency proposes to achieve. The Agency conducts customer surveys which will inform the development of services.

Operational Plan

5.3 In addition, each year the Secretary of State approves the operational plan. Its primary purpose is to describe the main processes by which the Agency proposes to achieve its annual outputs under the performance agreement. It also sets out how the Agency's business is expected to develop over the next three years within the policies agreed by the Secretary of State. It shows how the Agency intends to improve the efficiency and quality of its services to the public and hence cost effectiveness and value for money during that period. This process enables the Secretary of State to agree the broad directions of the Agency's operations and, in areas where there are overriding policy considerations, set out any requirements which the Agency must fulfil. In addition, it provides the opportunity to endorse and expand on the agreed delegations and discretions within which the Chief Executive may, without seeking further agreement, change the balance between programmes or vary the scale of activities in each particular year.

Monitoring

5.4 The Agency's performance against the annual targets it has been set is monitored through performance returns, submitted regularly by the Chief Executive on a basis approved by the Secretary of State. The Chief Executive also submits to the Secretary of State annually

a report and accounts, which are published, on the Agency's use of resources and the results achieved. The Agency is developing a basic cash accounting system and further developing its main accounting and information systems, with the intention of producing fully auditable accrual-based accounts in 1992/3.

Specific Financial Arrangements

5.5 Within the framework of the annual performance agreement and the operational plan, the Chief Executive is authorised to operate the following specific financial arrangements, which are set out in more detail in annex 2, in accordance with the regimes agreed with the Treasury:

- to carry forward a proportion of unspent running costs and a proportion of capital allocations into the next financial year;
- to retain revenues generated by agreed Agency activities;
- the treatment of receipts from the sales of surplus offices and other assets to be determined year by year in the annual estates plan;
- to switch expenditure in-year between running costs, capital and programmes within limits agreed in advance for particular categories of expenditure, subject to Treasury approval of any necessary virement between vote subheads.

SECTION 6: SERVICES AND ORGANISATION

Estates

6.1 The Chief Executive is responsible for the cost effective management of properties occupied by the Agency as the sole or major user, and has authority to acquire and dispose of property on behalf of the Secretary of State. The operational plan includes an estates plan which sets out the principles on which the estate is organised, the orders of magnitude involved, the estimated costs and savings, and the financial regime which will apply. Once that is agreed the Chief Executive is free to proceed, in accordance with consultative arrangements approved by Ministers and without seeking the Secretary of State's agreement, on particular openings or closures of offices or on other specific issues. The Chief Executive and other managers within the Agency will enter into agreements with appropriate organisations on the provision of estates and works services.

Procurement and Purchasing

6.2 Subject to normal Government rules, the Chief Executive is responsible for the effective use of resources in procurement of supplies and services, within the delegated limits detailed the Financial Agreement. The Chief Executive may also commission external research or consultancy projects which contribute to the evaluation or development of the Agency's programmes and activities.

Information Technology Strategy

6.3 The Chief Executive is responsible for the maintenance of an information technology strategy to meet the operational needs of the Agency. The strategy is subject to approval by the Permanent Secretary, who is responsible for ensuring consistency with the rest of the Employment Department Group. Individual projects are managed by the Agency.

Provision of Services

6.4 The Agency performs a range of services for other parts of the Employment Department Group and for the Department of Social Security and other Government Departments and agencies; and it receives certain services from these and other bodies. These arrangements are described in annexes 1 and 3.

6.5 The Chief Executive monitors adjudication on claims to benefit to the extent agreed between the Chief Adjudication Officer and the Secretary of State for Employment for the purposes of the Chief Ajudication Officer's annual report.

SECTION 7: PAY AND PERSONNEL MATTERS

Chief Executive's Responsibilities

7.1 Agency staff are civil servants within the Employment Department Group. The Agency is an equal opportunities employer which follows the arrangements set out in the Employment Department Group Personnel Handbook. The Chief Executive may develop and implement personnel and pay policies best suited to the business objectives of the Agency, in accordance with statutory requirements and within the general framework of civil service and Employment Department Group staffing arrangements. In doing this the Chief Executive will consult as appropriate with the Employment Department Group, the Treasury and the Office of the Minister for the Civil Service (OMCS) and recognised trade unions within the Agency.

7.2 The Chief Executive's responsibilities include:

- the recruitment and retention of staff in the Agency;
- the training and development of Agency staff to meet the requirements and objectives of the Agency and to improve service to customers, including the drawing up of annual training and development plans;
- contributing to the development of the Employment Department Group's top management cadre;
- developing career opportunities for all staff taking full account of equal opportunities;
- developing appropriate pay arrangements for Agency staff;
- operating appropriate arrangements for effective communications with all staff.

7.3 Subject to consultation as in paragraph 7.1, the Chief Executive will, where necessary, seek additional flexibilities for the Agency in recruitment and terms and conditions of employment to further the Agency's business needs.

Employee Relations

7.4 The Chief Executive is responsible for conducting effective employee relations within the Agency including consultation, as appropriate, with recognised trade unions within the Agency.

SECTION 8: REVIEW

Review of the Framework Document

8.1 The Framework Document sets out how the Employment Service operates as an Agency. At the end of three years it will be formally reviewed and amended if necessary.

Modifications to the Framework Document

8.2 In addition, the Secretary of State, the Permanent Secretary or the Chief Executive may propose modifications to the framework before the three year review if significant changes in circumstances make this necessary. Any such changes to the framework will be subject to the consultation arrangements in paragragh 7.4 and to agreement by the Secretary of State for Employment, consulting with the Chancellor of the Exchequer, the Secretary of State for Social Security, and the Minister of State, Privy Council Office as appropriate.

ANNEX 1

AGREEMENT BETWEEN THE SECRETARIES OF STATE FOR SOCIAL SECURITY AND FOR EMPLOYMENT ON THE ADMINISTRATION OF BENEFITS FOR UNEMPLOYMENT *

Policy and aims

1 The Secretary of State for Social Security has agreed with the Secretary of State for Employment that the latter should administer benefits for unemployment on his behalf. These benefits are administered by the Employment Service through its local offices, acting as the agent of the Secretary of State for Employment under the provisions of the ES Agency framework document, the annual performance agreement and the operational plan. The Secretaries of State will ensure the coherent development and proper implementation of government policies on social security benefits for unemployment. The Secretary of State for Employment will, through his arrangements with the Employment Service, carry out functions on behalf of the Secretary of State for Social Security so that:

- development of benefit policy proposals is informed by an understanding of practical implications for claimants, for staff and for operational systems;

- there is effective and efficient delivery of benefits and advice to claimants which is accessible, informative, accurate and prompt and is in accordance with agreed objectives and targets; and

- the Secretary of State for Social Security can provide prompt and appropriate response to parliamentary questions, correspondence and other enquiries.

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* "Benefits for unemployment" includes unemployment benefit, income support and the award of national insurance credits for unemployed claimants.

Liaison

2 Liaison will cover aspects of either department's policy, monitoring and development which may affect social security issues, including legislation, benefit entitlement or payments to unemployed people, or which may have an impact on incentives to work or on the labour market generally. This will include consultation on operational initiatives which have or could have benefit implications or administrative implications for the other department or its agencies. This liaison will be carried out at official level between the Headquarters of the Department of Social Security and of the Employment Department. The liaison arrangements will be subject to regular review.

Monitoring and information

3 The Secretary of State for Employment will ensure that arrangements are in place so that both Secretaries of State are able as appropriate to monitor the effectiveness of benefit policies and their delivery, and monitor benefit and administrative expenditure. Statistical, economic and other relevant information collected by either department or their agencies and relating to the administration of unemployment benefits will be exchanged between the Secretaries of State for the purposes of informing and developing government policy in relation to the unemployed. This will include information on claims and claimants. This arrangement may extend, if the Secretaries of State agree it is appropriate, to the provision of information not regularly collected by the Employment Service. In such cases, the Secretary of State for Employment will request the Employment Service to supply information as provided for in paragraph 2.6 of the framework agreement.

4 Information will be provided by both Secretaries of State which permits the monitoring of expenditure and performance against targets for benefit administration. The Employment Department will be responsible for keeping the Department of Social Security informed on a regular basis of the extent to which the agreed levels of performance are being achieved by the Employment Service.

Management

5 Aims, objectives and targets relating to benefits for the unemployed, including those relating to customer service and value for money, are agreed each year between the Secretary of State for Employment and the Chief Executive of the Employment Service through the public expenditure survey and the annual performance agreement. This is the key document in the Employment Service's planning process and contains the targets set for the Employment Service in the light of the outcome of the public expenditure survey. The Secretary of State for Employment will consult with the Secretary of State for Social Security to ensure that he agrees

these aims and objectives; that he is content with the targets, and that the resources available for their achievement are compatible with those for benefits overall. This consultation process will have three key stages:

- during the public expenditure survey bidding process, over the aims and objectives behind provisional assumptions and over the proposed targets relating to benefits administration;

- at the commencement of negotiations with the Employment Service about the targets to be included in the annual performance agreement; and

- before the annual performance agreement is finalised, when the Secretary of State for Social Security will be given the formal opportunity to satisfy himself on the proposed targets.

6 The key targets will relate to the delivery of benefits for the unemployed and may cover such things as speed, accuracy and overall quality of service in dealing with claims.

Finance

7 The Secretary of State for Social Security and the Department of Social Security will be answerable for the general purposes for which expenditure on administering benefits for unemployment is intended. The Secretary of State for Employment and the Employment Department will answer for the overall economy and efficiency with which those benefits are administered and for assuring the Accounting Officer of the Department of Social Security that adequate mechanisms exist for determining an acceptable level of service in return for the monies concerned. There will be close co-operation between the departments' Accounting Officers, which will take account of the guidance in the Accounting Officer's memorandum and the formal relationships between a main departmental Accounting Officer and additional or sub-Accounting Officers. The Chief Executive of the Employment Service, as an additional Accounting Officer, will answer for the detail of how money is spent on the administration of benefit and the results achieved. The financial arrangements will be run along the following lines:

(i) The running costs and capital costs will be provided through the Employment Service's vote (Class VI Vote 3) and certain overhead costs through the Employment Department's vote (Class VI Vote 2). The Employment Department will charge the Department of Social

Security for the service provided and will be reimbursed from the Department of Social Security Administration and Miscellaneous Services vote and the national insurance fund. The money will be received by the Employment Service and Employment Department as appropriations in aid of their votes.

(ii) It will be the responsibility of the Secretary of State for Employment to ensure that the appropriations in aid are spent by the Employment Service on the administration of benefits for the unemployed.

(iii) Payments to the Employment Service and Employment Department will be on a monthly basis and made in time to be received before 16th day of each month.

(iv) Any social security benefits losses will be borne by the relevant Department of Social Security vote or national insurance fund as appropriate.

(v) The Secretary of State for Employment will ensure that the Secretary of State for Social Security is kept informed of the progress of expenditure made on administering social security benefits, particularly if any substantial shortfall or excess of expenditure is likely.

Operational arrangements

8 As well as liaison over the areas covered in paragraph 2 of this agreement, day-to-day liaison will also take place between the Department of Social Security's agencies and the Employment Service at local office and other appropriate levels. Such liaison will include interchange of information and advice on instructions, publicity and policy implementation as well as provision of procedural, policy or legal clarification and liaison between personnel involved in tackling social security fraud and abuse. These arrangements will be governed by service level agreements between departments and agencies as appropriate. Where such agreements are made direct between the Employment Service and agencies of the Department of Social Security, the Headquarters of both Departments will wish to satisfy themselves that the agreements contain adequate financial and policy controls.

9 Where one department or its agencies becomes involved in an issue affecting the responsibilities of the other or its agencies it will consult or inform the other as appropriate. If there is a doubt about responsibility, this will be resolved by consultation with the other department. If the main or only responsibility rests with the other department, that department will be invited to handle the issue.

ANNEX 2

FINANCIAL AGREEMENT BETWEEN THE EMPLOYMENT DEPARTMENT AND THE EMPLOYMENT SERVICE

1. This agreement sets out the detailed financial arrangements under which the Employment Service (ES) will operate as a departmental Agency. This agreement, which shows the respective financial responsibilities of the Department and the Agency, seeks to ensure the maintenance of proper financial systems to safeguard continued accountability for the use of public funds, while at the same time allowing the Agency the necessary flexibility to manage effectively and to meet the agreed performance targets.

Secretary of State's role

2. The Secretary of State determines the policy objectives and the financial resources within which the ES operates; agrees, in the annual performance agreement, the output targets against which the Chief Executive and the Agency will be judged; and is answerable to Parliament for the Agency's operations.

Permanent Secretary's role

3. The Permanent Secretary of the Employment Department (ED) Group is the Secretary of State's chief policy adviser and has the principal responsibility for advising the Secretary of State on overall priorities and targets for the achievement of ED Group objectives, including those of the ES. As Group Accounting Officer the Permanent Secretary is:

- in general charge of the Group and its overall organisation, management, staffing and financial resources and for Group - wide procedures in financial and other matters;

- responsible for the efficient and economical conduct of all its affairs and for ensuring that appropriate systems, including effective internal audit arrangements, are in place to safeguard financial propriety and regularity throughout the Group;

- responsible for answering to the Public Accounts Committee, other Parliamentary committees and the National Audit Office (NAO).

4. The Permanent Secretary advises the Secretary of State on the approval of the Agency's proposals and plans contained in the annual performance agreement and operational plan; and any proposals for in-year changes.

[redacted]f Executive's role

5. The Chief Executive has full authority from the Secretary of State for the management of the Agency and its day to day operations and is responsible for delivering a service in accordance with the agreed objectives and performance targets, in the context of the resources allocated by the Secretary of State and from the Department of Social Security for the administration of benefits for the unemployed. As Treasury - appointed Accounting Officer for the Agency, the Chief Executive is responsible:

- for the vote and accounts assigned to the Agency and for ensuring the economy, efficiency and effectiveness of ES expenditure;

- for the regularity and propriety of all payments; and for the proper application of all receipts;

- for ensuring that ES systems of financial management and control are sufficient to safeguard public funds;

- for ensuring that the ES has adequate systems for the regular review of staff resources to ensure that they are fully utilised and match the work demands and business needs of the agency and for assuring the Permanent Secretary that this work is carried out effectively and that appropriate standards are maintained;

- for dealings with the NAO on the Agency's vote, and is answerable on Agency activities and financial matters to the Public Accounts Committee and other Parliamentary Committees.

The Chief Executive has the personal authority to authorise expenditure, let contracts, write off losses and make special payments in accordance with the authorities delegated from the Treasury. Appendix A sets out the main areas in which these apply. The Chief Executive sets the levels of delegated authority within the ES.

ED Group Principal Finance Officer's role

6. The Employment Department Group Principal Finance Officer (PFO) is the Permanent Secretary's chief financial adviser. The ED Group PFO has no management responsibility for the ES but acts as the agent of the Permanent Secretary in providing financial oversight and advice on the allocation of resources across the Group. The ED Group PFO is responsible for the production and agreement for the Group as a whole of the Public Expenditure Survey (PES) and Estimates bids and their submission to the Treasury, for reporting to the Secretary of State on the allocation and use of Group resources and for seeking Treasury authority for supplementary Estimates.

7. The ED Group PFO is responsible for ensuring that total

Group expenditure is within the authorised cash and running cost limits and for monitoring the Group's expenditure and financial performance, including value for money, throughout the year. In association with the relevant ED HQ divisions, the ED Group PFO is responsible for advising the Secretary of State on the financial performance and efficiency targets for the ES as part of the annual performance agreement between the Secretary of State and the Chief Executive; and for monitoring the achievement of those targets on the basis of the reports provided by the Chief Executive to the Secretary of State. The ED Group PFO is responsible for providing assurance to the Permanent Secretary that the procedures and systems established by the Chief Executive meet internal audit requirements; and for the maintenance of a Group internal audit function with access, where appropriate, to all parts of the Group.

8. In association with relevant ED HQ divisions, the ED Group PFO prepares the response to any cross-Group approaches by NAO and any submissions to the Treasury which involve a material extension to or revision of the Agency framework agreement. The Chief Executive ensures that the ED Group PFO receives copies of all ES submissions to the Treasury and is consulted in advance on those with resource implications or which affect PES and Estimates, or which seek to change an existing delegated authority limit or introduce a new one.

ES PFO's role

9. The ES PFO is the Chief Executive's principal adviser on financial matters in ES generally, including the availability and allocation of resources. The ES PFO is responsible for ensuring there is due propriety and regularity in the use of resources within the Agency; that adequate accounting, audit and information systems exist to achieve proper financial management and control, performance information, and value for money and efficiency improvements; and that appropriate standards are maintained. The ES PFO ensures that PES/Estimates bids from across ES are scrutinised for value for money, takes the lead for the Agency in discussions on these issues with the ED Group and Treasury, and advises the Chief Executive on the delegation of financial authority within the Agency.

Resource bidding process

10. PES and Estimates bids are submitted to the ED Group PFO by the Chief Executive in an agreed form to a timetable to meet Treasury and departmental requirements. The bids will be accompanied by supporting explanatory information to justify any additions to the agreed baseline; setting out the ES priorities and planning assumptions; and specifying proposed cost effectiveness and value for money improvements including suggested performance targets.

11. The ED Group PFO scrutinises the bid in relation to

effectiveness and value for money in support of Group strategy and, after discussion with the Chief Executive where appropriate, submits the bid to the Permanent Secretary and the Secretary of State and advises them on it. The bid will be considered alongside others by Group top management as necessary.

12. The ED Group PFO submits the Group bids on PES and Estimates to the Treasury, takes the lead on the Group bid as a whole and, alongside Agency finance colleagues, participates in discussions with Treasury on Agency-specific PES and Estimates bids.

Resource allocation and control

13. Once negotiations with the Treasury have been completed and the financial resources available to ES for the next financial year have been determined and communicated to the ES, the Department and the Agency will negotiate an annual performance agreement and the Agency will, in the light of this, develop its operational plan. It will be for the Chief Executive to decide the distribution of resources as between the individual budget holders in the ES. The Chief Executive will have charge of ES expenditure, will ensure that expenditure control limits, whether set by the Treasury or the Group Accounting Officer, are not breached and that funds available to the Agency, including those provided for the administration of benefits for the unemployed, are used for the purposes for which they are intended. The Chief Executive will maintain the management and financial accounting systems etc necessary to achieve this.

In-year monitoring

14. The Chief Executive submits financial outturn reports (spend/profile by subhead), manpower and performance information to the Permanent Secretary and Secretary of State on a regular basis. Such reports will indicate any possibility of substantial underspending or an excess of expenditure over the approved Estimates and expenditure limits. The Permanent Secretary and the ED Group PFO will advise the Secretary of State on Agency financial and output performance against profile and on major variations if these occur. The Secretary of State, directly or through the Permanent Secretary, will discuss performance with the Chief Executive and agree necessary action.

15. Where a need arises, the Secretary of State and/or the Permanent Secretary may require the provision of additional management information by the ES for the purposes of satisfying themselves that resources are being used effectively and efficiently and with due regard for value for money.

16. The ED Group PFO will provide the Chief Executive with the information the Agency requires from the ED payment, financial and management accounting systems and such advice and assistance as it requires in the development of its information systems.

Agreed targets

17. The ES will continue to develop a range of information on inputs, outputs, performance ratios and associated expenditure and costs. This information will enable ES to demonstrate to the Secretary of State the achievement of value for money. Each year the Secretary of State approves an annual performance agreement which, in the context of the allocated resources, will contain the output and efficiency targets against which the Chief Executive's and the Agency's performance will be measured and monitored in the year ahead. The annual operational plan will describe the main processes by which the Agency will achieve these and, in addition, how it is intended to achieve value for money and efficiency targets over the PES period.

Financial accounting

18. As Accounting Officer for the Agency's vote, the Chief Executive will bring to account, in the ways required by Parliament and Treasury, all expenditure incurred or monies received by the ES and prepare and formally sign the ES appropriation account. The Chief Executive is responsible for ensuring that the internal ES accounting systems meet the overall requirements, practices and standards of the ED Group's financial accounting systems and of the Treasury.

Audit

19. The Permanent Secretary chairs a Group internal audit committee which will take an overview of auditing quality and standards throughout the Group and provide a forum for the consideration of Group-wide issues raised by internal audit.

20. The Chief Executive ensures that appropriate arrangements are made for internal audit of the Agency and its management information systems and that quality assurance is maintained within the field structure. The Chief Executive, in consultation with the Permanent Secretary and the ED Group PFO, will appoint a suitably qualified head of internal audit, reporting to the Agency's Accounting Officer, and develop an audit function which conforms with the standard laid down in the Government internal audit manual. The ED Group head of audit does not have managerial responsibility for the ES head of internal audit but, as head of profession, and the chief internal auditor responsible to the Group Accounting Officer, has the opportunity to comment on Agency audit plans and reports and has responsibility for assuring the ED Group PFO and the Permanent Secretary that proper standards are maintained throughout the Group, and thus the right to initiate additional audit relating to the Agency. The Chief Executive chairs the ES internal audit committee where the Permanent Secretary and the ED Group PFO are represented by the Group head of audit.

21. The Chief Executive is responsible for ensuring that ES official records are available for inspection by the Comptroller and Auditor General, in furtherance of the NAO's statutory certification and value for money audit functions in accordance with the provisions of the Exchequer and Audit Departments Act 1866 and the National Audit Act 1983 ; and by any other person so authorised by the Secretary of State.

Specific financial arrangements

22. Within the framework of the annual performance agreement and the operational plan, the Chief Executive is authorised to operate the following financial arrangements:

End Year Flexibility

a) to carry forward up to 0.5% of its running costs into the next financial year;

b) to carry forward up to £1 million of the funds made available for the major office network rationalisation programme and up to 5% of other capital funds;

Retention of revenues and receipts

c) to introduce, subject to certain limits (see Appendix B1) revenue generating activities. [It may apply revenues from such activities to meeting its objectives without their being offset against running costs];

d) the treatment of receipts from the sales of surplus offices and other assets to be determined year by year in the context of the annual ES estates plan;

Virement

e) in accordance with paragraph 3.14 of Cmnd 314, to switch expenditure in-year within the ES Vote between running costs, capital and programmes within limits agreed in advance for particular categories of expenditure (maxima: 1% into running costs and generally 10% into other areas) subject to Treasury approval of any necessary virement between vote subheads. Details are given at Appendix B2.

23. The Chief Executive will inform the Secretary of State of any use of the facilities described in paragraph 22 in the context of the regular reports on financial outturn described in paragraph 14.

24. The Chief Executive will seek the Secretary of State's express approval before:

a) incurring or undertaking expenditure on a new service not falling within an existing approved category;

b) expanding the range of any work in such a way as to create additional expenditure commitments in future years.

Finance - General

25. The Chief Executive is responsible for ensuring that:

a) appropriate procedures (as specified in Government Accounting) are applied to the purchase, custody and disposal of, and any losses affecting, stores, equipment and other assets;

b) the prior approval of the Treasury is sought for all cases, falling outside the delegated authority, which involve write off, waiver or abandonment of claims, making gifts, donations and special payments (including extra-contractual, ex-gratia, extra statutory or extra regulatory payments);

c) in accordance with Government Accounting the ES follows the usual practice of non insurance and obtains indemnities where necessary from HM Treasury. Any successful claims under indemnity will be met from ES provision;

d) the ES does not borrow money nor charge any asset or security;

e) all purchases of works, equipment, goods and services achieve value for money, ie quality, fitness for purpose, and delivery against price; and contracts are placed on a competitive basis unless there are sound reasons to the contrary.

Supplies and services procurement

26. The key objective of supplies and services procurement in the ES will be to achieve good value for money for the goods and services which it buys. The Chief Executive has responsibility for the effective use of resources in supplies procurement and for ensuring that the Agency takes full advantage of the opportunities for market testing. The Chief Executive will establish effective methods of ensuring that individual budget holders achieve value for money.

Staff matters

27. [The Chief Executive will have authority to create new posts up to and including Grade 6 level within an agreed ceiling above the current total of Grade 6 and Grade 7 posts. The ED Group PFO will be consulted in any case where the creation of a post raises wider implications of relevance to the ED Group.]

28. Proposed new posts at Grade 5 level will be referred to the Permanent Secretary for consideration and to the Secretary of State for approval, and any new posts above Grade 5 will be referred to the Treasury in the usual manner.

16.3.90

APPENDIX A

ES AGENCY - MAIN DELEGATED AUTHORITIES

GENERAL

Within the conditions set by central guidance, the Chief Executive will be responsible for authorising expenditure without financial limit on : the purchase of passenger vehicles, film making, on agency entertainment, the internal redecoration / maintenance of premises, and for certain special payments to meet losses, overpayments, charges to accounts etc, and to compensate staff for damage. The Chief Executive will also have authority to make other special payments in accordance with limits specified by the Treasury.

PREMISES

Capital expenditure on buildings - up to £3 million per project.

Operational expenditure on newly leased / purchased premises - up to £250,000.

IT / OFFICE MACHINERY

Expenditure on purchase, leasing and rental of equipment including telecommunications and use of computer service industry - up to £3 million per project (full project cost).

IT procurement - authority to dispense with competition - orders under £10,000 capital and £4000 a year current excluding VAT.

RESEARCH PROJECTS - Annual cost less than £120,000 per project; total cost less than £400,000 per project.

CONSULTANTS - Up to £150,000 per assignment (tendered).

EMPLOYMENT SERVICE PROGRAMMES

Expenditure on Restart, Jobstart, Job Release, Jobshare, Travel to Interview Scheme, programmes for people with disabilities - including sheltered employment : fees, allowances and other payments etc as agreed with Treasury.

APPENDIX B1

ES AGENCY - FINANCIAL FLEXIBILITIES

REVENUE GENERATION

1. The Employment Service may generate revenue from activities approved by the Secretary of State which meet the description set out below.

2. Such activities will not affect the delivery of the programmes and services provided for in the national operating plan agreed annually with the Secretary of State. Such activities will not be designed to compete with the private sector - ie they will normally be those which only ES is in position to offer in the relevant labour market when they are required.

3. Revenue generating programmes and services related to employment will contribute, directly or indirectly, to the priorities of the Employment Service or to the provision of information about local labour markets.

4. Revenue generating activities will be consistent with the role of a publicly funded employment service and will not be contrary to the interests of the Employment Service's clients.

5. Charges for such activities may be made to employers and others, but jobseekers will not be charged for any employment related activities undertaken.

6. Charges for revenue generating activities will normally reflect full economic costs.

7. The total revenue which the Employment Service may generate will be agreed each year with the Secretary of State and set out in the Annual Performance Agreement.

8. The activities would be evaluated, on an agreed basis, to ensure that they did genuinely contribute to priority objectives and did not distract from top priorities.

APPENDIX B 2

ES AGENCY CONTRACT - FINANCIAL FLEXIBILITIES

IN YEAR SWITCHING

ES Chief Executive to be free, subject to confirmation of Treasury agreement to particular case, to switch money in year as follows:

1. Switching **within** blocks (defined below) to be without limit.

2. Movement **between** blocks would be under the following rules:

block 1 movement in unlimited

block 2 monies in this block to be regarded as ring - fenced: no movements in or out without formal submission to HM Treasury

block 3 movement in/out limited to 10% of block funds

block 4 movement in only from blocks 1 3 5 6, limited to 1% of block income and 10% of exporting block

blocks 5/6 movement in limited to 10% of block income

Block structure:

1 A1 Restart courses, external jobclubs
A3 Travel to Interview
A4 Jobstart
A5 Jobshare
A6 Job Release

2 Remploy:
B1 grants
E1 loans

3 Disability Programmes
A2 Services for PWDs
B2 Current grants VBs
B3 Capital grants VBs
B4 Training payments LAs
D1 Current grants LAs
D2 Capital grants LAs

4 ES administration
C1 running costs: general employment service, unemployment etc benefit administration, restart (all counselling services, internal jobclubs), fraud

5 C3 Capital

6 Other
A7 Publicity
A8 Research
B5 sheltered employment research and development
C2 other admin

13.3.90.

ANNEX 3

AGENCY SERVICES

Listed below are the main services provided for and by the Agency at April 1990. In addition to these, the Agency publicises certain schemes and services run by other parts of the Employment Department Group, other Government Departments and outside bodies. Where appropriate, it refers clients to those schemes and services. The Agency provides labour market details to a range of organisations. During the three-year period of the Framework Document the services provided for and by the Agency may change and the Agency will consider the basis on which services are provided.

SERVICES PROVIDED FOR THE AGENCY

Provided by Employment Department Group

- Common services for London head office buildings
- Video conferencing support
- Payroll and related personnel administration
- Health and safety guidance (Central Safety Committee)
- Professional support for Employment Intelligence Units (EIUs)
- Marketing and publicity advice and support
- Despatch service
- Press office
- Staff welfare service
- Services for Group-wide promotion and recruitment panels and liaison with Treasury Staff Transfers and Trawling Unit
- Employment Service Management Information Services and Property and Estate Management Information Systems development and maintenance
- Other computer services
- Some assistance with research and evaluation
- File service/registry and records management
- Skills and labour market information eg from National on Line Manpower Information Systems

Provided by theTraining Agency

- Common services for Sheffield head office buildings
- Despatch service
- Staff training (Ranmoor Hall)
- Psychology services
- Procurement of Information Technology goods and services and computer network support
- Telecommunications
- Career development for economists, psychologists & statisticians
- In-house Youth Training Scheme

Provided by the Health and Safety Executive

- Medical advice from Employment Medical Advisory Service

Provided by Other Government Departments

Treasury Solicitor and Solicitor, Scotland

- Legal services

Department of Social Security

- Computer services (National Unemployment Benefit System/ Terminal Replacement Enquiry System and Benefit Related Payment System)
- Medical guidance for people with disabilities

Property Services Agency (Building Management)

- Works services under the payment arrangements

Department of the Environment (Property Holdings)

- ES occupation of common user estate properties

Scottish Home and Health Department

- Medical guidance for people with disabilities

Welsh Office

- Medical guidance for people with disabilities

SERVICES PROVIDED BY THE AGENCY

For the Employment Department Group

- Employment Intelligence Unit services
- Personnel services for Employment Department Headquarters outstationed staff
- Services for Group-wide promotion and recruitment panels
- Collection of unemployment, vacancy and other statistics
- Assistance with conducting the annual New Earnings Survey
- Property policy and staff training
- Transport policy and fleet management

For the Training Agency

- Payment of allowances (Employment Training payments and Youth Training Scheme bridging allowance)
- Consultancy/purchasing service for Employment Training /Youth Training Scheme participants with disabilities needing special aids/adaptations
- Property and Estate Management Information Service support
- Career development for research officers

For Other Government Departments

Department Social Security

- Advice on disablement allowances

Home Office, Ministry of Defence, National Health Service etc

- Recruitment/resettlement work

Inland Revenue

- Taxation of benefits

Welsh Office

- Employment Intelligence Unit support

Scottish Office

- Employment Intelligence Unit support

Central Statistical Office

- Collection of prices for Retail Prices Index

MANAGEMENT AND SENIOR
STAFF IN CONFIDENCE

EAM

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 March 1990

Dear Stuart,

ESTABLISHMENT OF THE INSOLVENCY SERVICE AS AN EXECUTIVE AGENCY

The Prime Minister has seen Mr Redwood's letter of 15 March to Mr Luce and notes his plan to establish the Insolvency Service as an Executive Agency on 21 March.

I am copying this letter to Carys Evans (Chief Secretary's Office), Sonia Phippard (Cabinet Office) and Peter Kemp (Cabinet Office).

Yours sincerely,

Caroline Slocock

CAROLINE SLOCOCK

Stuart Gill Esq
Office of the Parliamentary Under Secretary
of State for Corporate Affairs
Department of Trade and Industry

MANAGEMENT AND SENIOR
STAFF IN CONFIDENCE

EA

RLè

CAT

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 March 1990

Dear Mrs Reay,

The Prime Minister has seen Mr Curry's letter of 15 March to Mr Luce and noted without comment his plans to establish the Central Veterinary laboratory and the Veterinary Medicines Directorate as Next Steps Agencies on 2 April 1990.

I am copying this letter to Jim Gallagher (Scottish Office), Stephen Williams (Welsh Office), Stephen Leach (Northern Ireland Office) and Carys Evans (Chief Secretary's Office).

Yours sincerely,

Caroline Slocock

CAROLINE SLOCOCK

Mrs L Reay
Office of the Parliamentary Secretary
(Commons)
Ministry of Agriculture, Fisheries and Food

CC

O10

NBPM 9/3

CABINET OFFICE
OFFICE of the MINISTER
for the CIVIL SERVICE

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

Horse Guards Road
London SW1P 3AL
Telephone: 01 -270 5929

C90/1689

John Redwood Esq MP
Parliamentary Under Secretary of State
for Corporate Affairs
Department of Trade and Industry
1 - 19 Victoria Street
LONDON
SW1H 0ET

19 March 1990

Dear Mr Redwood

INSOLVENCY SERVICE EXECUTIVE AGENCY WILL REQUEST IF REQUIRED

Thank you for your letter of ~~15~~ March seeking agreement to the launch of the Insolvency Service as an Executive Agency on 21 March and attaching the draft framework document.

I welcome this further indication of the Department of Trade and Industry's commitment to the Next Steps Initiative.

As you said in your letter, my officials have been consulted about the framework document. There is, however, one point about which I should like to be clear and that is the reference at paragraph 7.4 to modification of agreements by negotiation. Presumably this recognises the fact that consultation is an integral part of good management and is not intended to imply that changes are dependent on the agreement of the unions.

I note that the Insolvency Service is being set challenging performance targets which will help it provide an improved quality of service to those who use it, and better value for money to the taxpayer. The objectives set out in the framework document clearly commit the Service to a considerable programme of change in the coming years. I wish the new Chief Executive, Peter Jones, and his staff in the Agency every success in tackling these challenges.

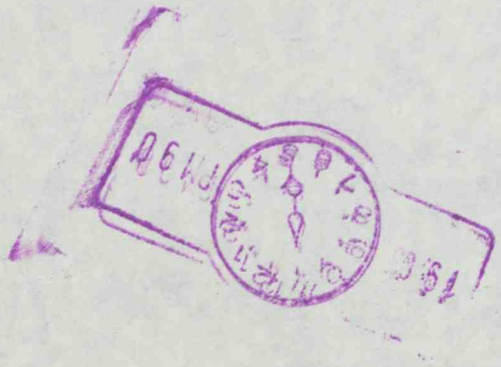
I am copying this letter to the Prime Minister, Norman Lamont, and to Sir Robin Butler and Peter Kemp.

Yours faithfully

Matthew Lee

pp RICHARD LUCE

(Approved by the Minister & signed in his absence)



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

NEXT STEPS: NORTHERN IRELAND TRAINING AND EMPLOYMENT AGENCY

Peter Brooke copied to me his minute of 12 March seeking agreement to the launch on 2 April of the Training and Employment Agency as the first Executive Agency in Northern Ireland.

My officials have worked closely with those in Northern Ireland Civil Service in developing these Agency proposals, including the framework document and its performance measures. I am pleased to see the Next Steps initiative being applied in Northern Ireland and I am sure that the Training and Employment Agency will deliver the same improvements in performance which we are seeing emerge from the Agencies already launched here.

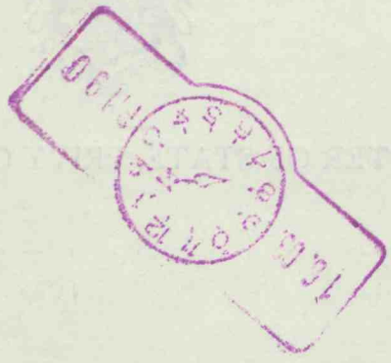
I understand that work to finalise performance targets for announcement at the time of the Agency's launch is well in hand. I note the appointment of Mr Crozier to the post of Chief Executive. I gather that Mr Crozier's appointment has the support of Mr John Spence, the private sector Chairman of the Agency's Steering Board. I am glad to see the commitment to consider the option of open competition when filling the post in the future. This is, of course, in line with our stated policy that open competition should be considered for all Chief Executive appointments. Indeed, I would hope that it will be possible to go straight to open competition for the Chief Executives of other Agencies in Northern Ireland.

I am very happy to endorse the launch of this Agency, and wish the Chief Executive and all the staff of the Agency every success in the challenge ahead.

A copy of this minute goes to Peter Brooke and Norman Lamont.

RICHARD LUCE
16 March 1990

GOVT MACH: Rayner pt 33



MAFF

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

From the Parliamentary Secretary (Commons)

Richard Luce Esq
Minister of State
Privy Council Office
Whitehall
London SW1A 2AT

15 March 1990

Prime Minister

These are MAFF's first 2 Agencies. ⊗ is particularly welcome. Both chief Executives have been appointed after open competition. There is no need to read the Framework documents.

CDS 16/3

Dear Richard,

DOCUMENT IN ATTACHED FOLDER

John MacGregor announced last April that the Central Veterinary Laboratory (CVL) and the Veterinary Medicines Directorate (VMD) had been identified as possible candidates for Agency status under the Next Steps initiative. Following further detailed studies by my Department in consultation with Treasury and OMCS, John Gummer announced on 26 February his conclusions that Agency status would offer benefits both to the Department and to the CVL and VMD and that the latter should be launched as Agencies on 2 April 1990.

The CVL, which is located at Weybridge, has some 600 staff and currently forms part of the State Veterinary Service. It carries out disease surveillance and monitoring, provides specialist diagnostic facilities and undertakes research into animal diseases and zoonoses. The CVL does also offer limited services to the private sector but its primary function is and will remain that of providing my Department with essential and highly-specialised in-house laboratory services.

The Veterinary Medicines Directorate, also at Weybridge, is a smaller body with some 80 staff. It is responsible for licensing veterinary medicines and for the associated policy work and advice. As part of my Department's newly formed Food Safety Directorate it plays an important role in protecting consumers from potentially hazardous or unacceptable medicinal residues in food.

Following their move to Agency status, both the CVL and the VMD would be expected to recover their full costs through charges to their Departmental and other customers, including the pharmaceutical industry. This will be matched by greater

⊗

delegation of responsibility for resources and personnel management. John Gummer believes that these two changes will lead to a more effective use of resources, clearer priorities and greater accountability to their customers. We shall also be looking for measurable improvements in the efficiency and management of both Agencies over time.

... Framework Documents for both Agencies are enclosed. These have been discussed in detail with your Department at official level and I believe the only point now outstanding is the precise level of the CVL's delegated authority for complementing. Despite the precedent set by the Civil Service College, Treasury officials are, apparently, insisting that delegated complementing authority must be limited to grade 7. This seems to me to be quite unnecessarily restrictive, given the Next Steps philosophy, and I must ask you to reconsider it.

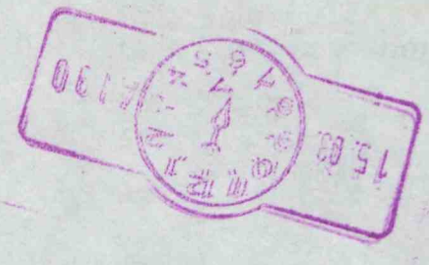
My officials have now written to yours with proposals for specific targets for both Agencies for 1990/91, including plans to introduce accruals accounting by April 1991. Subject to these and the complementing question being resolved satisfactorily, I hope you and those to whom I am copying this letter can agree to launching the CVL and VMD as executive agencies on 2 April 1990 on the basis of the Framework Documents.

Finally you may like to know that the Agencies' two Chief Executives will be Dr T W A Little, a former Deputy Director of the CVL who was very recently appointed to replace the retiring Director, and Dr J M Rutter who joined the Department last year from the ARC Institute at Compton to head up the newly-established VMD. Both were appointed following open competition and in the light of the fact that the CVL and VMD were candidates for Agency status.

Copies of this letter and the enclosures go to the Prime Minister, Malcolm Rifkind, Peter Walker, Peter Brooke and Norman Lamont.

Yours ever,
David.

DAVID CURRY



ANNEX A

CENTRAL VETERINARY LABORATORY

FRAMEWORK DOCUMENT

Chapter I	Status and Functions
Chapter II	Location and Resources
Chapter III	Accountability
Chapter IV	Planning and Reporting Requirements
Chapter V	Finance
Chapter VI	Ministry Customers and Commercial Policy
Chapter VII	Provision of Support Services
Chapter VIII	Personnel Management and Training
Chapter IX	Staff Relations
Chapter X	Review, Amendment and Interpretation of the Framework
Appendix 1	Measures of Performance
Appendix 2	Financial Authorities Delegated by the Permanent Secretary to the Chief Executive
Appendix 3	Support Services which will not be Provided In-House or Contracted Out without the Prior Agreement of the Ownership Board
Appendix 4	Personnel Management Functions Delegated by the Permanent Secretary to the Chief Executive

(F156)

FOREWORD BY THE MINISTER

Last year the Ministry of Agriculture, Fisheries and Food celebrated its centenary. The Ministry has changed out of all recognition over those hundred years but there is one priority that has never changed: the fight against animal diseases and zoonoses.

The Central Veterinary Laboratory has a long and distinguished record in this area. Its expertise, its unique facilities and its ability to respond immediately to new problems and challenges wherever they arise, are as vital now as they have ever been. But a modern, highly sophisticated laboratory needs up-to-date management systems. That is why I am particularly pleased that the Laboratory should be one of the first areas within my Department to qualify for Agency status.

As an Executive Agency the Central Veterinary Laboratory will remain part of the Ministry. It will keep its official status and the Ministry will continue to be the major customer for its services. There will be no lowering of its impressive standards. What Agency status will do is give the Laboratory the tools to meet the current and future needs of its customers even more effectively and help it to plan with confidence for the next century.

This Document sets out the framework within which I am delegating key new management responsibilities to the Laboratory's Chief Executive. Agency status is an exciting and important development for the Laboratory and I expect both this framework and the benefits which it provides to develop over time. I am confident that the tremendous commitment and enthusiasm of all the Laboratory's staff can only benefit from greater flexibility and responsibility and I wish them and their new Director every success for the future.

John Gummer

Minister of Agriculture,
Fisheries and Food

CHAPTER I : STATUS AND FUNCTIONS

Status

1.1 With effect from 2 April 1990 the Central Veterinary Laboratory is an Executive Agency of the Ministry of Agriculture, Fisheries and Food.

Title

1.2 The Agency will continue to use the title "The Central Veterinary Laboratory".

Aims and Functions

1.3 The main aim of the Laboratory is to provide the Ministry with an effective in-house source of specialist scientific and technical expertise in the field of animal and public health.

1.4 The Laboratory delivers specialised diagnostic, research and advisory services and products as required by the Ministry in pursuit of its statutory and policy objectives in the animal and public health sector.

1.5 The Laboratory may also deliver such services and products to other public and private sector organisations on a commercial basis to help maintain and develop its efficiency and expertise.

Operating Principles

1.6 In carrying out its functions the Laboratory will be required to:

i. recover the full costs of its operations from its customers;

ii. achieve demanding annual financial and other targets set by the Minister;

iii. meet standards agreed with its customers for the work which it carries out for them;

iv. maintain an up to date skills and technology base matched to its customers' needs;

v. pursue high standards of quality and continuing improvements in efficiency, effectiveness and economy;

vi. ensure that it does not abuse any monopoly or compete unfairly with other commercial contractors;

vii. implement good employment practice and promote equal opportunities at all levels.

CHAPTER II : LOCATION AND RESOURCES

Location and Resources

2.1 The Laboratory's main premises are situated at New Haw, Weybridge and have a current market assessed rental of £750,000. The Laboratory also leases premises in Penicuik, Midlothian.

2.2 The current estimated capital value of the other assets employed by the Laboratory is £5m.

2.3 On 2 April 1990 the Laboratory will have 621.5 budgeted posts, 598.5 of which are based at Weybridge and 23 in Scotland.

CHAPTER III : ACCOUNTABILITY

The Minister

3.1 The Minister determines the policies within which the Laboratory operates, approves its Strategic and Annual Plans and answers to Parliament on its activities. The Minister also reserves the authority to issue directions to the Chief Executive on matters relating to the priorities, resources and general direction of the Laboratory but will not be involved in its day-to-day management.

3.2 The Director of the Laboratory, as its Chief Executive, is responsible to the Minister for the efficient management of the Laboratory and its resources. The Chief Executive will also contribute as required to the development of policy advice by the Chief Veterinary Officer and other customers.

The Department

3.3 The Department is responsible for advising the Minister on all aspects of this Framework and for monitoring on the Minister's behalf the efficient management and overall performance of the Laboratory. These responsibilities will be exercised through an Ownership Board. The Board will be chaired by the Director-General, ADAS and Regional Organisation and Chief Scientific Adviser. Its members, who will be appointed by the Minister, will include the Principal Finance Officer and the Director of Establishments.

3.4 The Ownership Board will advise the Minister on:

i. the Laboratory's Strategic and Annual Plans (including financial and other targets) and its annual Report and Accounts;

ii. the Laboratory's performance and the need for any corrective action, if necessary ;

iii. the setting of priorities in an animal or public health emergency or where competing customer demands cannot otherwise be reconciled;

iv. any unresolved disagreement between the Laboratory and Ministry customers.

The Ownership Board will also assist and advise the Chief Executive on request.

3.5 The Chief Executive will normally report through the Board but has the right to consult the Permanent Secretary direct in cases of substantial disagreement with the Board or its Chairman. These reporting arrangements do not limit the Chief Executive's right of direct access to the Minister.

Customers

3.6 The Department, as a customer of the Laboratory, is responsible for commissioning and paying for the services which it requires and ensuring that these provide proper value for money. These responsibilities will be exercised separately from the Department's ownership functions, through formal customer/ contractor relationships. Individual Ministry customers will decide what work to commission with the Laboratory to meet their policy objectives, draw up a detailed job specification (including any necessary performance standards) and monitor the Laboratory's performance against contract. Where appropriate the customer will seek alternative tenders to identify the best overall value for money, having regard both to fair competition and to the customer's long-term interest in maintaining essential facilities and expertise which cannot be provided by the private sector.

3.7 The Chief Executive is responsible to all the Laboratory's customers for meeting the terms of agreed contracts; it will be

for the customer to pursue any failure to meet such terms.

Central Government Departments

3.8 Formal contact between the Laboratory and the Treasury and the OMCS will be through the Ministry's Finance and Establishments Groups, except where the Ministry has specifically agreed to other arrangements.

Parliament

3.9 The Minister remains answerable to Parliament on all matters concerning the Laboratory. Members may, however, wish in the first instance to write directly to the Chief Executive on day-to-day operational matters covered by the delegated authorities in this Framework. Where such correspondence has implications which go beyond the Laboratory's day-to-day work, the Chief Executive will consult the appropriate Divisions in the Department before a reply is sent. The Minister will continue to deal directly with correspondence about matters of policy and levels of resources and where a Member has specifically asked for a Ministerial reply.

The Public Accounts Committee

3.10 The Permanent Secretary, as Accounting Officer for the Department, will designate the Chief Executive as Agency Accounting Officer. The Departmental Accounting Officer remains answerable for the general structure within which the Laboratory is required to operate, including this Framework, the performance targets set for the Laboratory and the requirements of its Ministry customers. The Agency Accounting Officer is answerable for the proper management of the Laboratory's resources and its performance against its targets and its Ministry customer's requirements.

The Parliamentary Commissioner for Administration

3.11 The role of the Parliamentary Commissioner in relation to the work of the Laboratory will not change.

CHAPTER IV : PLANNING AND REPORTING REQUIREMENTS

The Strategic and Annual Plans

4.1 The Chief Executive will prepare for the Minister and put to the Ownership Board each year an updated 5-year Strategic Plan in sufficient time to inform the Ministry's PES bid and the preparation of the Departmental Management Plan. The Chairman of the Board will arrange for the Strategic Plan and any significant subsequent revisions to be submitted to the Minister for approval, together with the Board's advice.

4.2 The Strategic Plan will form the agreed basis for the Laboratory's detailed planning. It will also provide a framework for monitoring progress against longer-term objectives and targets. In particular the Strategic Plan will cover:

i. a review of past performance;

ii. plans for meeting expected future demand for services;

iii. commercial policies and planned commercial activities;

iv. longer-term and strategic R & D needs;

v. forecasts of financial and manpower availability and needs;

vi. organisation and management;

vii. longer-term targets and objectives, including improvements in efficiency and customer service;

viii. the sensitivity of the strategy to variations in its underlying assumptions.

4.3 The Chief Executive will prepare for the Minister and put to the Ownership Board each year a detailed Annual Plan for the next financial year in sufficient time to inform the preparation of the Ministry's Estimates. The Chairman of the Board will arrange for

the Plan and any significant subsequent revisions to be submitted to the Minister for approval, together with the Board's advice.

4.4 The Annual Plan will set out the Laboratory's specific objectives, targets and performance measures for the forthcoming financial year and the way in which these will be met. It will be the definitive document against which the Chief Executive's performance will be assessed.

Accounting and Audit Arrangements

4.5 The Chief Executive will exercise proper financial control and ensure that the Laboratory's management accounting system is capable of providing for a monthly review of costs incurred against agreed budgets, performance targets and cash flow. Initially this will be based on the Ministry's cash-based management accounting information system (MAIS), supplemented by additional procedures. The Chief Executive is, however, also required to introduce an accruals based management accounting system with effect from 1 April 1991.

4.6 The Laboratory's accounting system will:

i. be consistent with Vote accounting procedures;

ii. recognise appropriate interfaces with the Departmental management accounting systems;

iii. satisfy Departmental audit requirements as to security, comprehensiveness, propriety, separation of authorities and accuracy.

4.7 The Chief Executive is responsible for commissioning and paying for the internal audit and management inspection services required to ensure the proper and efficient conduct of the Laboratory's affairs and to discharge the responsibilities of Agency Accounting Officer. These services may be commissioned from

the Department on a repayment basis or contracted out (subject to the Ownership Board's agreement), whichever offers the best overall service and value for money. In either case audit services will comply with the standards laid down in the Government Internal Audit Manual and the Ownership Board will receive copies of all audit and management inspection reports. The Laboratory will also continue to be subject to inspection by Departmental auditors and staff inspectors (to the extent required to meet the Departmental Accounting Officer's responsibilities as set out in paragraph 3.10 of this Framework) and by the National Audit Office. The Ownership Board will decide whether there should be any charge for Departmental inspections.

The Annual Report and Accounts

4.8 The Chief Executive will prepare and present to the Minister for presentation to Parliament each year an Annual Report and Accounts. Once the Chief Executive has introduced the necessary systems, the Laboratory's Appropriation Accounts will be supplemented by commercial-style accounts, prepared on an accruals basis and including balance sheets, which will be audited by the Comptroller and Auditor General and presented with the Annual Report. The Ownership Board may specify matters to be included in the Report and determine its format and timing. The Treasury will specify the form of the Accounts and the accounting conventions to be used. The Report and Accounts will be published by the Laboratory.

Other Reporting Requirements

4.9 The Chief Executive will provide the Ownership Board with regular reports on the Laboratory's financial situation and its progress in meeting the targets and performance and efficiency measures in the Strategic and Annual Plans or otherwise specified by the Board. The format and frequency of these reports will be agreed with the Board and may be modified over time to reflect changing requirements and improvements to the Laboratory's management information systems.

4.10 The Chief Executive may also be required from time to time to provide the Department with additional information about the resources or management of the Laboratory for such purposes as enabling the Minister to reply to Parliamentary Questions. The Department will avoid excessive or unnecessary requirements, particularly for information not produced by the Laboratory for its own internal management purposes, but will expect the Chief Executive to meet all reasonable requests.

CHAPTER V : FINANCE

Financial Framework

5.1 The Laboratory will initially continue to be subject to gross running cost control. It is, however, intended to meet the necessary conditions and to secure Treasury agreement to a move to a net running cost control system with effect from 1 April 1991. The Chief Executive will be responsible for making the necessary improvements in the Laboratory's financial management and accounting systems to that end.

5.2 Consideration will be given to moving to trading fund status in the longer term.

Financial Objectives and Performance Targets

5.3 The Laboratory will be required to recover its full economic costs (including an appropriate rate of return upon its assets) through charges for the services it provides to the Ministry and other public and private sector customers. It will also include in the overhead costs to be recovered from customers the cost of any internal programme of strategic research to maintain the Laboratory's scientific vitality, within limits to be specified by the Ownership Board.

5.4 The primary measure of the Laboratory's financial performance will be cost recovery. This will be supported by the other performance measures in Appendix 1, which may be varied by agreement between the Chief Executive, the Ownership Board and the Treasury. Targets related to these measures, together with a cumulative overall efficiency target, will be approved annually by the Ownership Board and agreed with the Treasury in the light of the forecast analyses of demand and expenditure in the Strategic and Annual Plans. In doing so the Ownership Board will have particular regard to the need both to maintain the intellectual quality of the Laboratory and to prevent any abuse of a monopoly position.

Financial Provision

5.5 The Laboratory will continue to have its expenditure financed by supply voted by Parliament for the time being. The Chief Executive will submit to the Ownership Board annual bids for resources set against estimated income for the next financial year and the subsequent period covered by the forthcoming Public Expenditure Survey. Subject to the Minister's approval, these bids will be subsumed in the annual Departmental bid but Estimate provision for the Laboratory will be separately identified in the Vote.

5.6 Capital investment will be funded by the Ministry within the framework of the approved investment programme in the Strategic and Annual Plans. Individual projects will be evaluated using standard Government and Departmental investment criteria. Appropriate depreciation charges, calculated in accordance with the Treasury Guide to Fees and Charges, will be included in the full economic cost to be recovered through charges for the Laboratory's services.

5.7 While it is operating under gross running cost control, the Laboratory will be able to carry forward to the following year underspending on both capital and running costs up to limits agreed with the Ministry on a year-by-year basis; these limits will not be less than the Laboratory's proportionate share of the end-year flexibilities available to the Ministry as a whole. The arrangements to apply when the Laboratory has moved to a net running cost control system will be agreed between the Department and the Treasury.

Financial Delegations

5.8 The financial authorities set out in Appendix 2 are delegated by the Permanent Secretary to the Chief Executive who may in turn delegate them to appropriate Laboratory staff. Any such delegations must be made in writing to named individuals.

5.9 The financial authorities set out in Appendix 2 may be varied by agreement between the Permanent Secretary and the Chief Executive.

CHAPTER VI : MINISTRY CUSTOMERS AND COMMERCIAL POLICY

Provision of Services for Departmental Customers

6.1 The Laboratory will work primarily for Government. The Chief Executive will normally accept all reasonable requests for work from Ministry customers provided that the work falls within the Laboratory's remit, that appropriate, uncommitted resources can be made available and that the work can be carried out at a price which is both fair to the Laboratory and acceptable to the customer.

Commercial Policy

6.2 The Laboratory's commercial activities will be planned to complement the expertise required for the Ministry's statutory and policy work, to improve the utilisation of its resources, to provide services not readily available from the private sector and to demonstrate that the Laboratory's charges are competitive and its reputation soundly-based.

6.3 In accepting commercial work the Chief Executive must be satisfied that:

i. it will not prevent the Laboratory meeting agreed commitments to the Ministry;

ii. no part of the final cost will fall on the Ministry (unless it has specifically agreed to help fund work which offers an identifiable public benefit);

iii. it will not conflict with the statutory obligations of the Minister or the Department or fetter the Minister's discretion;

iv. neither the work itself nor the way in which it is published or exploited will represent an abuse of the Laboratory's monopoly position as a national centre of specialist Government expertise.

6.4 Subject to these requirements the Ministry recognises that the Laboratory is entitled to respect normal professional standards of commercial confidentiality in relation to any work which it undertakes for a private sector customer.

6.5 The Laboratory may sub-contract commercial work provided this does not increase the Ministry's liability.

CHAPTER VII : PROVISION OF SUPPORT SERVICES

7.1 The Chief Executive is responsible for providing the support services required by the Laboratory. Individual services may in general be provided in-house, commissioned from the Department or contracted out, whichever offers the Laboratory the best overall service and value for money. The support services listed in Appendix 3 will, however, inititally be provided by the Department or Central Departments and will not be undertaken in-house or contracted out without the prior agreement of the Ownership Board.

7.2 The Laboratory will be charged for part or all of the cost of services commissioned from the Department, where appropriate; services for which there is a charge will be carried out to standards agreed with the Chief Executive. Charges for 1990/91 will be set on a block basis but thereafter they will be related to the Laboratory's level of uptake wherever it is reasonably practicable to do so.

7.3 All support services, however provided, will meet relevant central and Departmental requirements (including requirements on procedures for market testing and contracting out work), subject to any variations agreed with the Department and, where appropriate, Central Departments. The Department will provide advice on these requirements without charge. The Ownership Board may also require the Chief Executive to seek prior approval for specific actions within the overall area of authority delegated under paragraph 7.1 above in order to comply with Government initiatives.

CHAPTER VIII : PERSONNEL MANAGEMENT AND TRAINING

Status of Laboratory Staff

8.1 Laboratory staff are and will continue to be civil servants of the Ministry of Agriculture, Fisheries and Food. They will continue to be able to move between the Laboratory and other parts of the Ministry on level transfer and promotion in the usual way and the Ministry and the Laboratory will apply agreed procedures to ensure that all staff employed at the Laboratory whose future career prospects lie primarily within the wider civil service can get informed advice on training and career opportunities.

Delegation of Personnel Management Responsibilities

8.2 The personnel management responsibilities set out in Appendix 4 are delegated by the Permanent Secretary to the Chief Executive, who may in turn delegate them to appropriate Laboratory staff.

8.3 The Chief Executive is responsible for providing the personnel management services needed for the proper discharge of these responsibilities and the Laboratory's Strategic and Annual Plans will set out in detail how this will be done. Individual services may be provided in-house, commissioned from the Department on a repayment basis or contracted out, whichever offers the Laboratory the best overall service and value for money. Personnel management functions which have not been delegated to the Chief Executive will be carried out by the Department. The Laboratory may be charged for part or all of the cost of such services where appropriate; services for which there is a charge will be carried out to standards agreed with the Chief Executive.

8.4 The Chief Executive's delegated personnel management responsibilities will be exercised in accordance with relevant central and Departmental rules, agreements and grading standards (subject to any variations agreed with the Ownership Board and, where appropriate, Central Departments) and with the personnel charter agreed between the Laboratory and the Department. Copies

of this charter will be made available to all Laboratory staff on request.

8.5 Any member of the Laboratory staff who feels aggrieved by a decision in any of the areas listed in Appendix 4 has the right to appeal formally to the Chief Executive. Subject to the appeal procedures identified in the personnel charter and in paragraph 9973 of the Civil Service Pay and Conditions of Service Code, the Chief Executive's decision will be final.

8.6 All decisions taken in the proper exercise of these delegated personnel management responsibilities will be recognised by the Department.

Training and Development

8.7 The Chief Executive is responsible for ensuring that all Laboratory staff receive training suited to their current and future needs and those of the Laboratory and the Department.

8.8 Laboratory staff will, wherever possible, attend the appropriate standard Departmental training courses and courses provided for staff participating in special development schemes. The Department, in consultation with the Laboratory, will make arrangements to nominate Laboratory staff for such courses as appropriate. All other professional, technical or managerial training will be planned by the Laboratory and the Laboratory's Strategic and Annual Plans will contain a detailed assessment of training needs and the ways in which these will be met. The Chief Executive may also arrange suitable secondments and exchanges with public and private sector organisations, introduce training or training-related schemes designed for staff taking a career break and provide work experience or other youth training opportunities.

8.9 All training will be funded by the Laboratory, with the exception of training courses (but not related travel and

subsistence) provided through the Top Management Programme, SMDP, SPATS, accelerated development schemes and further education arrangements, which will be paid for by the Department. The Department may also agree to fund other training where it expects to be the principal beneficiary. Except for mandatory Departmental courses, training may be provided in-house, commissioned from the Department on a repayment basis or contracted out, whichever offers the best overall service and value for money.

Changes to Terms and Conditions of Employment

8.10 Existing terms and conditions of service, including pay and pension arrangements, grading and recruitment criteria, will continue to apply to staff employed at the Laboratory except that, subject to prior notification to the Department, the Chief Executive may modify terms and conditions of service within the flexibilities allowed by Central Departments. Other changes may only be introduced with the prior agreement of the Department, the Treasury and the OMCS. In considering any proposals for such changes the Department will have regard both to the reasonable operational requirements of the Laboratory and the proper interests of all staff. The Departmental Trade Union Side will also be consulted on the proposals.

8.11 The Department may apply special terms and conditions of service to the Chief Executive by agreement with the Treasury and the OMCS. The same or similar terms and conditions may be extended to other designated senior posts within the Laboratory by agreement between the Ownership Board, the Chief Executive, the Treasury and the OMCS.

Personnel, Training and Manpower Records

8.12 The Chief Executive is responsible for ensuring that the Laboratory maintains accurate, up-to-date personnel, training and manpower records in a form agreed with the Department and that the Department is provided with appropriate information from such records on request.

CHAPTER IX : STAFF RELATIONS

9.1 The Chief Executive is responsible for maintaining good staff relations at the Laboratory.

9.2 National and Departmental agreements on consultation procedures will apply to the Laboratory unless the Chief Executive and duly recognised representatives of staff employed at the Laboratory agree local modifications to reflect their particular needs and circumstances. Such modifications will not affect the right of the Departmental Trade Union Side to raise with Departmental management matters of Departmental significance relating to the Laboratory.

9.3 The Chief Executive will discuss and wherever possible resolve issues directly relating to the Laboratory locally with duly recognised representatives of staff employed at the Laboratory. Where, exceptionally, issues cannot be resolved at local level, they may be referred up for discussion through Departmental consultation procedures. The Chief Executive or another senior officer of the Laboratory will attend all such discussions.

9.4 The Chief Executive is responsible for providing reasonable facilities for staff representatives in accordance with the terms of the Departmental Facilities Agreement. The Chief Executive is also responsible for ensuring that accurate, up-to-date records of all facility time granted to local Trade Union representatives are maintained in a form agreed with the Department and that the Department is provided with appropriate information from such records on request.

CHAPTER X : REVIEW, AMENDMENT AND INTERPRETATION OF THE FRAMEWORK

10.1 The Ownership Board, in consultation with the Chief Executive, will review the operation of this Framework after it has been in force for 3 years or earlier if necessary and thereafter at intervals of not more than 5 years. The Chairman of the Board will report the Board's findings to the Minister.

10.2 The Chief Executive or the Ownership Board may propose amendments to this Framework at any time. The Chairman of the Board will be responsible for consulting all those concerned, including the Departmental Trade Union Side, on any such proposals and no change to this Framework will be made without the prior consent of the Minister and Central Departments. The Chairman will arrange for any amendments to be published and placed in the Libraries of the Houses of Parliament.

10.3 The Ownership Board will resolve any questions about the detailed interpretation of this Framework, including its Appendices.

APPENDIX 1 : MEASURES OF PERFORMANCE

1. The primary measure of the Laboratory's performance will be its ability to recover its costs while meeting cumulative annual efficiency targets. This will be supported by the following general measures of performance:

i. index of representative unit costs (direct and total) for diagnostic tests;

ii. direct and total costs per man year per programme and sub-programme;

iii. cost recovery rates;

iv. the proportion of work completed to time;

v. the proportion of initial test results falling within control limits;

vi. the proportion of contracts delivered without fault;

vii. the proportion of total staff time and scientific staff time directly utilised on contract work;

viii. the variance between budgeted and out-turn costs and revenue;

ix. quality controls based upon peer review.

These measures, which will be reported to the Ownership Board at agreed intervals, will be in addition to any specific performance requirements imposed by individual customers. Such requirements will be monitored by the customer concerned.

APPENDIX 2 : FINANCIAL AUTHORITIES DELEGATED BY THE PERMANENT SECRETARY TO THE CHIEF EXECUTIVE

The authority to:

commit expenditure	unlimited*
certify expenditure	unlimited*
authorise payments	unlimited*
accept receipts	unlimited
make ex-gratia payments	up to £4,000
authorise imprest payments	up to £4,000
authorise write offs	up to £4,000
authorise extra contractual payments	up to £4,000
authorise awards for staff inventions	up to £4,000
authorise awards for staff suggestions	up to £4,000
authorise claims abandoned	up to £4,000
authorise gifts of official property	up to £4,000

* up to the limit of applicable budget allocations

The authority to commit, certify and authorise expenditure may be exercised in respect of the categories of expenditure specified by the Department.

APPENDIX 3 : SUPPORT SERVICES WHICH WILL NOT BE UNDERTAKEN IN-HOUSE OR CONTRACTED OUT WITHOUT THE PRIOR AGREEMENT OF THE OWNERSHIP BOARD

Banking of receipts

Issue of payable orders

Preparation of Appropriation Accounts

Audit services

Staff inspection services

Maintenance of computerised personnel records

Superannuation

Insurance

Legal services

Press Office

Archive services

Inter-Departmental van services

Provision of internal Departmental publications and central guidance

Security services (except physical security)

APPENDIX 4 : PERSONNEL MANAGEMENT FUNCTIONS DELEGATED BY THE PERMANENT SECRETARY TO THE CHIEF EXECUTIVE

These delegations are subject to central rules (except where variations have been agreed with the Treasury and the OMCS) and to certain matters being reserved to Central Departments.

Recruitment

All aspects of the recruitment and reinstatement of staff up to and including Grade 6 (except staff in accelerated development schemes), including temporary, casual and part-time appointments and fixed period appointments of up to 5 years.

Decisions on starting pay, confirmation of appointment after probation, termination of service during probation and conversion of fixed-period appointments to established status (subject to the issue of appropriate certification by the Civil Service Commission) for staff up to and including Grade 6 (except staff in accelerated development schemes).

Appointment of consultants.

Appointments, Postings and Transfers

All appointments, postings and transfers within the Laboratory up to and including posts at Grade 6 (postings at Grade 5 level and above and all transfers between the Department and the Laboratory will be by agreement between the Department and the Chief Executive).

Departmental and inter-Departmental trawls for agency posts.

All arrangements for loans and secondments between the Laboratory and other international, Governmental or private sector organisations (subject to prior Departmental agreement to loans and secondments for all administrative staff in mobile grades and professional staff at Grade 5 level and above).

Hours, Leave and Special Allowances

Approval of hours of attendance, within contracted or conditioned hours, and all overtime.

Agreement to convert from full to part-time working and vice versa.

Authorisation of all leave.

Authorisation of overtime payments and all other special allowances.

Staff Appraisal and Career Development

Initiation and completion of all staff reports which can be signed, countersigned and where necessary endorsed within the Laboratory (other reports will be initiated by the Chief Executive and completed in consultation with the Chairman of the Ownership Board).

All aspects of disclosure and appraisal, including action on disagreed reports, for all staff reports which can be signed, countersigned and where necessary endorsed within the Laboratory (other reports will be dealt with in consultation between the Chief Executive and the Chairman of the Ownership Board).

Authorisation of performance-related pay, merit awards and bonus payments, including any terminal bonus on fixed-term contracts, for staff up to and including Grade 6 (authorisation for staff at Grade 5 level and above will be made by the Chairman of the Ownership Board).

Career development and succession planning for all staff up to and including Grade 6, subject to appropriate functional management arrangements to be agreed between the Department and the Chief Executive for those staff whose career prospects lie primarily within the wider civil service and special procedures for administrative staff participating in accelerated development schemes (career development and succession planning for staff at Grade 5 level and above will remain the responsibility of the Department).

Equal Opportunities Policies

The implementation of all aspects of equal opportunities policies.

Promotion

All arrangements for promotion to posts within the Laboratory up to and including Grade 6, subject to the Department's right to nominate one member of any promotion board covering mobile grades. The recommendations of promotion boards chaired by the Chief Executive under this delegated authority will be subject to confirmation by the Permanent Secretary.

Approval of substitution, temporary promotion and personal promotion up to and including Grade 6 (promotion or temporary promotion to posts at Grade 5 and above will be by agreement between the Department and the Chief Executive).

Discipline

All disciplinary procedures for grades up to and including Grade 6 (subject to paragraph 8.5 of this Framework), except disciplinary procedures relating to the unauthorised disclosure of classified and unclassified but sensitive information and other disciplinary

offences which significantly affect the wider interests of the Department (disciplinary procedures for staff at Grade 5 and above will be applied on a basis agreed between the Department and the Chief Executive).

General matters relating to professional and administrative propriety.

General matters relating to industrial action.

Retirement, Redundancy and Resignation

All decisions on individual cases of retirement, including voluntary and compulsory premature retirement and the retention of staff over the age of 60.

All decisions on individual cases of redundancy.

Acceptance of resignations.

Action resulting from death in service (in consultation with the Department as necessary).

Provision of references and testimonials.

Decisions on retirement and redundancy must be made in accordance with policies to be agreed with the Department and the Department reserves the right to require prior financial approval for individual cases or for the overall numbers or grades of staff concerned. Wherever possible both the Laboratory and the Department will seek to offer suitable alternative postings to staff who might otherwise have to be made redundant and any costs arising from such redeployment will be shared between the Laboratory and the Department on an agreed basis.

Health, Safety and Welfare Services

The provision of appropriate health, safety and welfare services for all staff.

Management Structure and Complement

Manpower planning.

All decisions relating to the structure and complementing of the Laboratory up to and including Grade [6] posts, subject to prior Departmental approval for any overall increase of more than 5 posts not already agreed within the context of the corporate strategy or annual plan (any change to the structure or complement of the Laboratory at Grade 5 level and above will require the Department's prior approval).

Records

The maintenance of all formal manpower and personnel records for staff up to and including Grade 6.

ANNEX B

MANAGEMENT IN CONFIDENCE

VETERINARY MEDICINES DIRECTORATE

FRAMEWORK DOCUMENT

Foreword - by the Minister of Agriculture, Fisheries & Food

Chapter 1. Status and Aim

Chapter 2. Objectives and Functions

Chapter 3. Organisation and Management Structure

Chapter 4. Accountability

Chapter 5. Planning and Reporting Requirements

Chapter 6. Finance

Chapter 7. Support Services

Chapter 8. Personnel Management and Staff Training

Chapter 9. Staff Relations

Chapter 10. Review, Amendment and Interpretation of Framework Document

Appendix 1. VMD Key Performance Indicators.

Appendix 2. Financial Authorities Delegated by the Permanent Secretary to the Chief Executive.

Appendix 3. Support Services which cannot be undertaken in-house or contracted out without the prior agreement of the Ownership Board.

Appendix 4. Personnel Management Functions Delegated by the Permanent Secretary to the Chief Executive.

DRAFT FOREWORD BY THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD

The Veterinary Medicines Directorate was created almost exactly a year ago on 3 April 1989. It brought together established professional and policy expertise in the Department, to provide a single, integrated unit able to deal with all aspects of the licensing and control of animal medicines, including the protection of the consumer from hazardous or unacceptable residues. Since its inception, the Directorate has already made a significant contribution to the Department's wider strategy towards the safe and responsible use of technology in agriculture; as a key part of the new Food Safety Directorate I expect it to continue to do so.

I am therefore pleased to announce a further major stage in its development as I establish it as an Executive Agency. Agency status presents important challenges and opportunities which are particularly appropriate to a new and dynamic organisation. Consumer safety is an area where I am determined that only the highest standards will do and I believe that Agency status will help to ensure that those standards are maintained. Agency status will also equip the Directorate to meet the new demands arising from the development of a co-ordinated Community licensing system for veterinary medicines beyond 1992.

This Framework Document sets out the key responsibilities which I am currently delegating to the Directorate's Chief Executive. I expect these to develop over time to match changing needs. A unit which makes such a vital contribution to protecting the consumer must have and must continue to have the management tools it needs to do its job properly.

Finally I would like to take this opportunity to wish the Chief Executive and his staff every success as they embark on this new phase in the development of the Veterinary Medicines Directorate.

JOHN GUMMER

MINISTER OF AGRICULTURE,
FISHERIES AND FOOD

CHAPTER I : STATUS AND AIM

Status

1.1 With effect from 2 April 1990 the Veterinary Medicines Directorate (VMD) is an Executive Agency of the Ministry of Agriculture, Fisheries and Food. It will continue to use the title "The Veterinary Medicines Directorate".

Aim

1.2 The aim of the VMD is to ensure the safety, quality and efficacy of veterinary medicines in the United Kingdom.

CHAPTER 2 : OBJECTIVES AND FUNCTIONS

The VMD will be required to discharge its functions in accordance with the key objectives approved by the Minister.

Objectives

2.1 The VMD's objectives are:

a. to safeguard human and animal health;

b. to administer controls on animal medicines fairly, consistently and effectively;

c. to provide such policy advice as the Minister may require in the most efficient way;

d. to ensure that Departmental policy on animal medicines and their residues and the relevant legislation keeps abreast of technical progress and EC and international requirements;

e. to ensure that animal medicines licensing activities meet agreed financial targets and that other responsibilities are discharged efficiently and economically within budgetary provision;

f. to promote staff development, including the provision of training, to implement good employment practice and to promote equal opportunities at all levels;

g. to enhance public understanding of the VMD's activities.

Functions

2.2 The VMD's functions are:

a. licensing of animal medicines and monitoring of suspected adverse reactions;

b. monitoring veterinary residues in animal products and establishing and overseeing appropriate controls;

c. regulation of manufacturing premises for animal medicines marketed in the United Kingdom, including those medicines manufactured elsewhere in the EC and in third countries;

d. control of wholesale and retail aspects of distribution in Great Britain and oversight of enforcement of control of agricultural merchants by the Royal Pharmaceutical Society of Great Britain;

e. establishment of controls for medicated feedingstuffs, and oversight of their enforcement by the Royal Pharmaceutical Society of Great Britain;

f. provision of policy advice.

CHAPTER 3. ORGANISATION AND MANAGEMENT STRUCTURE

The Chief Executive will be responsible for the efficient organisation of the Directorate and for its management within an agreed set of delegated authorities as provided for in this Framework Document.

3.1 The VMD will be headed by a Director, who will be the Agency's Chief Executive and who will be supported by two Deputy Directors.

3.2 The VMD's work is allocated between three teams, each headed by a professional and an administrative leader. On 2 April 1990 the VMD will have 81.5 budgeted posts.

CHAPTER 4. ACCOUNTABILITY

The Chief Executive will have the maximum delegated authority with which to run the Directorate consistent with the necessary accountability to the Minister.

The Minister

4.1 The Minister determines the policies within which the Directorate operates, approves its Corporate and Annual Plans and answers to Parliament on its activities. The Minister also reserves the authority to issue directions to the Chief Executive on matters relating to priorities, resources and general policy, but will not be involved in the day-to-day management of the Directorate.

The Chief Executive

4.2 The Chief Executive is fully responsible for the day-to-day management of the Directorate and will normally be answerable to the Minister through the Ownership Board (see paragraphs 4.3 and 4.4). The Chief Executive does, however, have the right to consult the Permanent Secretary direct in cases of substantial disagreement with the Board or its Chairman. The Chief Executive also has the right of direct access to the Minister.

The Department

4.3 The Department, as owner of the Agency, will be responsible for advising the Minister on all aspects of this Framework Document and for monitoring on the Minister's behalf the efficient management and overall performance of the VMD. These responsibilities will be exercised through an Ownership Board, chaired by the Grade 2, Food Safety. Both the Chairman and Board members will be appointed by the Minister.

4.4 The Ownership Board will :

a) consider the VMD's Corporate and Annual Plans and its Annual Report and Accounts before their submission to the Minister by the Chief Executive;

b) advise the Minister on the targets to be set for the VMD and the need for any corrective action ;

c) assist and advise the Chief Executive on request;

d) advise the Minister on any unresolved disagreements between the VMD and the Department as customer and consider any significant problems referred to it concerning the VMD's relationship with its external customers;

e) review this Framework Document and its subsidiary documents in consultation with the Chief Executive .

Services Provided

4.5 The Department's policy Divisions will be major users of the VMD's services, but will keep this role quite separate from the ownership arrangements. The Department will ensure that the services provided to it by the Directorate give value for money. The Department will agree with the Directorate what services the Department requires in support of its own policy objectives in the light of the resources available and will monitor the VMD's performance against the agreed specifications for the work. Any changes in requirements or priorities will be made following agreement with the Chief Executive. Any unresolved disagreement between the Directorate and a policy Division within the Department will be referred to the Ownership Board.

4.6 For its licensing services the VMD will consult the pharmaceutical industry on the level of fees and the quality of service provided within the framework of the policies determined by the Minister.

Central Government Departments

4.7 Formal contact between the VMD the Treasury and the OMCS will be through the Department's Finance and Establishments Groups, except where the Department has specifically agreed to other arrangements.

Parliament

4.8 The Minister remains answerable to Parliament on all matters concerning the Directorate. Members may, however, wish in the first instance to write directly to the Chief Executive on day-to-day operational matters covered by the delegated authorities in this Framework Document. Where such correspondence has wider implications the Chief Executive will consult the appropriate Divisions in the Department before a reply is sent. The Minister will continue to deal directly with correspondence about matters of policy and levels of resources and where a Member has specifically asked for a Ministerial reply.

The Public Accounts Committee

4.9 The Permanent Secretary, as Departmental Accounting Officer, will designate the Chief Executive as Agency Accounting Officer. The Departmental Accounting Officer remains answerable for the general structure within which the Directorate is required to operate, including this

Framework Document, the performance targets set for the VMD and the requirements of its customers within the Department. The Agency Accounting Officer is answerable on the Directorate's detailed operations and its performance against targets. However, both the Departmental and Agency Accounting Officers are liable to be summoned to appear before the PAC when the affairs of the Agency are being discussed.

The Parliamentary Commissioner for Administration

4.10 The role of the Parliamentary Commissioner in relation to the work of the VMD will not change.

CHAPTER 5. PLANNING AND REPORTING REQUIREMENTS

The VMD will draw up plans to meet its operational strategy agreed with the Minister and the Department and will provide an annual report on progress.

The Corporate and Annual Plans

5.1 The VMD will prepare forthe Minister a 3 year Corporate Plan which will be put to the Ownership Board and updated each year in time to contribute to the Department's PES bid. The Corporate Plan will be supported by an Annual Plan for the year ahead, which will be submitted in time to contribute to the preparation of the Department's Estimates. Following consultation with the Ownership Board , the Chief Executive will submit these plans and any significant sebsequent revisions to the Minister for approval.

5.2 The Corporate Plan will form the agreed basis for the VMD's detailed planning. It will also provide a framework for monitoring progress against longer-term objectives and targets. In particular, and taking into account experience and past performance, the Corporate Plan will cover:

a) expected future demand;
b) financial and manpower requirements;
c) organisation and management;
d) targets and objectives, including scope for improvements in efficiency and service;

e) the sensitivity of the strategy to variations in its underlying assumptions.

5.3 The Annual Plan will set out the VMD's specific objectives, targets and performance indicators for the forthcoming year, and the way in which these will be met.

The Annual Report and Accounts

5.4 The Chief Executive will prepare and present to the Minister for presentation to Parliament each year an Annual Report and set of Accounts. Once accruals based accounting has been introduced, the VMD's Appropriation Accounts will be supplemented by commercial-style accounts, prepared on an accruals basis and including balance sheets, which will be audited by the Comptroller and Auditor General and presented with the Annual Report. The timing of the Annual Report, which will be published by the Directorate, will be agreed with the Ownership Board, and the Accounts will conform to any specific Departmental requirements and any relevant Treasury guidance.

Audit

5.5 The VMD will commission and pay for the internal audit and management inspection services it requires to ensure the proper and efficient conduct of its affairs and to discharge the Chief Executive's responsibilities as Agency

Accounting Officer. The audit services will comply with the standards laid down in the Government Internal Audit Manual. The Directorate will also be subject to audit by the Department and the National Audit Office. The Ownership Board will decide whether there should be any charge for Departmental inspections. Copies of all audit reports commissioned by the Department or the VMD wir the VMD will be made available to both the Department and the VMD.

Other Reporting Requirements

5.6 The Chief Executive will provide on a basis to be agreed with the Ownership Board reports on the VMD's operations . The Chief Executive may also be required to report to the Minister or Ownership Board on ad hoc matters and will also meet all reasonable requests to provide the Department with additional information about the resources or management of the Directorate.

CHAPTER 6. FINANCE

The VMD will have the flexibility to develop its financial regimes consistent with achieving the maximum operating efficiency within the scope of Central Government and Departmental requirements.

Financial Objectives and Performance Targets

6.1 The Chief Executive will be responsible for providing the financial management and accounting systems necessary to support the achievement of the Agency's objectives.

6.2 The VMD will be required to recover, through charges, the full economic costs of the services it provides to all its customers. Cost recovery will, therefore, be a primary measure of financial performance, but this will be supported by the other performance measures in Appendix 1, which may also be varied by agreement between the Chief Executive, the Ownership Board and the Treasury. Agreed targets and actual performance on response times and unit costs will also be used to measure operating efficiency. Targets related to these measures, together with an overall efficiency target, will be approved annually by the Ownership Board and agreed with the Treasury in the light of forecast demand and expenditure in the Corporate and Annual Plans.

6.3 The VMD will ensure that managers at appropriate levels in the Agency have the information they need to assess whether their financial and other performance targets are being met and, if not, to take remedial action in good time.

Financial Provision

6.4 The Directorate will continue to have its expenditure financed by supply voted by Parliament and will initially operate under gross running cost control. However, it is intended to meet the necessary conditions and to secure Treasury agreement to move to a net running cost coning cost control system should this become appropriate. The Chief Executive will submit to the Ownership Board annual bids for resources set against estimated income for the next financial year and the subsequent period covered by the forthcoming Public Expenditure Survey. Subject to the Minister's approval, these bids will be subsumed in the annual Departmental bid but Estimate provision for the VMD will be separately identified in the Vote.

6.5 Any capital investment will be funded by the Department within the framework of an approved investment programme in the Corporate and Annual Plans. Individual projects will be evaluated using standard Government and Departmental investment criteria. Appropriate depreciation charges, calculated in accordance with the Treasury Fees and Charges

Guide, will be included in the full economic cost to be recovered through charges for the VMD's services.

6.6 While it is operating under gross running cost control, the VMD will be able to carry forward to the following year underspending on both capital and running costs up to limits agreed with the Department on a year by year basis. These limits will not be less than the VMD's proportionate share of the end-year flexibilities available to the Department as a whole. The arrangements to apply if the VMD moves to a net running<cost control system will be agreed between the VMD and the Department and approved by the Treasury.

Financial Delegation

6.7 The financial authorities set out in Appendix 2 are delegated by the Permanent Secretary to the Chief Executive, who may in turn delegate them to appropriate staff. Any such further delegation must be made in writing to named individuals. The authorities in Appendix 2 may be varied by agreement between the Department and the Chief Executive.

Accounting Arrangements

6.8 The VMD will introduce, develop and operate an effective financial control and management accounting system. This will provide a regular review of costs incurred against agreed budgets, of performance against targets and of cash flow. At first, the VMD will use the

Department's cash based management accounting information system (MAIS) supplemented by any necessary additional procedures. The Chief Executive will, however, introduce an accruals based management accounting system with effect from 1 April 1991.

6.9 The VMD's accounting system will:

a) be consistent with Vote accounting procedures;

b) be compatible with the Departmental management accounting systems;

c) satisfy the Department's audit requirements .

CHAPTER 7 : SUPPORT SERVICES

The provision of efficient and cost-effective support services is central to the agency's ability to meet the standards required in all areas of its work.

7.1 The Chief Executive is responsible for ensuring that the support services required by the VMD are provided. Individual services, other than those in Appendix 3, may be provided in-house, commissioned from the Department, or contracted out, depending on which offers the VMD the best overall service and value for money. The support services listed in Appendix 3 will, however, initially be provided by the Department or Central Departments and may not be undertaken in-house or contracted out without the prior agreement of the Ownership Board.

7.2 The VMD will be charged part or all of the cost of services commissioned from the Department where appropriate; services for which there is a charge will be carried out to standards which will be agreed with the Chief Executive and which will be subject to monitoring. The Department's charges to the VMD for 1990/91 will be set on a block basis. Thereafter, they will reflect the VMD's actual use of such services wherever it is reasonably practicable to do so.

7.3 All support services (including procedures for market testing and contracting out) must meet relevant central and Departmental requirements, subject to any agreed variations. The Department will provide advice on these requirements without charge. The Ownership Board may exceptionally require the Chief Executive to seek prior approval for specific actions within his area of delegated authority in order to comply with Government initiatives.

CHAPTER 8. PERSONNEL MANAGEMENT AND STAFF TRAINING

The importance of personnel management and staff training will be fully recognised by the VMD in the pursuit of its objectives and in the maintenance of an effective working environment.

Status of VMD Staff

8.1 VMD staff will continue to be civil servants of the Ministry of Agriculture, Fisheries and Food. They will be able to move between the Directorate and other parts of the Department on level transfer or promotion in the usual way. The Department and the Directorate will apply agreed procedures to ensure that staff serving in the VMD can obtain advice on training and career opportunities within the Department and in the wider Civil Service.

Delegation of Personnel Management Responsibilities

8.2 The personnel management responsibilities set out in Appendix 4 are delegated by the Permanent Secretary to the Chief Executive, who may further delegate them to appropriate staff.

8.3 The Chief Executive will ensure that the personnel management services needed for the proper discharge of these responsibilities are provided.

8.4 The Chief Executive's delegated responsibilities in this area must be exercised in accordance with relevant central and Departmental rules, agreements and grading standards (subject to any variations agreed with the Ownership Board and, where appropriate, Central Departments) and with the personnel charter agreed between the VMD and the Department.

8.5 Any member of the VMD's staff who feels aggrieved by a decision in any of the areas listed in Appendix 4 has the right to appeal formally to the Chief Executive. Subject to the appeal procedures set out in the personnel charter, and in paragraph 9973 of the Civil Service Pay and Conditions of Service Code, the Chief Executive's decision is final.

8.6 All decisions taken in the proper exercise of these delegated personnel management responsibilities will be recognised by the Department.

Training and Development

8.7 The Chief Executive is responsible for ensuring that all staff receive training suited to their current and future needs in the Directorate .

Changes to Terms and Conditions of Employment

8.8 Existing terms and conditions of service, including pay and pension arrangements, grading and recruitment criteria,

will continue to apply to VMD staff. Subject to prior notification to the Department, the Chief Executive may modify these terms and conditions of service within the flexibilities allowed by Central Departments. Other changes may be introduced only with the prior agreement of the Department, the Treasury and the OMCS. In considering any proposals for such changes the Department will have regard to the reasonable operational requirements of the VMD and the legitimate interests of all staff. The Departmental Trade Union Side will also be consulted on the proposals.

8.9 The Department may apply special terms and conditions of service agreed with the Treasury and the OMCS to the Chief Executive. The same or similar arrangements may be extended to other designated senior posts within the VMD by agreement between the Ownership Board, the Chief Executive, the Treasury and the OMCS.

Personnel, Training and Manpower Records

8.10 The Chief Executive will ensure that up to date personnel, training and manpower records are maintained in respect of all VMD staff.

CHAPTER 9. STAFF RELATIONS

The establishment and maintenance of good staff relations will be pursued as an essential part of developing the VMD as an Executive Agency.

9.1 The Chief Executive is responsible for maintaining good staff relations within the VMD .

9.2 The Chief Executive will discuss and wherever possible resolve at local level issues directly relating to the VMD with duly recognised representatives of the Directorate's staff. Where, exceptionally, issues cannot be resolved at local level they may also be referred for discussion through Departmental consultation procedures. The Chief Executive or another senior VMD officer will attend any such discussions.

9.3 National and Departmental agreements on consultation procedures will apply to the VMD unless the Chief Executive and duly recognised representatives of the Directorate's staff agree local modifications to reflect their particular needs and circumstances. Such modifications will not affect the right of the Departmental Trade Union Side to raise with Departmental Management matters of Departmental significance relating to the VMD.

9.4 The Chief Executive is responsible for providing

reasonable facilities in accordance with the terms of the Departmental Facilities Agreement . The Chief Executive must also ensure that accurate, up to date records of all facility time granted to local Trade Union representatives are maintained in a form agreed with the Department and that the Department is given appropriate information from such records on request.

CHAPTER 10. REVIEW, AMENDMENT AND INTERPRETATION OF THE FRAMEWORK DOCUMENT

10.1 The Ownership Board, in consultation with the Chief Executive, will review the operation of this Framework Document after it has been in force for three years, or earlier if necessary, and thereafter at intervals of not more than five years. The Chairman of the Ownership Board will report the Board's findings to the Minister.

10.2 The Chief Executive or the Ownership Board may propose amendments to this Framework Document at any time. The chairman of the Ownership Board will be responsible for consulting all those concerned, including the Departmental Trade Union Side, on any such proposals. No change will be made to this Framework Document without consultation with the Central Departments and the consent of the Minister. The Chairman will arrange for any amendments to be published and placed in the Libraries of both Houses of Parliament.

10.3 The Ownership Board will resolve any questions about the interpretation of any part of this Framework Document.

APPENDIX 1 : VMD KEY PERFORMANCE INDICATORS

VMD's performance against its objectives will be measured against targets in all the key areas of its work i.e. budgetary management, cost and quality of fee-earning work, policy work, and effectiveness of Medicines Act controls.

The following key indicators will be used for this measurement :

. Actual expenditure and revenue over estimated expenditure and revenue.

. Unit costs for licensing work and residue sampling.

. Percentage of licence applications processed within target time.

. Output of policy advice in relation to estimated requirement and to agreed level of resources supplied.

. Achievement of policy objectives set.

. Numbers of and appropriate responses to reported adverse reactions .

APPENDIX 2 : FINANCIAL AUTHORITIES DELEGATED BY THE PERMANENT SECRETARY TO THE CHIEF EXECUTIVE

The authority to :

- commit expenditure	unlimited*
- certify expenditure	unlimited*
- authorise payments	unlimited*
- accept receipts	unlimited
- make ex-gratia payments	up to £4,000
- authorise imprest payments	up to £4,000
- authorise write offs	up to £4,000
- authorise extra-contractual payments	up to £4,000
- authorise awards for staff inventions	up to £4,000
- authorise awards for staff suggestions	up to £4,000
- authorised claims abandoned	up to £4,000
- authorise gifts of official property	up to £4,000

* up to the limit of applicable budget allocations

The authority to commit, certify and authorise expenditure may be exercised in respect of the categories of expenditure specified by the Department.

APPENDIX 3: SUPPORT SERVICES WHICH CANNOT BE UNDERTAKEN IN HOUSE OR CONTRACTED OUT WITHOUT THE PRIOR AGREEMENT OF THE OWNERSHIP BOARD.

Banking of receipts

Issue of payable orders

Preparation of Appropriation Accounts

Audit services

Staff inspection services

Maintenance of computerised personnel records

Superannuation

Insurance

Legal Services

Press Office

Archive services

Inter-Departmental van services

Provision of internal Departmental publications and central guidance

Security services (except physical security)

APPENDIX 4 : PERSONNEL MANAGEMENT FUNCTIONS DELEGATED BY THE PERMANENT SECRETARY TO THE CHIEF EXECUTIVE

These delegations are subject to central rules (except where variations have been agreed with the Treasury and the OMCS) and to certain matters being reserved to Central Departments.

Recruitment

All aspects of the recruitment and reinstatement of staff up to and including Grade 7 on the administrative side and SRO II on the scientific side (except staff in accelerated development schemes who will remain under the Department's personnel management).

Decisions on starting pay, confirmation of appointment after probation, termination of service during probation and conversion of fixed-period appointments to established status (subject to appropriate certification by the Civil Service Commission) for staff up to and including Grade 7/SRO II (except staff in accelerated development schemes).

Appointment of consultants.

Appointment, Postings, Tranfers and Loans

All appointments, postings and transfers within the Directorate up to and including posts at Grade 7/SRO II.

Departmental and inter-Departmental trawls for agency posts.

All arrangements for loans and secondments between the Directorate and other international, Governmental or private sector organisations, subject to prior Departmental agreement to loans and secondments for all administrative staff in mobile grades and professional staff at Grade 6 and above.

Hours, leave and Special Allowances

Approval of hours of attendance within contracted or conditioned hours, and all overtime.

Agreement to convert from full to part-time working and vice versa.

Authorisation of all leave.

Authorisation of overtime payments and all other special allowances.

Staff Appraisal and Career Development

Initiation and completion of all staff reports which can be signed, countersigned and where necessary endorsed within the Directorate, and all aspects of disclosure and appraisal for all such reports.

Authorisation of performance-related pay, merit awards and bonus payments, including any terminal bonus on fixed-term contracts for staff up to Grade 7/SRO II.

Career development and succession planning for all staff up to and including Grade 7/ SRO II, subject to appropriate functional management arrangements and special procedures for administrative staff in accelerated development schemes.

Promotion

All arrangements for promotion to posts within the Directorate up to and including Grade 7/SRO II, subject to the Department's right to nominate one member of any promotion board covering mobile grades. The recommendations of promotion boards chaired by the Chief Executive under this delegated authority will be subject to confirmation by the Permanent Secretary.

Approval of substitution, temporary promotion and personal promotion up to and including Grade 7/SRO II.

Discipline

All disciplinary procedures for all staff up to and including Grade 7/SRO II, except disciplinary procedures relating to the unauthorised disclosure of classified and unclassified but sensitive information and other disciplinary offences which significantly affect the wider interests of the Department (subject to paragraph 8.5 of this Framework Document).

General matters relating to professional and administrative propriety.

General matters relating to industrial action.

Retirement, Redundancy and Resignation

All decisions on individual cases of retirement, including voluntary and compulsory premature retirement and the retention of staff over the age of 60.

All decisions on individual cases of redundancy.

Acceptance of resignations.

Action resulting from death in service (in consultation with the Department as necessary).

Provision of references and testimonials.

Decisions on retirement and redundancy must be made in accordance with policies to be agreed with the Department.

Health, Safety and Welfare Services

The provision of appropriate health, safety and welfare services for all staff.

Equal Opportunities Policies

The implementation of all aspects of equal opportunities policies.

Management Structure and Complement

All decisions relating to the structure and complementing of the Directorate up to and including Grade 7/SRO II posts, subject to prior Departmental approval for any overall increase of more than 5 posts not already agreed within the context of the Corporate and Annual Plans.

Records

Responsibility for ensuring the maintenance of all formal manpower and personnel records for staff up to and including Grade 7/SRO II.

dti

the department for Enterprise

John Redwood MP
Parliamentary Under Secretary of State for
Corporate Affairs

MANAGEMENT AND SENIOR STAFF IN CONFIDENCE

The Rt Hon Richard Luce MP
Office of Minister for the Civil Service
Horse Guards Road
London SW1

Prime Minister 2

No need to read through the attached framework document – what is proposed is modest but worthwhile.
The Chief Executive has been appointed after open competition (though he is a civil servant).

CDS 16/3

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Our ref
Your ref
Date 15 March 1990

Dear Minister

ESTABLISHMENT OF THE INSOLVENCY SERVICE AS AN EXECUTIVE AGENCY

Nicholas Ridley has asked me to seek on his behalf your agreement and that of the Chief Secretary to the Treasury to the establishment of The Insolvency Service as an Executive Agency on 21 March. I enclose a copy of the draft policy and resources Framework Document which has been cleared by OMCS and Treasury officials in line with the procedures for establishing Agencies. We have also consulted the DTI Trade Unions on its contents.

as attached folder

The Framework Document establishes new arrangements which will help The Insolvency Service provide an improved service to its customers and provide better value for money to the taxpayer. The delegations are particularly important in the area of personnel management which will give the Agency responsibility for over 90 per cent of its staff who are in 35 locations throughout the country.

In line with the arrangements for establishing Agencies, Nicholas Ridley will be setting The Insolvency Service performance targets which will require the Agency to increase its efficiency and improve the quality of service. The targets will require productivity gains or 8 per cent in case administration in the next financial year and reduction of unit costs of 5% in real terms over the next three years.

The Chief Executive of the Agency will be Peter Joyce. He was appointed Inspector General and Chief Executive (Designate) last September following an open competition. Peter Joyce is 48. Most of his career has been in The Insolvency Service, but he has also had wider experiences in the Department. Among the senior posts he has held are those of Official Receiver at Croydon and subsequently Deputy Inspector General.

Recycled Paper

dti

the department for Enterprise

MANAGEMENT AND SENIOR STAFF IN CONFIDENCE

Peter Joyce will be the Accounting Officer for The Insolvency Services Account as well as Agency Accounting officer for the Agency's Voted monies.

I am copying this letter to the Prime Minister, the Chief Secretary to the Treasury and to Sir Robin Butler and Peter Kemp.

Yours Sincerely

pp. Marcella Dunnis

JOHN REDWOOD

(Approved by the Minister and signed in his absence)

Recycled Paper

CHAPTER 1

ROLE, AIMS AND OBJECTIVES

Name of the Agency

1.1 The name of the Agency is The Insolvency Service Executive Agency. It will be known for most purposes as "The Insolvency Service"

Status

1.2 The Insolvency Service (The Service) is an Executive Agency of the Department of Trade and Industry (DTI). This document defines its relationship with the DTI, Parliament and the public, and together with the Corporate Plan sets out its tasks, objectives, powers and resources.

Purpose and Role

1.3 The Service exists to administer and investigate the affairs of bankrupts and companies in compulsory liquidation and to deal with the disqualification of directors in all corporate failures including voluntary liquidations, receivership and administrations. It:

(a) provides a means for dealing with financial failure;

(b) tackles fraud and wrong-doing which might otherwise undermine confidence in the working of the market.

These functions, defined under Act of Parliament (para 1.7 below), are essential for the growth of enterprise as recognised in the DTI objective to "increase confidence in the working of markets by achieving a fair level of protection for

the individual consumer and investor". The various functions of ... The Service are set out at Figure 1.

Statutory Duties

1.4 In accordance with its statutory obligations The Service will always deal with the initial stage of all bankruptcy and winding up orders made by the Courts, covering:

(a) investigation of assets and conduct,

(b) administration,

(c) protection of assets.

In accordance with Ministerial policy it seeks wherever possible to transfer the administration of cases after the initial stage to the private sector. The Official Receiver acts only as trustee and liquidator of last resort.

1.5 The insolvency legislation creates powers and duties to be performed by the Secretary of State. The vast majority of these functions are delegated to and performed by The Service's staff. The Inspector General (see 2.3) advises on the exercise of the Secretary of State's functions.

1.6 The role of the Official Receiver as an officer of the court and in respect of statutory duties is unchanged. Official Receivers are appointed by the Secretary of State. The Inspector General issues directions, instructions and guidance to Official Receivers on the performance of their duties consistent with their respective statutory powers and obligations.

THE INSOLVENCY SERVICE BUSINESS

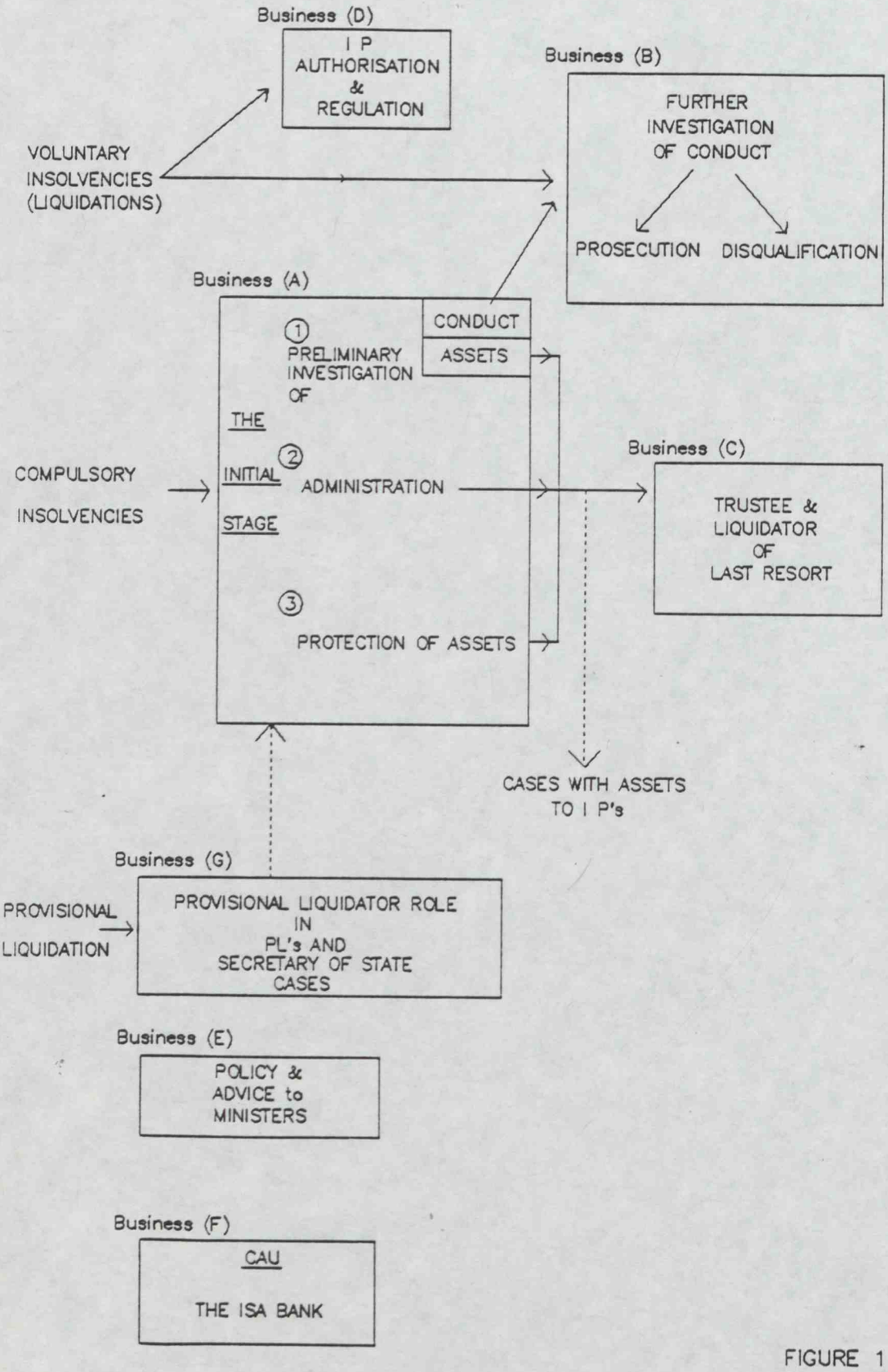

FIGURE 1

1.7 The powers and obligations of The Service and its Official Receivers are set out principally under the Bankruptcy Act 1914, Deeds of Arrangement Act 1914, the Employment Protection (Consolidation) Act 1978, the Companies Act 1985, the Bankruptcy (Scotland) Act 1985, the Insolvency Act 1986, the Company Directors Disqualification Act 1986 and the Companies Act 1989, and subordinate legislation.

Objectives

1.8 The functions of The Service are statutory. The aim of The Service is to achieve a progressive increase in the efficiency and effectiveness with which it will carry out those functions. The objectives of The Service for these functions over the period 1990-95 are:

A. To provide for the orderly and expeditious completion of the three elements (see 1.4) of the initial stage of compulsory insolvencies.

B. To increase the orientation of The Service towards prosecution and disqualification, in order to enhance its ability to take appropriate and timely action leading to the prosecution and/or disqualification of bankrupts and directors of failed companies under the Insolvency Act 1986 and other legislation and under the Company Directors Disqualification Act 1986.

C. By developing specific management systems to ensure that Official Receivers act as trustee/liquidator only in those cases where there are insufficient assets to justify private sector insolvency practitioners undertaking the work.

D. To develop a pro-active system of audit visits to private sector insolvency practitioners in order to contribute, in conjunction with the professional bodies concerned, to the elimination and prevention of fraudulent, unlawful and dishonest activities by private sector insolvency practitioners.

E. By introducing and developing a more pro-active approach to policy, to provide advice to Ministers on policy issues reflecting the changing economic needs of society.

F. To improve significantly the quality and value for money of the banking and investment service for users of the Insolvency Services Account.

G. To make the provisional liquidation function self financing over time.

CHAPTER 2

RESOURCES AND ORGANISATION

Location and Staffing

2.1 The Service has its headquarters in London and Birmingham. It currently has offices at 33 locations in England and Wales (listed at Annex A) and an office in Edinburgh.

2.2 The Service had a staffing complement of 1461 posts at 31 March 1990 of which 458 are located in London, 239 in Birmingham and 759 in Official Receivers Offices in the other major centres of population in England and Wales. There are also 5 staff located in the Disqualification Unit, Edinburgh.

Chief Executive

2.3 The Service is headed by the Inspector General who will be the Chief Executive. He is responsible for the day to day management of The Service and is accountable to DTI Ministers for that management, the achievement of performance targets and taking any necessary corrective action in accordance with the Framework Document and Corporate Plan.

Management Structure

2.4 The Inspector General works with and through the Key Staff, Official Receivers and other Insolvency Service managers.

2.5 The Key Staff are currently the Heads of Branch 1 (Headquarters Operations), Branch 2 (Policy and Planning) and Branch 3 (OR Operations). Key staff are accountable to the Inspector General. Both they and the Inspector General will be eligible to receive a proportion of their remuneration related to the performance of The Service and their own contribution to that performance.

CHAPTER 3

REPORTING AND ACCOUNTABILITY

Ministerial responsibility

3.1 DTI Ministers answer to Parliament on the policy governing The Service's work generally and determine the policy framework within which it operates but do not normally become involved in the day to day management of The Service.

Parliamentary accountability

3.2 Members of Parliament will be encouraged to write direct to the Inspector General on day to day Service operational matters, but will continue to be able to raise any matters concerning The Service with Ministers.

Agency Accountability

3.3 The Inspector General is accountable to and reports to DTI Ministers on The Service's progress and performance, the implementation of the Corporate Plan and The Service's place within DTI policy.

Parliamentary Commissioner for Administration

3.4 The Parliamentary Commissioner for Administration (PCA) has the right to investigate and make reports on administrative actions of The Service, including administrative actions by Official Receivers. However the functions of Official Receivers as officers of the court will remain outside the PCA'S jurisdiction.

Role of the Departmental Accounting Officer

3.5 The Permanent Secretary of the DTI will remain responsible for all matters for which he is responsible for as Accounting Officer, including the policy of the DTI towards The Service, this Framework Document, The Service's performance targets and the departmental resources allocated to The Service.

Appointment and role of the Agency Accounting Officer

3.6 The Inspector General is designated Agency Accounting Officer by the Permanent Secretary DTI and is responsible for The Service's use of resources in carrying out the functions assigned to it in the Framework Document and for its performance against its targets set out in the Corporate Plan. The Inspector General will be Accounting Officer for the Insolvency Services Account.

Relationship with the rest of the Department

3.7 The main link between The Service and the rest of the DTI is provided by the Deputy Secretary with responsibility for financial services, competition policy, insolvency, insurance and companies.

3.8 The Deputy Secretary assisted by the Steering Board will advise Ministers on the adoption of the Corporate Plan and the performance of The Service against targets. The Deputy Secretary will advise the Accounting Officer and the Principal Establishment and Finance Officer on Insolvency Service matters where appropriate.

3.9 The Service contributes to the development of DTI policy on subjects relevant to its activities and on operational and management matters which affect its work.

Role of the Steering Board

3.10 The Steering Board is chaired by the Deputy Secretary. Its members include the Inspector General and other DTI staff and a similar number of non-civil servants with relevant commercial experience, appointed by the Deputy Secretary.

3.11 The Steering Board's role is to assist the Deputy Secretary in assessing the proposed Corporate Plan, annual performance targets and the extent to which The Service carries out its functions effectively and efficiently in accordance with the contents of this Framework Document and the Corporate Plan.

3.12 For that purpose the Steering Board receives reports from the Inspector General on:

- the proposed Corporate Plan;
- within the Corporate Plan, the objectives and the work programme for The Service, including performance and quality targets;
- annual bids for finance and resources;
- The Service's management systems and The Service's internal measures and targets to support its objectives;

- major investment proposals and developments;
- performance against targets including delivery of efficiency gains;
- any major issues which are not covered by the Corporate Plan or which may result in deviation from the Plan;
- The Service's annual reports.

Planning Framework

3.13 The Corporate Plan provides the basic management planning framework for The Service as an Executive Agency. It sets out the strategy for the following five years, including workload and financial and manpower forecasts and targets for performance. The Corporate Plan will be prepared on a timetable consistent with the Public Expenditure Survey and revised as necessary to reflect its outcome.

Report and Accounts

3.14 In fulfilment of section 379 of the Insolvency Act 1986, an Annual Report will be published and laid before each House of Parliament, relating to the operation during that year of the Second Group of Parts of that Act and proceedings in the course of that year under the Deeds of Arrangement Act 1914.

3.15 In addition The Service will publish annually a report on the way it has carried out its functions and review progress against targets. The aim will be for The Service to produce commercial style accounts in the medium term.

Evaluation

3.16 The Deputy Secretary will be responsible for ensuring that the impact and effectiveness of the services provided by The Service are evaluated from time to time.

CHAPTER 4

GENERAL DELEGATIONS

4.1 The Service will be responsible for administrative decisions about the structure and day to day running of its support services currently under its control. The progressive extension of agency control over remaining areas of support services will be regularly reviewed between the Department and The Service in the light of the development of DTI policy, the needs of The Service and maximum economy and effectiveness. ... Current delegations are listed in Annexes B and C.

4.2 In taking responsibility for its purchasing operations, The Service will co-operate as appropriate with Treasury requirements and guidelines and DTI policy. It will also co-operate as appropriate with the Treasury initiative on market testing.

CHAPTER 5

FINANCE AND ACCOUNTING

Financial regime

5.1 The Service is subject to a gross running cost control within the DTI. Its financial regime is based on the containment of those costs consistent with fulfilling its statutory responsibilities, value for money and quality of service targets.

5.2 The Service generates income from statutory fees and charges and from dividend income from the investment of insolvents' funds held in the Insolvency Services Account pending distribution.

5.3 The Service cannot always recover fees chargeable under present statutes. This is attributable to the nature of the overall business it is in. Insolvency by definition means lack of assets and there may be too few in an insolvent estate to pay the fees. The dividend income from the investment of insolvents' funds depends on the level of realisations (what assets are available in an insolvency), how long the realisations are held before distribution to creditors and the rate of return the investment can make. These factors are not in the direct control of The Service.

5.4 The Service is implementing a series of financial reforms and reviews by which it will more closely align fees to costs

and will seek to generate income from these different sources equivalent to its costs, taking one year with another.

Performance indicators and targets

5.5 The Corporate Plan for 1990-95 contains performance indicators and targets relating to the cost and quality of all Service activities including:

- average cost of case administration;
- compliance with time targets;
- compliance with quantity targets;
- compliance with quality targets.

The targets will be reviewed each year and incorporated in an annual revision of the Plan. The aim of the targets is to improve the operational efficiency of The Service and the effectiveness of its policies.

Accounting

5.6 The Service operates a financial control and management accounting system providing for a continuous review of costs incurred against agreed budgets, and of operating performance. The key elements of the system are:

(a) Budgets delegated to operational cost centres.

(b) Financial monitoring at Service (divisional) level, which supports budget holder monitoring.

(c) Time utilisation information on an aggregated basis derived from a time recording system covering professional staff who are involved in a range of the businesses of The Service.

(d) A costing and cost allocation system for determining the full cost of each of The Service's businesses.

5.7 The Service will continue to satisfy DTI requirements for financial management information.

5.8 The Service's accounting arrangements will:

- be consistent with Treasury requirements;
- recognise appropriate interfaces with DTI management accounting systems;
- be capable of reconciliation with the DTI's vote accounting arrangements; and
- satisfy audit requirements as to security comprehensiveness, separation of authorities and accuracy.

End year flexibility arrangements

5.9 The Service will examine with DTI and if appropriate H M Treasury the benefits of introducing end year flexibility arrangements for capital and current expenditure.

Audit arrangements

5.10 The Service will be subject to DTI internal audit and to DTI and H M Treasury staff inspection and the National Audit Office's statutory certification and value for money audit.

CHAPTER 6

PAY AND CONDITIONS OF SERVICE

Status of staff

6.1 Insolvency Service staff are DTI civil servants. Nationally negotiated pay arrangements for national DTI and Departmental grades will apply in The Service subject to any arrangements which may be negotiated to apply to The Service. The Service will seek to use available local and special pay flexibilities as necessary to maintain staff numbers to meet work requirements, within its financial regime.

Personnel Policy

6.2 Agency status enables The Service to offer staff in both its insolvency specialist and administrative grades a better-planned and better-managed career. Some personnel management functions will be provided by The Service and some from the DTI but staff will benefit from having access to a personnel management team accountable to the Inspector General and to advice from the DTI on strategic career planning when issues going wider than the Agency are involved. Details of personnel ... delegations are given in Annex D.

Personnel Management

Specialist Grade

6.3 The Service will continue to exercise personnel management responsibility as at present for insolvency specialist grades up to and including B level. This includes

recruitment in association with the Civil Service Commission, the organisation of promotion boards, retirement and re-employment. In addition, it will assume responsibility for discipline, unsatisfactory performance and unsatisfactory attendance for specialist grades up to and including B level.

6.4 By October 1990 The Insolvency Service will have strengthened its personnel management capability so that it can take on the career management of administrative grades up to and including SEO and non-mobile grades. It will have delegated responsibility for discipline, unsatisfactory performance and unsatisfactory attendance for these grades. It recruits non-mobile grades directly at local level and participates in the DTI's arrangements with the Civil Service Commission for the recruitment of mobile grades. Insolvency Service administrative staff will remain eligible for the DTI's main and regional promotion boards. Administrative vacancies in The Service will be filled in accordance with Departmental policy and agreements by recruitment, level transfer, promotion from the DTI's reserve lists or if necessary by use of the Vacancy Notice procedure.

Casual Staff

6.5 The Service has authority to recruit casual staff in accordance with the DTI guidelines.

Interchangeability

6.6 Insolvency Service specialist grades will remain able to

go on loan to other bodies such as the Companies Investigation Branch (CIB), Serious Fraud Office (SFO) and Crown Prosecution Service (CPS). The number and duration of such loans will be determined in the context of The Service's operational requirements, targets and demand for staff. Staff on loan will remain members of The Service which will retain responsibility for their long term personnel management. The Service will participate in the Department's Senior Professional Administrative Training Scheme (SPATS) and Management Development Programme for Specialists (MDP(S)) and other similar programmes. The number and duration of these exchanges will be agreed between DTI and The Service.

6.7 The Service will also encourage administrative grades to transfer into and out of The Service.

Training and Development

6.8 The Service will seek to maximise the opportunities inherent in an Executive Agency for developing managerial talent among all its staff, both in its own interests and those of the DTI as a whole. The Service is planning a training and development strategy in consultation with the DTI designed to ensure that all staff have the training and expertise to contribute to the achievement of The Service aims and objectives, including the longer term development of all members of staff.

Performance Appraisal

6.9 The Service aims to achieve and maintain high standards of performance accurately recorded by individual Staff Appraisal Reports.

Performance-Related Bonus Scheme

6.10 The Service will explore, in conjunction with the Treasury and The Service TUS, an Insolvency Service-wide bonus scheme related to the achievement of agreed targets. It will also operate a special bonus scheme for individuals in recognition of their particularly outstanding contribution to The Service.

Retirement and Redundancy

6.11 The DTI will delegate to The Service its authority on retirement for staff in the grades for which the Agency is tohave the responsibility for career management. This includes the authorisation of early retirement and retention or re-employment of staff beyond normal retirement age in these grades in accordance with Civil Service Pay and Conditions of Service, subject to the DTI's financial approval.

6.12 The Service will continue to operate the DTI's retirement and redundancy policies and agreements. No action on redundancy of mobile grades will be taken without reference to the DTI.

Appeals

6.13 All Insolvency Service staff may appeal to the Inspector

General against management decisions affecting them personally. Additionally, existing rights of appeal to the Permanent Secretary remain unaffected.

CHAPTER 7

INDUSTRIAL RELATIONS

7.1 Good industrial relations are of fundamental importance and The Service will continue to operate the Whitley arrangements.

7.2 The Service will be covered by an Insolvency Service Agency Whitley Committee. The Inspector General (or exceptionally a nominee) will chair meetings of the Insolvency Service Agency Whitley Committee.

7.3 Every effort will be made to resolve issues within the Insolvency Service Agency Whitley Committee. Issues not so resolved will be pursued within the usual Whitley procedures involving the Departmental Whitley Council.

7.4 The Inspector General will be the Official Side manager responsible for existing arrangements and their application in The Service. This includes agreements negotiated at DTI level, which either side may seek to modify by negotiation to reflect Insolvency Service needs and conditions. Local agreements or DTI agreements modified locally are not intended to have implications for other parts of the DTI or other Agencies.

CHAPTER 8

REVIEW AND VARIATION OF FRAMEWORK

The Framework Document will be reviewed jointly by the DTI and The Service after three years or before then by agreement between The Service, the DTI, the Treasury and OMCS. Amendments will be published. The Departmental Trade Union Side will be consulted on any modification. The Annexes to this Framework Document provide for progressive delegation of responsibility to The Service in the light of experience and may therefore be amended by the DTI from time to time in consultation with The Service.

ANNEX A

THE INSOLVENCY SERVICE EXECUTIVE AGENCY -

CURRENT LOCATION OF OFFICIAL RECEIVERS OFFICES

Birmingham

Bournemouth

Brighton

Bristol

Cambridge

Canterbury

Cardiff

Chester

Croydon

Exeter

Gloucester

Hull

Ipswich

Leeds

Leicester

Liverpool

London

Manchester

Newcastle-upon-Tyne

Northampton

Norwich

Nottingham

Plymouth

Reading

Rochester

St Annes-on-Sea

Sheffield

Southampton

Southend

Stockton-on-Tees

Stoke-on-Trent

Swansea

Watford

ANNEX B

THE INSOLVENCY SERVICE EXECUTIVE AGENCY - FINANCIAL DELEGATIONS

The Inspector General and Chief Executive currently exercises the following delegated powers in respect of the functions shown:

Authority to:

Commit expenditure	Unlimited *
Certify expenditure	Unlimited *
Authorise payments	Unlimited *
Accept receipts	Unlimited *
Authorise write-offs of irrecoverable debit balances on bankrupts' estates and companies in liquidation	Unlimited *
Other write-offs	Up to £1,000
Make ex-gratia payments	Up to £25,000
Authorise imprest payments	Up to £500

* Up to the limit of applicable budget allocations.

The authority to commit, certify and authorise expenditure may be exercised in respect of specified categories of expenditure. These include:

Salaries, wages and overtime

ERNIC

Manpower substitutes and professional fees

Travel and subsistence

Postal charges

Stationery and printing

Security and other contractor staff payments

Contract office and window cleaning

Office machinery

Telecommunications

PRS charges - Minor maintenance

Fuel and utilities

Furniture and fittings

Publications

Recovery of costs from minor occupiers (security, cleaning etc)

Minor publicity

Bank charges

Insolvency case disbursements

Training

Car parking

Insolvency Practitioners Tribunal

Legal costs

The Inspector General and Chief Executive may subdelegate any of the powers shown above to named Agency staff. In addition, the Inspector General and Chief Executive may enter into commitments and certify and authorise payments, or subdelegate powers to do so, related to DTI forecast and ledger headings

and suspense accounts allocated to the Agency, but not shown above.

These financial delegates may be varied by agreement between the Agency and the DTI.

ANNEX C

THE INSOLVENCY SERVICE EXECUTIVE AGENCY - SUPPORT SERVICES DELEGATIONS ALREADY EXERCISED

1. Estate management.
2. Building and works management.
3. Negotiation and placing of contracts.
4. Procurement of furniture.
5. Procurement and installation of office machinery, equipment and systems.
6. Office and window cleaning.
7. Printing and stationery.
8. Post, telex and facsimile services.
9. Fuel and utilities.
10. Telephones (Atlantic House).
11. Health and safety.
12. Fire precautions.
13. Emergency arrangements.
14. Security.
15. Access to DTI information systems.
16. Data preparation for PERMIS, PREMIS and ISIS.
17. In-house telephone directory.
18. Typing and secretarial services.
19. Reprographic services.
20. Agency Whitley matters.
21. Local staff communications.

22. Forecasting and planning of:

- Finance
- Staffing
- Workload
- Performance

23. Messenger services (except HQ London).

ANNEX D

THE INSOLVENCY SERVICE EXECUTIVE AGENCY - PERSONNEL DELEGATIONS

1 **Already exercised**

For insolvency specialist grades up to and including B level:

Career development interviews

Postings within The Service

Recruitment (in association with the Civil Service Commission)

Interviewing

Allocation of posts

Arrangements regarding commencement date, conditions, probation, updating PERMIS, etc

Staff Reports

Initiation, completion and retention of:

Annual Reports

Probation, Special and Break Reports

Interview Action Records

Forward Job Plans

Promotions

Authorisation of temporary promotion

Responsibility for promotion boards

Postings

Training

In house training arrangements for all staff relating to Insolvency Service operations

Other personnel matters

Action on - deaths
- resignations
- retirements
- change of names
- requests for references
- changes from full to part time working and vice versa
- reinstatements
- application for paid, maternity, unpaid leave and career breaks

2 To be transferred to The Insolvency Service during the financial year 1990/91.

2.1 **For non-mobile grades:**

Career Development

- Interviews
- Postings within and without The Service
- Postings from reserve lists (by agreement with the DTI and/or local personnel sections as appropriate)

Recruitment

- Advertising
- Contacts with job centres
- Sifting of applications
- Invitations to and conduct of interviews
- Notification of results

Staff Reporting

- Initiation, completion and filing of:
- Annual Reports
- Probation, Special, Trial and Break Reports
- Interview Action Records
- Forward Job Plans

Promotions

- Authorisation of temporary promotion
- Promotion boards
- Promotion boards following vacancy notice action for specific posts

Other personnel matters: as itemised under 1

2.2 For mobile grades up to and including SEO:

Career development

- Interviews
- Postings within and without The Service
- Postings from reserve lists (by agreement with the DTI and/or

local personnel sections as appropriate)

Recruitment of EOs.

Staff Reporting - as for specialist and non-mobile grades

Promotion

Authorisation of temporary promotion

Promotion Boards following vacancy notice action for specific posts

Other personnel matters: as itemised under 1

2.3 Discipline for all staff up to and including Insolvency Service Grade B and SEO

Unsatisfactory Attendance, Unsatisfactory performance

For all staff up to and include Insolvency Service Grade B and SEO

2.4 Casual Appointments


15.03.
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NBPM
AT
15/3
1. PG to note
2 CF

cc: P.U.

EFFICIENCY UNIT

70 WHITEHALL, LONDON SW1A 2AS

Enquiries: 01-270 0273
Direct line: 01-270
CONFIDENTIAL

15 March 1990

The Rt Hon Michael Howard MP
Secretary of State for Employment

Dear Secretary of State,

EFFICIENCY SCRUTINY: INVESTIGATION OF SOCIAL SECURITY FRAUD

I have seen Tony Newton's letter of 5 March 1990, and would like you to bear the following comments in mind when you are constructing your reply.

The efficiency scrutiny showed that the overlap and confusion between DSS and the Employment Department Group responsibilities made fraud less likely to be detected. As you know its primary recommendation was for the creation of a unified fraud force with substantial efficiency and cost benefits.

If it is clearly the decision of both Departments not to accept this recommendation, then the obvious route to improve the management of fraud operations and secure the main savings identified in the scrutiny will be to reorganise DSS anti-fraud activity on the basis of integrated district fraud teams, with effective interdepartmental cooperation at the operational level.

Tony Newton correctly points out that the solution you prefer, to tackle working and signing, would not properly address the wider aspects of fraud involving both Departments.

My own main concern now is that we should move quickly to a joint action plan which begins to release the savings identified in the report.

Copies of this letter go to the Prime Minister and to Tony Newton.

Yours sincerely
D M Brantz
pp. ANGUS FRASER

Agreed by Sir Angus Fraser
and signed on his behalf

CONFIDENTIAL

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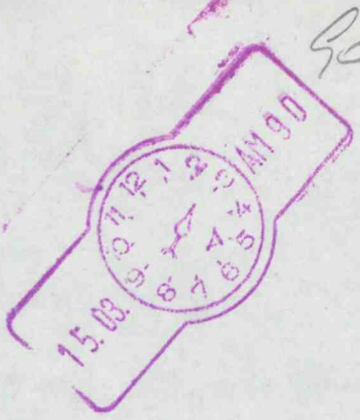

meeting record

SUBJECT cc MASTER

file kk

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

13 March 1990

Dear Roger.

VALUE FOR MONEY SEMINAR: PSA

The Prime Minister held a Value for Money seminar yesterday afternoon to discuss the PSA. Present were your Secretary of State, Mr. Chope, Mr. Brown, Sir Angus Fraser and Mr. Brereton.

Your Secretary of State said that over the past decade the PSA had done all the things which other Departments had done to improve efficiency, and had shed 17,000 staff in the process. Yet untying and the prospect of having to compete head on with the private sector had revealed just how much there was still to do.

Mr. Chope made a presentation on the PSA, running through charts which were circulated at the meeting. He said that following the announcement of 25 May 1989, PSA was to be divided into PSA Holdings and PSA Services. The presentation was confined to the latter which would have four divisions: building management, projects, international, and specialised services. The Bill permitting the privatisation of PSA Services was expected to receive Royal Assent in the summer. The current target for privatisation was the second half of 1992. He went on to make the following points:

(i) to be competitive with the private sector, PSA Services would need to cut costs by 20-30 per cent. This would require a substantial reduction in manpower, especially in the administration area. The numbers of professional and technical staff retained would depend on their success in generating fee income.

(ii) two major efficiency scrutinies had identified substantial savings but so far not enough to achieve the objective. The first on project management was launched in 1987 and its results were now being implemented. It should improve PSA's ability to complete contracts to time and to budget. It would also make much clearer where the responsibility for changes during the course of a contract lay. The second scrutiny was the Cost Competitiveness Initiative (CCI).

This had identified savings of £79 million of which £24 million was represented by functions which were being transferred elsewhere or ceasing. Of the remaining £55 million, changes totalling £42.5 million had been agreed.

(iii) the PSA business plan showed that, at present, it was earning no profit and next year this would be only 1 per cent of turnover. Even on some relatively optimistic assumptions about the extent to which Government business was retained and about cost saving, the rate of profit as a percentage of turnover still reached only 7 per cent by 1994-95. This was still below normal commercial practice and was a measure of the magnitude of the problem. Some other Departments, notably the Home Office, still retained tied building services. Not only was this likely to be less efficient than seeking work from outside, but it also closed off an area of work for which the PSA could compete.

Mr. Brown argued that, although the problem facing PSA Services was enormous, it was better to attack it rapidly rather than plan for a long drawn out adjustment. If PSA was to win business to replace the Government work lost, it would need to make large cost savings early. For this reason he attached great importance to the target of 1 April 1991 for PSA Services to become a Government owned company. This change in status would focus attention on the task ahead. He did not seek to minimise the extent to which currently tied Government business might move elsewhere. An indicator of the problem was that private sector companies were rarely successful in more than a quarter of the projects for which they tendered. Nevertheless, PSA's new status would allow it to seek work in the private sector e.g. from the water industry. PSA also had some very good architects and designers and he was hopeful that customers would hire PSA as an architectural/design practice in its own right.

Summing up the discussion the Prime Minister said the problem faced by PSA was very great. She shared the view that it was better to press ahead rapidly and she endorsed the objective of company status by 1 April 1991. The assumptions about the level of Government business that would be retained might well prove to be too optimistic. This could require an even more rapid reduction in staff levels than currently planned.

I am copying this letter to Carys Evans, Chief Secretary's Office (with a copy of the charts), Sir Angus Fraser, Efficiency Unit, and Sir Robin Butler, Cabinet Office.

Yours sincerely
Andrew Turnbull

(ANDREW TURNBULL)

Roger Bright, Esq.,
Department of the Environment.

Prime Minister

NEXT STEPS EXECUTIVE AGENCIES: TRAINING AND EMPLOYMENT AGENCY

1. I am writing to advise you of my intention to launch the Training and Employment Agency (T&EA) as a Next Steps Executive Agency on 2 April 1990.

Background

2. My predecessor agreed that the Training and Employment Services of the Department of Economic Development would be a suitable candidate for agency status.

3. Proposals to create a new single organisation for training in Northern Ireland were already well advanced when arrangements for training in England and Wales were published in the White Paper, "Employment in the 1990s" (Cm 540: December 1988). The Northern Ireland proposals were outlined in Tom King's letter of 22 November 1988 to Norman Fowler, which was copied to you and to Cabinet colleagues. A copy of this letter is attached (Annex A).

4. The Training and Employment Agency will be the first Northern Ireland Next Steps Agency to be established. It will comprise 1700 staff (approximately 60% of the Department) and will have an annual budget of some £168m. Its principal responsibility will be to implement those training and employment service functions of Government formerly carried on by the Department.



Framework Document

5. Work on developing a Policy and Resources Framework Document (Framework Document) for the T&EA has been completed and a copy is attached for your information (Annex B). It has been drafted on lines which follow as closely as possible the structure of other agency documents. This helps to make it clear that the T&EA is a mainstream Next Steps agency and is part of our contribution to a UK programme. It sets out the ground rules within which the T&EA will operate and, in particular, its accountability to Parliament and Ministers and its relationship with the Department of Economic Development. Officials in HMT and OMCS have expressed themselves generally content with the Framework Document.

6. Agency status will provide a clear identity and, with it, the high profile which has been lacking in the drive to persuade employers and individuals of the value of training to the development of a more competitive economy. The Chief Executive of the Agency will have responsibility for its day to day operations, and the Agency itself will have improved public accountability in terms of planning, performance targets and service to customers. Initially, it will have some financial flexibilities and the Framework Document provides scope for the Agency to pursue further freedoms if experience suggests that they are needed.

Chief Executive

7. The Agency will be headed by a Chief Executive at Grade 3 level. After considering all the options for filling the post, including open competition, Mr J S Crozier, an existing Grade 3 in the Department of Economic Development has been appointed as Chief Executive. He has been involved in shaping

the Agency from its inception, and has wide knowledge about this particular area of activity. When filling the post in the future, the option of open competition will again be considered.

8. The establishment of the Training and Employment Agency presents a considerable challenge to the Chief Executive and all the staff of the Agency. I am confident that the Agency will meet the demanding targets set for it and will contribute substantially to the competitiveness of companies and workforce in Northern Ireland.

9. I propose to launch the Training and Employment Agency by way of an arranged written PQ (copy attached - Annex C). I hope you will be able to endorse the proposal to launch it as a Next Steps Executive Agency on 2 April 1990.

10. I am copying this letter to Norman Lamont and Richard Luce.

P.B.

PB

12 March 1990

PM/SOFS/2119

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ANNEX A

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

22 November 1988

Dear Secretary of State,

DRAFT WHITE PAPER ON BARRIERS TO EMPLOYMENT

Thank you for copying to me your note of 14 November to the Prime Minister. As I indicated to you in my letter of 9 May, the dynamics of the labour market in Northern Ireland are different from those in Great Britain in a number of respects and I, therefore, appreciate the opportunity to comment on the implications for Northern Ireland of your proposals.

I would strongly endorse the draft White Paper's emphasis on encouraging business growth, and I should say that I am just as concerned to strengthen the Northern Ireland economy by creating a climate in which business and enterprise can flourish.

I also support in principle the proposed changes in the organisation of training in Great Britain while recognising that their application in Northern Ireland needs to take account of the different organisational arrangements which apply here. In April of this year the Government published a consultative document on the reorganisation of training in Northern Ireland. This proposed the amalgamation of the Department of Economic Development's training functions with those of the Northern Ireland Training

Authority and the Industrial Training Boards into a single new organisation. I am pleased to say that the consultative document received a favourable response and I am now considering the development of the new organisation as a "Next Steps" Agency. I have no immediate plans to introduce Training and Enterprise Councils in view of the established and successful position of our small business agency which is responsible for enterprise development and which more recently has acquired enterprise training responsibilities. Nevertheless, I would fully intend to reflect the draft White Paper's intention to involve employers at the local level and to sub-contract responsibility for delivering training to locally based managing agents wherever possible.

On the proposed changes to unemployment benefit, it will, of course, be necessary to maintain parity in the rules for the receipt of this benefit. This will include the requirement to ensure that claimants are actively seeking work. However, I should point out that the effectiveness of these measures in Northern Ireland may be restricted by the diverging labour market and demographic trends, between here and Great Britain. For example, while you expect a decline in the under 25 labour force of 20% between 1987 and 1995, the decline in Northern Ireland would only be 13%. Unemployment in Great Britain has fallen at over twice, and long-term unemployment by over 20 times, the rate of decline in Northern Ireland. The level of vacancies relative to the scale of unemployment is a quarter of that in Great Britain, and the population of working age will increase in Northern Ireland by almost 9 times the rate of that in the rest of the UK.

It has not been possible to provide the necessary resources this year to set up a network of Claimant Advisers in Northern Ireland. This may affect the pace with which some of the proposed changes in benefit rules can be implemented.

I note that your officials are liaising with Malcolm Rifkind's office in relation to a parallel document for Scotland. I would be most interested to see a copy of this. I think it is most important that the White Paper also contains a paragraph indicating in general terms its implications for Northern Ireland. I have asked officials of the Department of Economic Development to liaise with yours on this point.

I am copying this to the Prime Minsiter and Cabinet colleagues.

Yours sincerely

Jennie Murphy

pp TK

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

cc PS/Secretary of State (B&L)
PS/Mr Needham (B&L)
PS/PUS (B&L)
PS/Sir Kenneth Bloomfield
Mr Semple, DFP
Mr Elliott, DHSS
Mr Parkes, DENI
Mr Crozier
Mr Simpson
Mr McConnell, ESL

SH/4252

ANNEX B

THE

TRAINING AND EMPLOYMENT

AGENCY

FRAMEWORK DOCUMENT

APRIL 1990

TRAINING AND EMPLOYMENT AGENCY

Policy and Resources Framework

CONTENTS

Foreword by Peter Brooke,
Secretary of State for Northern Ireland

Chapter 1 Status

Chapter 2 Aims and Work of the Agency

Chapter 3 Organisation

Chapter 4 Role of the Department of Economic Development

Chapter 5 Financial Planning, Control and Reporting

Chapter 6 Personnel

Chapter 7 Review of Framework

Annex 1 Initial Staff Structure

Annex 2 Illustrative Criteria for Measuring Agency's Performance

Annex 3 Financial Flexibilities

DRAFT FOREWORD BY SECRETARY OF STATE

The Training and Employment Agency, which I am establishing on 2 April 1990, is the first executive Agency to be set up in Northern Ireland under the Next Steps initiative announced by the Prime Minister in February 1988. The Agency will have some 1,700 staff. It will be responsible for a wide range of programmes and activities of vital importance to the Northern Ireland economy.

Underlying the Next Steps initiative is the need to ensure that Departments are organised in a way that focuses on the job to be done; with systems and structures that enhance the effective delivery of policies and services; and with staff who have the relevant experience and skills needed to do the job. This involves delegating, to the greatest extent practicable, the executive functions of Government to clearly designated units - 'Agencies' - within Departments.

This Framework Document sets out the ground rules within which the Training and Employment Agency will operate and, in particular, its accountability to Ministers and Parliament and its relationship with the Department of Economic Development. It includes provision for the Chief Executive to propose additional flexibilities in future where these will contribute to better management of the Agency.

The establishment of the Training and Employment Agency marks a very real advance in the way we deliver training and employment programmes which are a central part of our strategy to assist economic growth and promote competitiveness.

As a dedicated unit within the Department, the Training and Employment Agency is well placed to develop expertise, to innovate, to gather and disseminate information, and overall to be a catalyst for change in attitudes and activities.

The Agency will forge partnerships with the business community, both through the Advisory Board and by developing relationships with individual firms. It will work closely with the IDB and LEDU in seeking to increase the competitiveness of Northern Ireland firms. It will help to ensure that school leavers and others entering the labour market are qualified for employment. It will provide advice, information and training to the unemployed.

Effective training at all levels is essential to economic success. The establishment of the Training and Employment Agency could not be more timely. It presents a considerable challenge to the Chief Executive and all the staff of the Agency. I am nevertheless confident that the Agency will meet the demanding targets set for it and will contribute substantially to the competitiveness of Northern Ireland's companies and workforce.

ANNEX 3

DRAFT PARLIAMENTARY QUESTION FOR WRITTEN ANSWER ON 2 APRIL 1990

NORTHERN IRELAND

To ask the Secretary of State for Northern Ireland what progress has been made in establishing Executive Agencies in Northern Ireland.

I am pleased to announce that the Training & Employment Agency will today become an Executive Agency of the Department of Economic Development. It will comprise some 1,700 staff. The Agency's principal task will be to implement those training and employment service functions of government which are the responsibility of the Department. Agency status should ensure greater efficiency and effectiveness in the delivery of these functions,including an improved standard of service to customers. It will also emphasise to employers and individuals the value of training. The establishment of the Agency coincides with the high priority now to be given to training and development of the workforce in the interests of a competitive economy. Performance targets have been set against which the Agency's effectiveness and efficiency will be measured. The Framework Document for the Agency makes provision for the Chief Executive to propose additional management flexibilities in future where these will contribute to better performance. Copies of the Framework Document are being placed in the Library of the House.

CHAPTER 1 : STATUS

Executive Agency

1.1 With effect from 2 April 1990, the Training and Employment services of the Department of Economic Development (DED) will be established as an Executive Agency within DED in accordance with the "Next Steps" initiative.

Title

1.2 The formal title will be "The Training and Employment Agency". In this document, it will be referred to as "the Agency".

Responsibilities

1.3 The Agency will be responsible for the implementation of those training and employment functions of Government in Northern Ireland which are the responsibility of DED. It is intended that the Agency will be the principal training and employment organisation in Northern Ireland.

Relationship with Ministers

1.4 The Agency will be subject to the overall direction and control of the Secretary of State for Northern Ireland and the junior Minister to whom the administration of DED is delegated. Ministers will determine the policy and financial framework within which the Agency will operate but will not normally become involved in the day to day management of the Agency.

Accountability to Parliament

1.5 Ministerial responsibility is unaffected by the creation

of the Agency. However, Members of Parliament will be free to deal directly with the Chief Executive of the Agency on day to day operational matters and Ministers will encourage this.

1.6 Ministers will deal with any issues which raise questions of general policy and with any instances where a Member of Parliament specifically seeks a reply from a Minister.

1.7 The Permanent Secretary of DED has overall responsibility as departmental Accounting Officer for the propriety and regularity of expenditure of DED including the Agency. The Permanent Secretary will be responsible for advising Ministers on resource priorities in DED, and, within the resources allocated to DED by the Secretary of State, for ensuring that the Agency is resourced in line with the priorities set by Ministers.

1.8 The Chief Executive as Accounting Officer for the Agency is responsible for the resources allocated to the Agency.

1.9 The Permanent Secretary of DED and the Chief Executive of the Agency are both liable to be summoned to appear before the Committee of Public Accounts (PAC) and other Parliamentary Select Committees.

1.10 Complaints against the Agency will remain subject to the jurisdiction of the Parliamentary Commissioner for Administration for Northern Ireland.

CHAPTER 2 : AIMS AND WORK OF THE AGENCY

Main Aim

2.1 The Agency's overall aim will be, within available resources, to assist economic growth by ensuring that its training and employment functions help firms become more competitive; by increasing the skills of the Northern Ireland workforce to enable individuals to acquire the competencies required for increased competitiveness; and by providing other such services deemed essential to the Province's economic development.

Main Objectives

2.2 The Agency's main objectives will be :

- to ensure arrangements exist whereby employers can secure the skills needed for industrial and commercial development;
- to ensure provision of opportunities for people to develop the skills required by industry and commerce;
- to play a full role in contributing to economic development policies in Northern Ireland, which are the primary responsibility of DED;
- to assist the unemployed and others to find work suited to their abilities and aspirations;
- to contribute to Government initiatives to alleviate problems in areas of severe economic and social deprivation;
- to encourage greater provision of training by the private sector and to use private sector facilities wherever that is cost-effective; and

- to develop and maintain close working relationships with the Industrial Development Board (IDB) and the Local Enterprise Development Unit (LEDU), and to complement their role in implementing coherent economic development policies;
- to maintain and develop links between training services and the business and education sectors.

2.3 In pursuit of these objectives, the Agency will seek at all times to improve the effectiveness, efficiency and economy of service delivery.

Main Activities

2.4 In pursuit of these objectives, the main activities of the Agency will be :

- to identify the current and future skill needs of employers;
- to encourage and assist employers to identify and meet their training needs in order to increase competitiveness;
- to develop new programmes where necessary;
- to promote and develop management training;
- to provide adequate arrangements for training young people, the unemployed and the disabled, to enable them to acquire the skills to compete for available jobs;
- to administer through the Employment and Careers Services, arrangements for advising young people, the unemployed and the disabled on training and job opportunities;
- to stimulate the development of new or improved

training techniques, including the promotion of training in new technology.

CHAPTER 3 : ORGANISATION

The Chief Executive

3.1 The Agency will be headed by a Chief Executive appointed by DED.

3.2 The Chief Executive will be responsible to Ministers, through the Permanent Secretary of DED, for the efficient organisation and management of the Agency and for the achievement of its aims and objectives. He will attend DED's senior management committee as appropriate.

3.3 The Chief Executive's performance will be assessed by the Permanent Secretary of DED against a personal responsibility plan. The Permanent Secretary will report to Ministers on the achievement of the Agency's performance targets.

The Chief Executive's Responsibilities as Accounting Officer

3.4 The Department of Finance & Personnel (DFP) will designate the Chief Executive as Accounting Officer for the Agency and in accordance with his letter of designation, he will be accountable for the resources provided to the Agency for its day to day management. He will also be accountable for the Agency's accounts and financial procedures and will ensure that the requirements of "Government Accounting" are met. He will ensure that the Agency complies with any general guidance on the responsibilities of Accounting Officers that DFP may issue, and put into effect any recommendations of PAC, other Parliamentary Select Committees, or other Parliamentary authority, which the Government have accepted.

3.5 The Chief Executive will be responsible for ensuring that the Agency meets its agreed financial targets, and that its business is conducted in accordance with the highest public and private sector standards.

Management Structure

3.6 The Chief Executive will be supported by Divisional Directors responsible for discrete areas of the Agency's activities. An organisation chart of the Agency's initial structure is given in Annex 1. The Agency will have approximately 1,700 staff.

3.7 The Divisional Directors will be accountable to the Chief Executive for the performance of their duties.

The Agency Advisory Board

3.8 An Agency Advisory Board of up to twelve members including a Chairman, will be appointed by the Minister under section 1 of the Employment and Training Act (Northern Ireland) 1950.

3.9 The Board's prime role will be to help secure strong collaboration and co-operation between the Agency and the private sector in the development of training and employment services. It will, for example, advise the Chief Executive on :

- current and future training and employment requirements of the Northern Ireland economy;
- the relevance of the Agency's services to the needs of employers and individuals;
- the promotion of training and the stimulation of training within industry, including management development; and

- the encouragement of training by private sector training organisations.

The Board may also act as a source of advice to the Minister on employment and training policy.

3.10 The Chief Executive will attend meetings of the Advisory Board but will not himself be a member of the Board. If unable to attend, he may nominate a representative.

3.11 The Chief Executive will ensure that the Board receives information that it needs to perform its functions, including regular reports on the Agency's activities. The Chief Executive will consult the Board on strategy and operational matters, and in particular on the Agency's Corporate Plan.

CHAPTER 4 : ROLE OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT

Strategy

4.1 The broad economic development strategy within which the Agency will operate will be determined by Ministers advised by DED. The Chief Executive will be invited to contribute to the formation of this strategy.

4.2 The Agency's Corporate Plan and Business Plan will be consistent with and supportive of the strategy, policies and priorities of DED as a whole.

4.3 The Chief Executive will determine and implement policy in relation to the performance of the Agency's functions within this strategy framework and the Agency's allocated resources, and in pursuance of the performance targets in the Agency's Corporate and Business Plans. He will take account of advice from the Advisory Board.

Responsibilities of DED

4.4 The Permanent Secretary of DED will be responsible for advising Ministers on :

- the Agency's Corporate Plan and Annual Business Plan;
- the Agency's bids for submission to DFP in relation to the Public Expenditure Survey in the context of advice on the competing bids across DED;
- the Agency's objectives and targets.

4.5 DED, after consultation with the Chief Executive, will draw up performance targets for Ministerial approval, against which the Agency's effectiveness in achieving its aims and objectives will be assessed. Annex 2 contains illustrative criteria against which the Agency's performance will be assessed.

4.6 DED will provide the Agency with access to the financial, statistical, economic and other services of DED, as appropriate.

4.7 The Permanent Secretary of DED shall make such arrangements as he considers appropriate for monitoring the Agency's agreed performance targets.

CHAPTER 5 : FINANCIAL PLANNING, CONTROL AND REPORTING

Resource Provision

5.1 Provision for the Agency's resource requirements will be made within the overall provision for DED agreed by the Secretary of State in the Public Expenditure Survey, and adjusted as appropriate under in-year monitoring arrangements. The normal Public Expenditure, cash limits, running costs and Estimates controls will apply except where specific exceptions have been agreed by DFP.

Corporate and Business Plans

5.2 The Chief Executive will prepare each year a three year Corporate Plan including individual plans for each of the Agency's Divisions, and a Business Plan for the financial year immediately ahead, that is the first year of the Corporate Plan. Both Plans will be consistent with the Secretary of State's resource allocation decisions. The Chief Executive will submit drafts of both Plans to Ministers for approval, through the Permanent Secretary, in March each year.

5.3 The Corporate Plan will be rolled forward and updated each year. It will include:

- the Agency's overall aim and main objectives and the means and costs of achieving them;
- an assessment of external factors which influence its activities;
- forecasts of performance for each of its activities;
- key performance indicators and targets;
- proposed staffing levels;

- the proposed works and capital investment programme;
- the Agency's personnel training and development strategy;
- such additional information as the Permanent Secretary of DED may from time to time require to discharge his responsibilities to Ministers.

The Corporate Plan will be published.

5.4 The Business Plan will summarise the Agency's activities for the year immediately ahead including the budget for the year and its performance targets.

Resource Adjustments

5.5 The Agency's resource provisions will be subject to variation in-year in the normal way. Where resources are allocated to the Agency they will not normally be removed or increased without consultation with the Chief Executive or his nominee.

5.6 Ministers may from time to time amend the Agency's performance targets to take account of any reduction or addition in resources allocated to the Agency.

5.7 Where the approval of DFP for expenditure is required under any statutory or administrative provision, the Agency shall seek this approval through the Principal Finance Officer (PFO) of DED. Where additional resources are required, such approval should be sought through the PFO or in accordance with arrangements agreed by him. The Agency may, however, approach DFP on particular matters with the agreement of the PFO and DFP.

Fees, Charges and Receipts

5.8 The Agency, in accordance with Government policy, will, where appropriate, be expected to apply fees and charges towards the cost of its services. The accounting conventions used for calculating fees and charges shall conform to the requirements of HM Treasury's "Fees and Charges : A Guide for Government Departments".

5.9 Details of charging arrangements will be included in the Agency's Corporate Plan.

5.10 In consultation with the Chief Executive, the Permanent Secretary of DED will provide a forecast of receipts along with annual Public Expenditure Estimates. Account will be taken of the forecast receipts in settling the level of allocation to the Agency each year. Should in-year receipts fail to match or exceed the forecast, the Agency, through DED, will seek adjustments to the allocation.

Expenditure Classification

5.11 The Agency's expenditure will be covered by a single Vote within DED Estimates. For the purposes of accounting to Parliament, this Vote will be incorporated into the Appropriation Accounts for DED as a whole.

Financial Delegations

5.12 The Agency will have available to it the financial delegations which are currently available from DFP to DED. In addition, the further flexibilities listed in Annex 3 will be available to the Agency. The Chief Executive may propose further flexibilities in due course. These will be the subject of consultation with

DED and with DFP.

5.13 In common with DED, the Agency shall follow normal policy in relation to property and services and therefore may deal directly with the Department of the Environment for Northern Ireland.

Carry Over of Resources

5.14 The standard end year flexibility schemes for capital and running costs expenditure will apply initially, but will be kept under review so that changes may be agreed should it become evident that some other arrangement would be more appropriate.

Monitoring Arrangements

5.15 The Chief Executive will put in place procedures for monitoring and controlling the Agency's expenditure against its budgets. He will ensure that all Divisional Directors are aware of the targets which concern them and that a Management Information System is developed within twelve months from the establishment of the Agency to provide information on inputs, outputs, expenditure against budget and performance indicators.

Annual Report and Accounts

5.16 As soon as possible after 31 March in each year, the Agency will prepare a Report on its activities. The Report will include :

- a statement of Accounts in relation to the Agency's activities;
- details of the achievement of targets for the

previous year and targets for the Agency for the coming year.

5.17 The Report and Accounts will follow the form set by DFP, reflecting the requirements of Government Accounting. The Accounts will be audited by the Comptroller and Auditor General for Northern Ireland, laid before Parliament and published with the Report.

Audit

5.18 The Agency will be subject to audit by DED's Internal Audit Branch in accordance with the Government Internal Audit Manual.

5.19 The Agency will also be subject to external audit by the Northern Ireland Audit Office. The Comptroller and Auditor General shall have right of access at all reasonable times to the books, accounts and records of the Agency.

CHAPTER 6 : PERSONNEL

Staffing, Recruitment, Status and Conditions of Service

6.1 The Agency's staff will be Civil Servants employed by DED and subject to Northern Ireland Civil Service (NICS) pay and conditions of service.

6.2 Initially, the Permanent Secretary of DED will retain overall personnel responsibility for the Agency as part of DED. The Permanent Secretary, in consultation with the Chief Executive, will draw up guidelines to clarify their respective responsibilities. Under these, the Chief Executive will be responsible for the effectiveness and efficiency of the Agency in terms of its organisation and staffing and will seek to ensure that the Agency is staffed to achieve its objectives.

6.3 Changes in organisation or staffing, including adjustments to the number and grades of post up to and including Principal/Grade 7, may be instigated by the Chief Executive, subject to the Agency's running costs and other constraints, and delegated limits previously agreed.

6.4 The Chief Executive, or such person as he may designate, will be consulted by DED's Personnel Division on all matters relating to the recruitment, appointment or transfer of staff into or out of the Agency, and on those other aspects of the personnel function, as outlined in paragraph 6.6 below, which will be exercised wholly by DED.

6.5 The Agency will adhere to NICS procedures for filling posts, including the use of limited period appointments.

6.6 The Agency will come within DED and NICS arrangements

with regard to:

(i) internal promotion boards (boards arranged by DED will normally have panel members drawn from the Agency);

(ii) nomination of staff to appear before promotion boards in other government departments;

(iii) the career management of staff;

(iv) the Permanent Secretary's role in disciplinary procedures;

(v) staff inspections.

Employee Relations Arrangements

6.7 The Chief Executive will manage the employee relations function in the Agency on a day to day basis, liaising with DED Personnel Division as necessary. Individual cases and disputes will be resolved within the Agency where possible but will be referred to Personnel Division where a settlement cannot be reached or wider Departmental considerations apply. Personnel Division of DED will retain overall responsibility for employee relations throughout DED and the Agency.

Review of Arrangements

6.8 The Chief Executive may from time to time wish to review the above arrangements for the better attainment of the Agency's aims and objectives. He shall consult as appropriate with staff and trade union representatives, and seek approval from DED and, if necessary, DFP before implementing any changes arising from such a review.

Training and Development

6.9 The Chief Executive will be responsible for identifying the training and development needs of the Agency's personnel and ensuring that these needs are met.

Equality of Opportunity

6.10 The Agency will apply fully the equal opportunity policy of the NICS as set out in the Equal Opportunity Policy Statement.

CHAPTER 7 : REVIEW OF FRAMEWORK

Review Arrangements

7.1 This Framework Document will be reviewed by Ministers, advised jointly by DED and the Agency not more than three years from the establishment of the Agency and thereafter at regular intervals.

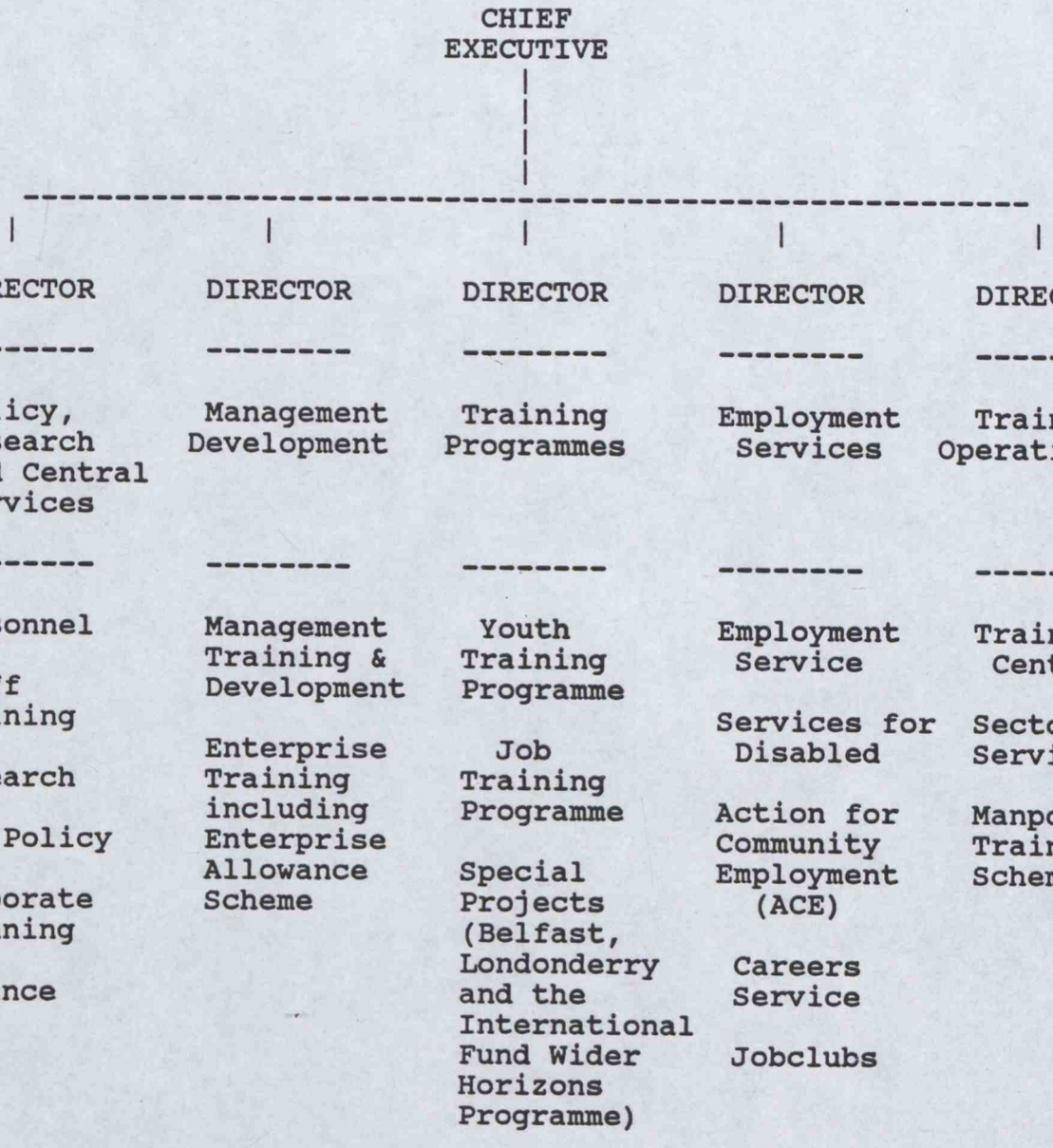
7.2 The Agency, DED or DFP may at any time propose changes which are suggested by experience of the Agency's operations or changes in circumstances. Such proposals will be subject to tripartite consultation and any amendment will be subject to the approval of Ministers.

Publication

7.3 Copies of this Framework Document and any subsequent amendments will be published and placed in the Libraries of both Houses of Parliament.

ANNEX 1
(Para 3.6)

TRAINING & EMPLOYMENT AGENCY - INITIAL STAFF STRUCTURE



ANNEX 2
(Para 4.5)

ILLUSTRATIVE CRITERIA FOR MEASURING AGENCY'S PERFORMANCE

In the final analysis, the Agency's performance will be judged against the extent to which it has encouraged training that is necessary to provide the skills required by Northern Ireland firms to enable them to compete for business, and by the Northern Ireland workforce to enable them to improve their competencies and skills, and to compete for jobs in the local or international economy. It will also be judged by its success in assisting people seeking employment to find jobs.

The Agency will agree with DED specific measures and targets against which its performance can be assessed. The grid overleaf outlines, for illustrative purposes, the measures and targets which will be applied to the Agency's main activities. Key quantified performance targets will be set out in the Agency's Corporate Plan.

The Agency will operate and deliver its services efficiently, and will seek progressively to make more effective use of its resources while improving the standard of service to customers both within the public service and in the private sector. Levels of satisfaction with the Agency's services and the quality of trainees from Agency programmes will be regularly surveyed.

MAIN ACTIVITIES	OBJECTIVES	OUTPUT MEASURE	ECONOMY	EFFICIENCY	EFFECTIVENESS
Identify current and future skill needs	To ensure that relevant training is provided	No. of company visits No. of companies with training plans No. of companies reporting skill shortages Demand for Agency sponsored training	The principal economy measure in relation to all of the Agency activities will be its target to reduce unit costs in its first year of operation by at least 1.5% and in subsequent years by at least 2%	Unit cost per company visit Response rate to skill shortages and demands for training	Proportion of companies with training plans Proportion of companies reporting skill shortages Increasing number of requests for training tailored to company needs
Encourage/assist employers to meet training needs	To encourage greater investment in training by employers	No. of companies operating training plan No. of employees being trained/re-trained		Unit cost per trainee week Private sector contribution per trainee week	Proportion of companies operating training plans/ budgets Proportion of employees training/re-training
Develop new programmes and stimulate new/ improved training techniques	To ensure that training is relevant to changing demand, and to encourage use of new techniques	No. of pilot initiatives introduced No. of companies using new techniques, eg, Open Learning		Unit cost per trainee of new initiatives Private sector contribution to new initiatives	Increased use of more cost-effective techniques Increased private sector contribution

MAIN ACTIVITIES	OBJECTIVES	OUTPUT MEASURE	ECONOMY	EFFICIENCY	EFFECTIVENESS
Provide arrangements through Agency programmes for training young people, unemployed and disabled; promote and develop management training	Appropriate objectives apply to individual training programmes	Nos. in training Nos. in work experience with training Nos. achieving qualifications Nos. entering self-employment	See above	Unit costs per trainee Unit costs per job/ qualification attained Unit cost of new business created	Proportion moving into jobs Proportion achieving qualifications Proportion entering self-employment Levels of satisfaction with training
Provide information/ advice on job vacancies and opportunities	To ensure that details of vacancies are available and that relevant advice and assistance leading to employment are given	No. of vacancies filled Nos. referred to job vacancies No. of positive outcomes from jobclubs		Unit cost per job placement Unit cost per jobclub place	Proportion of notified vacancies filled Proportion of positive outcomes from jobclubs
Provide advice/ counselling for young people, unemployed and disabled on training and other opportunities	To provide a guidance, information and placement service to help employers meet their recruitment needs	Nos. interviewed Nos. placed in training etc.		Unit cost per interview Unit cost of disabled assessment Unit cost per placement	Proportion of interviewees placed in training, etc. Levels of satisfaction with service.

ANNEX 3
(Para 5.12)

FINANCIAL FLEXIBILITIES

1. Initially, the following financial flexibilities will be available to the Agency :

(1) FLEXIBILITY BETWEEN SUBHEADS

DFP will normally approve virement of resources between subheads within the same Section up to a maximum of £500,000 or 5% of the donor subhead (whichever is the lesser), up to 10% of the recipient subhead, in any financial year. This ceiling will apply to the total movement from or to any subhead over the financial year.

(2) FLEXIBILITY BETWEEN LINE ENTRIES

Where DFP approval is required to changes in provision within subhead, this will normally be forthcoming where the change is below £100,000 or 10% (whichever is the lesser) of the relevant line entry provisions in any financial year, provided that the amount does not exceed 10% of the recipient line entry.

(3) PILOT SCHEMES

The Agency may introduce or assist pilot schemes where the annual cost of each does not exceed £100,000, up to an aggregate of £300,000 provided the cost can be met from within the Agency's existing provision and is consistent with the Agency's agreed strategy. Pilot schemes should be regarded as schemes of an experimental nature which will not be made permanent without the approval of DED and DFP.

2. The Agency will make arrangements to notify the PFO in DED on a regular basis of any shifts in resources and of any pilot schemes introduced or assisted. DED will inform DFP of all proposed shifts in resources, and seek formal approval as appropriate.

ANNEX C

DRAFT PARLIAMENTARY QUESTION FOR WRITTEN ANSWER ON 2 APRIL 1990

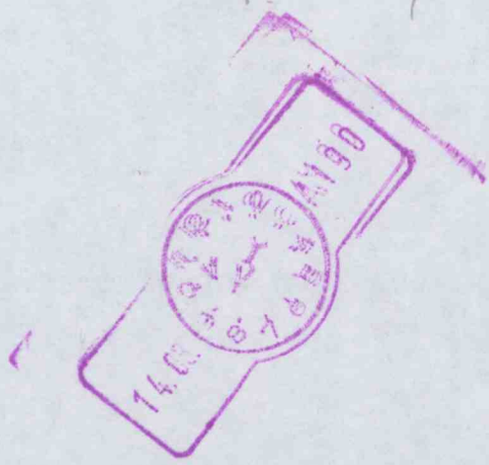
NORTHERN IRELAND

To ask the Secretary of State for Northern Ireland what progress has been made in establishing Executive Agencies in Northern Ireland.

I am pleased to announce that the Training and Employment Agency will today become an Executive Agency of the Department of Economic Development. It will comprise some 1,700 staff. The Agency's principal task will be to implement those training and employment service functions of government which are the responsibility of the Department. Agency status should ensure greater efficiency and effectiveness in the delivery of these functions, including an improved standard of service to customers. It will also emphasise to employers and individuals the value of training. Its establishment coincides with the high priority now to be given to training and development of the workforces in the interests of a competitive economy. Performance targets have been set against which the Agency's effectiveness and efficiency will be measured. The Framework Document for the Agency makes provision for the Chief Executive to propose additional management flexibilities in future where these will contribute to better performance. Copies of the Framework Document are being placed in the Library of the House.

LD/SOFS/2123

GOVT MACH: Rayner pt 33



CONFIDENTIAL

FILE
JD

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

SIR JOHN FAIRCLOUGH

GOVERNMENT RESEARCH ESTABLISHMENTS: NEXT STEPS ACTION PLAN

The Prime Minister was grateful for your minute of 20 February. She has also seen the subsequent comments from Ministerial colleagues. She endorses your recommendations, and would be grateful if the further work could now proceed on this basis.

2. I am copying this minute to the Private Secretaries to the members of E(ST), the Secretaries of State for the Home Department, Employment and Scotland, the Minister for Overseas Development, the Minister for the Civil Service, and to Sir Robin Butler and Peter Kemp.

PG

12 March 1990

cc CO MAFF OAL
D/H DEn ODA
CST DTI SO
D/N DoE D/M
FCO MOD HO
DITp Kemp

CONFIDENTIAL

PSA

VALUE FOR MONEY SEMINAR

12 March 1990

PRESENTATION TO THE PRIME MINISTER

SCOPE OF PRESENTATION

- Some facts and figures about PSA
- Decisions about the future of PSA
- Making change happen
- Project Management Efficiency Scrutiny
- Cost Competitiveness Initiative Efficiency Scrutiny

SOME FACTS AND FIGURES ABOUT THE AGENCY

(excluding The Crown Suppliers)

STAFF NUMBERS

at 1 January 1990

PROFESSIONAL AND TECHNICAL	ADMINISTRATIVE	INDUSTRIAL
7,825	5,912	7,640

TOTAL	21,377
Plus locally engaged overseas staff	3,858
GRAND TOTAL	25,235

FORECAST OUTTURN

in 1989-90

DEFENCE	CIVIL	
1,866	899	
TOTAL £	2,765	M

FORECAST RESOURCE COSTS

1989-90

TOTAL £	610	M

(includes Industrials and consultants' fees)

PSA's MAJOR CLIENTS

DEFENCE

ROYAL NAVY (TRIDENT)

ROYAL NAVY (NON-TRIDENT)

ARMY

ROYAL AIR FORCE

UNITED STATES AIR FORCE

PROCUREMENT EXECUTIVE

CIVIL

HOME OFFICE

LORD CHANCELLOR'S DEPARTMENT
& SCOTTISH COURTS ADMINISTRATION

DEPARTMENT OF SOCIAL SECURITY

PROPERTY HOLDINGS

OTHER CIVIL CLIENTS
(INCLUDING INLAND REVENUE & CUSTOMS)

DECISIONS TAKEN ABOUT THE FUTURE OF PSA

- PSA to become a commercial organisation.
- PSA to be split into 2 parts:
  - Property Holdings — PSA's landlord functions
  - PSA Services — PSA's works functions
- Property Holdings to stay within Government
- PSA Services to be privatised as soon as practicable.

VIEWFOIL 5

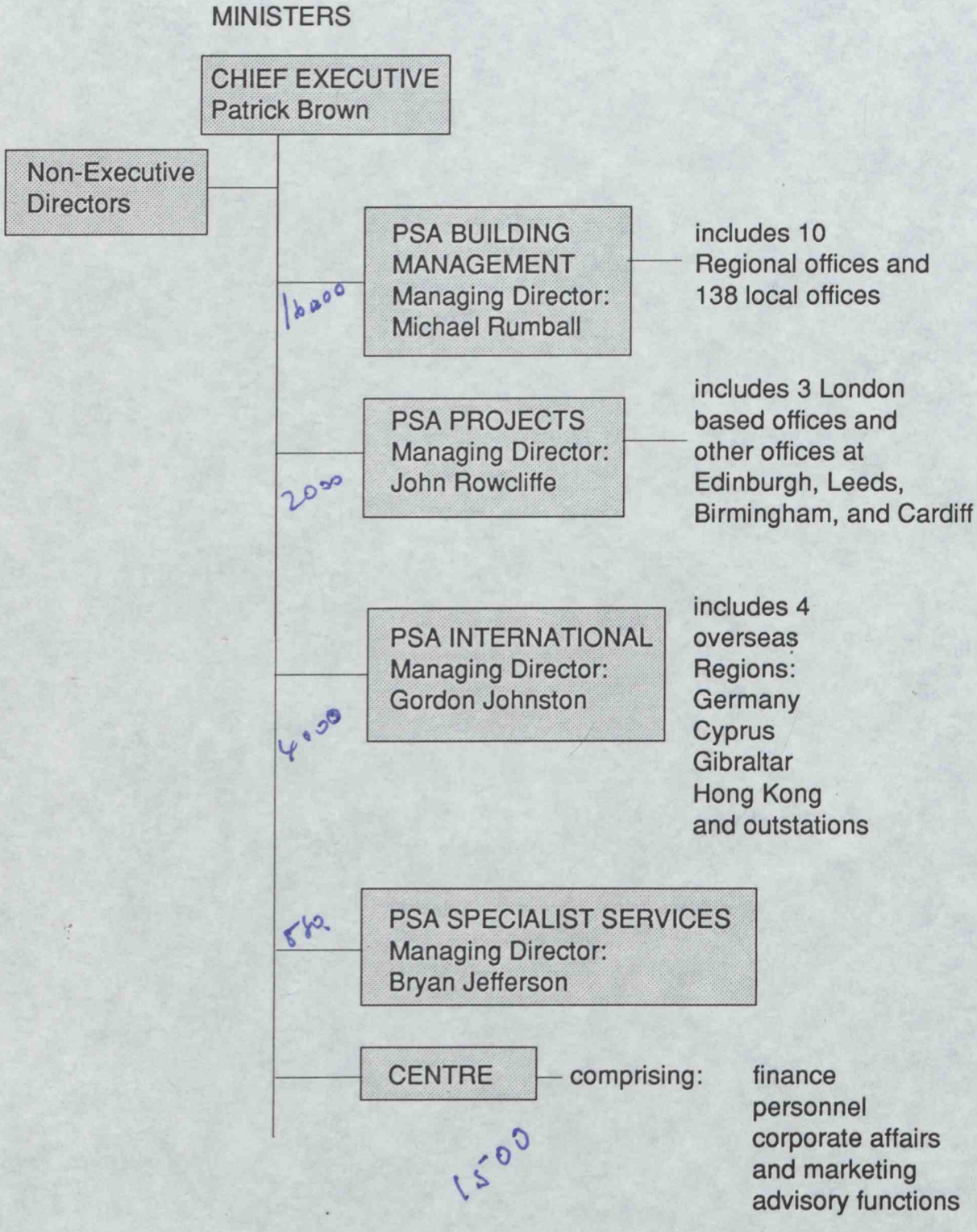
ORGANISATION

- PROPERTY HOLDINGS

- PSA SERVICES

  BUILDING MANAGEMENT
  PROJECTS
  SPECIALIST SERVICES
  INTERNATIONAL
  SMALL CENTRAL HQ FUNCTIONS

PSA SERVICES - OUTLINE ORGANISATION



MAKING CHANGE HAPPEN

ISSUES

- ORGANISATION
- COMMERCIAL ACCOUNTS
- BUSINESS PLANNING
- REDUCTION OF COST BASE
- PEOPLE
- PAY AND PERSONNEL FLEXIBILITIES
- DEVOLUTION OF PERSONNEL FUNCTION
- TRAINING
- CULTURE CHANGE
- MARKETING AND SALES
- COMMUNICATIONS
- NEW INFORMATION REQUIREMENTS

Cut by 20-30%

PROJECT MANAGEMENT EFFICIENCY SCRUTINY

CHANGES ACCOMPLISHED

- ❑ Project Managers now dedicated to project management
- ❑ Project management now recognised as high status specialism
- ❑ Six module training programme for all Project Managers
- ❑ PC planning software within Project Manager groups
- ❑ Project Execution Plans and change control procedures agreed with clients
- ❑ Improved estimating techniques in place

BACKGROUND TO CCI REPORT

- Corporate Strategy identified need for substantial and urgent reduction of PSA's cost base.

- Cost Competitiveness Initiative (CCI) launched in January 1989 to identify ways of reducing unit costs.

- CCI converted to Efficiency Scrutiny in April 1989.

RESOURCE COST BASE EXAMINED BY CCI TEAM

UNIT	1988/89 RESOURCE COSTS £M
PSA Management	3
Personnel (incl IT)	56
Finance	10
Maintenance	174
New Design	34
Specialist Services	15
	292
Consultants	113
Overseas	33
Industrial	110
Capital	19
	567

Areas examined by CCI

51.5% of total cost base

CCI

FIVE MAJOR AREAS FOR SAVINGS

EXAMPLES

❑ CENTRAL OVERHEADS	Personnel functions Payroll Resource costing systems
❑ SUPPORT FUNCTIONS	Messenger services Registries Secretarial and typing support
❑ BUSINESS PROCEDURES	Management information systems Business rules Placing orders and bill paying
❑ EFFICIENCY CONTROLS	Local selection audit District Management Reviews
❑ REORGANISATION	Structural reorganisation

CCI

SUMMARY OF RECOMMENDED AND AGREED COST CHANGES TO DATE BY CATEGORY

	CHANGES RECOMMENDED		CHANGES AGREED	
	MAN YEARS	£M	MAN YEARS	£M
Functions to transfer to Property Holdings or other government departments	1098	20.5	619	12.0
PSA functions which will cease	170	3.5	103	2.0
Efficiency savings in PSA Services	2918	54.9	1848	42.5
TOTAL	4186	78.9	2570	56.5

CCI

DIFFERENCE BETWEEN RECOMMENDED AND AGREED EFFICIENCY SAVINGS BY MAIN CATEGORY

	CHANGES RECOMMENDED		CHANGES AGREED	
	MAN YEARS	£M	MAN YEARS	£M
Central Overheads	544	17.5	437	15.3
Support Functions	777	6.9	335	4.2
Business Procedures	785	15.0	398	9.2
Effective Controls	180	3.8	100	2.4
Reorganisation	597	7.5	543	7.2
IT	35	4.2	35	4.2
Total	2918	54.9	1848	42.5

CCI

TARGET PROGRAMME FOR EFFICIENCY SAVINGS IN PSA SERVICES AGREED TO DATE

	1989/90	1990/91	1991/92	1992/93 et seq
MAN YEARS	124	708	874	142
ANNUAL SAVINGS £M	2.9	20.8	16.5	2.3
			TOTAL £M	42.5

BEYOND CCI

1 PSA BUSINESS PLAN:-

		1990/91	1991/92	1992/93	1993/94	1994/95
Turnover	£M	710	658	608	591	568
Costs	£M	710	651	580	550	529
Profit	£M	-	7	28	41	39
Profit as a % of Turnover		-	1	5	7	7

2 COMMERCIAL PRACTICE:- 10% return on turnover

FREEDOM TO ACT

PSA to become a Government Owned Company (GOCO) no later than 1 April 1991

ADVANTAGES:-

- ❑ Motivate staff - It's really happening
- ❑ Freedom to enter new markets
- ❑ Performance and market-related staff terms and conditions
- ❑ End of vote accounting

IMPLICATIONS

- Timescale for transfer to GOCO very tight but will be managed
- Need maximum support for redeploying at least 2000 staff to other Government Departments within 1990-91
- If redeployment is not achieved in full there will be redundancy costs

(Miss Slocock
To note

2 CF

10 DOWNING STREET

Mr Kemp,
Cabinet Office.

Had you thought of responding to this, either directly to Mr Bogdanor, or via the FT?

AT
9/3

Mr Turnbull

Yes. I attach a note we did. Lord Caithness used the "line to take" in the Lords yesterday. Mr Luce is writing to the FT. And I'm going to get Bogdanor in to tell him what's what. J.

Civil Service reform

The problem of making Whitehall accountable

By Vernon Bogdanor

Boards, Jeremy Bentham once said, are screens. They protect those working in them from the rigours of parliamentary accountability. Mrs Thatcher's government came to office in 1979, determined to restore accountability by transferring many functions to the private sector so that they could be subject to market disciplines. Organisations remaining in the public sector, which were not under the direct authority of ministerial departments, would be abolished, as happened in the great quango cull of 1979 to 1983.

The "Next Steps" programme, launched in February 1988, and now in full swing, cuts across this public/private dichotomy. It proposes to separate the executive from the policy-making functions of government and to transfer the former out of Whitehall by establishing autonomous agencies. Each agency will be headed by a chief executive responsible for day-to-day operations within a policy and resources framework set by the departmental minister, who will monitor performance.

The intention is to bring management disciplines into government. Agencies will be monitored not through "input" – the amount which they are spending – but through "output" – their use of resources and the extent of customer satisfaction. The chief executive will be the agency's accounting officer, directly and personally responsible for expenditure, and may give evidence to the Public Accounts Committee.

The Next Steps programme is ambitious. The first three agencies – the Vehicle Inspectorate, Companies House and HMSO – were established in 1988, and by the end of 1990 some 20 agencies will have been created, employing around 80,000 staff. By 1998, when the programme will be complete, it is intended that three quarters of the civil service will be working in agencies, rather than Whitehall departments.

This is perhaps the most drastic Civil Service reform since the Northcote-Trevelyan Report. Admittedly, there is nothing new in the notion that ministers should cease to be answerable for day-to-day decisions. That has been a nostrum of the constitution since at least the time of Crichel Down. What is novel is the development of new machinery outside Whitehall departments. Civil servants will no longer be simply the servants of their ministers, owing duties only to them. They will also have specific duties to Parliament and to their customers, and they will be set performance targets. Civil servants will be transformed into managers.

The Government, however, is determined not to undermine the convention of ministerial responsibility, the central principle of our constitutional arrangements. The minister will still, it is said, be responsible to Parliament for policy as opposed to operational matters. But, what is policy? How is it to be distinguished from management? If a citizen does not receive his passport on time, or is denied social security benefits, is this policy – a matter for ministers and Parliament – or management, to be referred to the chief executive?

Every attempt to demarcate separate responsibilities in relation to the nationalised industries failed dismally. Why should it be easier to devise a separation of powers in the case of agencies? A more likely result is buck passing. The minister will take the credit for successes while blaming the chief executive for failures. When things go wrong, the chief executive will say: I pressed the Government for more resources, but could not get them. Ministers will seek to distance themselves from agencies, but if a chief executive seeks to blame the Government's financial stringency, and the minister's position is threatened by inefficiencies, he will intervene, and nothing will be achieved by devolution.

Even technical issues can have strong political repercussions. Engraved on the heart of every minister should be the words "Vehicle and General." Its collapse in 1971 exposed incompetence in that section of the DTI dealing with the regulation of insurance companies. This section would undoubtedly have been a prime candidate for agency status. No minister would spend much time ensuring that it worked satisfactorily. Yet the consequences of inefficiencies caused grave political damage to the minister concerned, John Davies.

To the extent, however, that devolution is achieved, an alarming gap in the accountability of government will be revealed. The Next Steps programme lays bare the gross insufficiency of grievance procedures. For, if a citizen can no longer complain to his MP about an agency decision, because it lies within the chief executive's remit, how is he to secure redress?

The idea of separating executive agencies from central government departments derives from Sweden. But in Sweden, Parliament plays a less central role in the redress of grievances. The ombudsman is far more powerful; aggrieved citizens can appeal directly to him, and he can initiate prosecution of civil servants. The law on freedom of information enables the aggrieved citizen to consult his files, and there is a thoroughgoing system of administrative law.

It makes no sense to import a policy derived from another country with quite different constitutional traditions, unless an attempt is made to understand these traditions and adapt them. The political scientist Richard Rose has called the Next Steps legislation the Last Step, since it stands at the chasm between the institutions, methods and culture of business and those of the higher Civil Service.

Yet there is a constitutional obstacle to treating government as business; and it is only our disinclination to tackle constitutional issues which prevents us from seeing this. Either the Next Steps programme will expose a serious gap in our grievance procedures or, more likely, individual grievances will continue to end up on the minister's desk and nothing will have been achieved. Our supposedly flexible constitution is in fact a boomerang; those who think that they can consign its principles to the wilderness, will find that it returns to strike them when they least expect it.

The author is a Fellow of Brasenose College, Oxford.

A DIG IN TIME
JCB
CONSTRUCTION EQUIPMENT

FIN

Commons votes for suspen

By Alison Smith

MR John Browne, the Tory MP who failed to declare all his business interests, was yesterday suspended from Parliament for a month without pay.

Mr Browne earlier apologised to the Commons. He admitted that in 1981 and 1982 he had "failed to register properly all my interests," but said his errors had arisen from "misunderstandings" of the rules on disclosure.

MPs approved the suspension, proposed by Sir Geoffrey Howe, leader of the Commons, after rejecting both a proposal from some Tory backbenchers that no penalty be imposed on Mr Browne and a suggestion from some Labour MPs of a three-month suspension.

A Commons committee recommended that the House should take action against Mr Browne for failing to declare a payment of more than £50,000 from the Saudi central bank and a "client" relationship with a firm of Lebanese middlemen.

It was the first debate on the conduct of an MP in business matters since 1977 when Mr Reginald Maudling and Mr Albert Roberts were found by a select committee of MPs to have been involved in financial misconduct.

MPs also approved a proposal from Mr Tony Benn, the veteran Labour MP, for legislation on business interests at Westminster. The committee of MPs which will review the rules will prepare a bill setting out tougher rules for MPs and creating a register of lobbying organisations.

A further move was made against Mr Browne last night in the constituency he held at the last election by fewer than 8,000 votes. The executive of Winchester Conservative Association voted by 64 to 14 to begin procedures for selecting a new parliamentary candidate.

Mrs Felicity Hindson, chairman of Winchester Conservatives, said applications would be invited and a short list

Patten told to speed ending of N Sea dumping

By John Hunt, Environment Correspondent, in The Hague

BRITAIN came under fierce attack yesterday as the only country still dumping industrial waste and sewage sludge in the North Sea beyond the agreed deadline.

The UK was also accused at the opening of the North Sea conference in The Hague of causing nuclear contamination in the Irish and North Seas from British Nuclear Fuel's reprocessing plant at Sellafield, while concern was expressed about the proposed Atomic Energy Authority plant at Dounreay in Scotland.

The environment ministers of Denmark, Sweden and Norway last night delivered a letter to Mr Chris Patten, the British Environment Secretary, demanding the immediate ending of all British dumping of industrial waste and sewage sludge in the North Sea. They said it was of great concern to fishermen, environmental groups and the general public.

They stressed their concern about proposals for the nuclear reprocessing plant for fast reactor fuel at Dounreay. They believed that, even with the best technology, unintentional discharges of radioactive material could occur with "severe effects on human health and the marine environment." It would have unpredictable impacts on the fishing industries of Norway, Iceland and the Faroe Islands.

Mr Patrick Flynn, Irish Environment Minister and president of the EC environment ministers' council, called for the closure of Sellafield. Mrs Kristin Hille Valla, Norwegian Environment Minister, urged that the Dounreay proposals should be abandoned.

Britain has said it will end nearly all industrial dumping by 1992 and cease sewage sludge dumping by 1998. Under the 1987 North Sea declaration, industrial dumping should have ended last year.

The criticism of Britain was led by Mrs Lone Dybkjaer, Danish



Chris Patten: called for a positiv

She said the attitude of Mr Patten on dumping was like Nelson putting the telescope to his blind eye.

Mr Patten rejected the criticisms and accused Mrs Dybkjaer of preparing her speech without regard to Britain's latest pollution reductions.

He called for a positive and constructive approach, instead of lectures, and said: "People in glass houses should not throw stones" – a reference to the

ANDREW TURNBULL 9 March 1990

PSA: VALUE FOR MONEY SEMINAR

The key issue on which the Prime Minister ought to concentrate is getting PSA ready for privatisation. Angus Fraser's note says little about this. But it was announced in the Queen's Speech and a Bill is going through.

The Public Expenditure White Paper however says that the earliest practicable date for privatisation is 1992/93. This begs two questions:

- why so long?
- can PSA survive as a viable entity for so long?

There must be a big question mark over PSA's viability as a 'commercial' undertaking over the next couple of years. The facts stated in the note are fairly horrific:

- PSA Projects expects to lose half its business in the medium term and two thirds in the long term.
- Costs need to fall 20-30% at current levels of business. Yet staff numbers are projected to fall only from 16000 next year to 12500 in 1992.
- It is short of good staff.
- It remains bureaucratic and lacking an enterprise culture. It is dependent on outsiders for commercial finance expertise.

- Work contracted out is actually of greater value than work inhouse (Annex A).

All this is a frightful indictment of public sector management, and an enormous handicap in a commercial world. Can PSA survive on this basis? Or, if privatisation is delayed 2 or 3 years, will the Government be obliged to subvent it and/or impose heavy redundancies?

There seems a prima facie case for getting it out of the public sector just as fast as possible. Waiting 2 or 3 years may simply depress the price and make it harder if not imposible to sell.

PSA's RELATIONSHIP WITH DEPARTMENTS: ENERGY MANAGEMENT

This is a specific issue which the Prime Minister should raise. It is symptomatic of what is wrong with things at present.

Departments, despite their new freedoms, have little option in practice but to carry on with PSA as management contractor for whole buildings. This may change over time, but inertia and the running out of existing contracts will mean little change in the short-term. Meanwhile PSA is not prepared generally to take on management contracts except on a 'whole buildings' basis.

This is precluding the opportunity for separate energy management contracts. There are private contractors who are prepared to take this on, with a commitment to saving say 10% of a building's energy costs over the contract period, with half of the saving as an addition to their fee.

PSA has apparently shown no interest in doing this itself, and has not been prepared to relax its 'whole building' contract conditions to allow Departments to implement the idea.

Departments anxious to make savings on running costs (and meet energy policy objectives) are left frustrated. I gather this applies particularly to the Department of Energy!

This is something it would be well worth the Prime Minister raising by insisting that PSA, through its 'whole buildings' contracts policy, should not frustrate separate energy management contracts. Department of Energy Ministers have I understand raised it with Christopher Chope and he has expressed a desire to help, but nothing has happened.

PSA is like a deadweight around Departments' necks. But they are its main clients and if it is to have any chance of survival (in order to be privatised) it ought to be giving more thought to what its customers actually want.

John Mills

JOHN MILLS

CC/M

MO 30S

PRIME MINISTER

NBPM
PRCG
9/3

GOVERNMENT RESEARCH ESTABLISHMENT - NEXT STEPS ACTION PLAN

WITH PG?

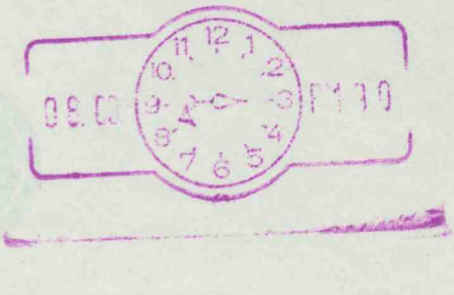
I have seen John Fairclough's report to you of ~~20th~~ February.

2. Work is well in hand within my Department with the aim of establishing the Defence Research Agency (DRA) as a Government trading fund within the Civil Service on 1st April 1991. In doing so we have been taking account as far as possible of the ideas stemming from Sir John's work with the civil Departments; and will continue to apply them to the DRA wherever they are compatible with the distinctive needs of MOD's research effort to which he refers.

3. I am sending copies of this minute to other members of E(ST), the Secretaries of State for the Home Department, Employment and Scotland, the Minister for Overseas Development, and to Sir Robin Butler and Peter Kemp.

T K

Ministry of Defence
8th March 1990



cc. J Mills
PU

cc BK/LP

Prime Minister
It has been agreed that PSA Services should be privatised and there is an enabling Bill in this session. The target is the second half of 1992, probably by a trade sale. This meeting is not about privatisation, but the work that needs to be done to get PSA Services into shape, and there is a lot of it.
AT 9/3

PRIME MINISTER

PSA VALUE FOR MONEY SEMINAR: 3.00 PM 12 MARCH

INTRODUCTION

1. Mr Patten, Christopher Chope and Patrick Brown will attend. This is the first seminar you have held for the Agency, some key data about which are at Annex A. The seminar comes at a turning point in PSA's history and provides an opportunity to:

- learn more about the changes already in hand;

- see illustrated the substantial opportunities for savings identified by a Department faced with the prospect of competition; and

- reinforce the need to press ahead with improvements throughout the Agency, irrespective of whether an area is immediately threatened by competition.

2. The Agency is currently undergoing the biggest series of changes it has known. These began when, on 25 May 1988, Nicholas Ridley announced that he had decided PSA should become a commercial organisation. The main features of the announcement were:

- From April 1990 PSA would be organised into three businesses; one would act as landlord of the Common User Civil Estate and two would provide estates and project services on a commercial basis. Departments would be untied from using PSA for all estate and project services from that date.

- As much as possible of PSA's work would be put on a trading fund basis no later than 1 April 1993.

PSA appointed Price Waterhouse as advisers to work with the Agency to define and implement the changes necessary. The Business Strategy that resulted from the project was accepted by the PSA board and approved by Ministers in February 1989.

3. The Strategy concluded that the most important organisational task was to create a clear division between those activities which were long term functions of Government and those concerned with the supply of competitive services. This has led to the creation of two separate organisations: (1) Property Holdings whose main role will be the management of the Government's Common User Civil Estate, and (2) PSA Services. The latter comprises two main operating divisions, PSA Projects and PSA Building Management, each under a Managing Director. From 1 April this year Property Holdings will be completely independent of PSA Services and an untied customer of it. This seminar focuses on the purely executive functions of PSA Services. You will have the opportunity to discuss the work of Property Holdings - including its

role in providing policy guidance to Departments - at the Department of the Environment VFM Seminar in June.

4. The operating divisions of PSA Services will handle two distinct types of business. PSA Projects will deal with project management and design of major projects. PSA Building Management will offer building maintenance and estate surveying services and also handle smaller works projects. The Directorate General of Design Services (DGDS) will remain as a supplier of specialist advice to the two businesses, but will charge them for the services it provides and will also market some of its expertise externally.

5. The challenges facing the Agency over the next five years are enormous. Faced with open competition from the private sector, PSA's share of Government business is expected to decline substantially. The Projects business will feel the effects of competition first, losing perhaps half of new business to competitors in the medium term and probably two-thirds in the long term. Competition for the Building Management business will take longer to bite. Few competitors currently offer PSA's full range of services and Departments will be reluctant initially to get involved with a number of contractors if they can negotiate an efficient service from one. Declining revenue will require decisive action on costs. To be competitive - even at current levels of business - the Agency needs to cut costs by some 20 - 30%.

6. People are the businesses' largest and most important resource. The Agency is very short of good staff. Poor pay and conditions are blamed for this, though the problem is probably more deep-rooted. The Agency's bureaucratic ways and complex hierarchy are probably as much to blame. Though some action on pay for key staff is a priority, changing the culture to one of enterprise, initiative and individual responsibility and accountability is as, if not more, important. The Agency also lacks key skills. For example, it has no experience of marketing or of running projects for profit. A Marketing Director has been appointed from the private sector to help fill this gap. PSA Services and its operating divisions also lack good financial and management systems to support their commercial operations. Management recognises that it needs to educate itself quickly in commercial finance: it is the largest skills gap in the Agency at present. Again, the problem is being solved in the short term by using external expertise.

7. Though there is a great deal to be done, there is also much to say about what has already been achieved and the Agency's ambitious plans for the future. The seminar provides an opportunity for you to hear more about the challenges facing the Agency and how it plans to meet them.

HANDLING

8. Christopher Chope and Patrick Brown will speak for about 30 minutes. I believe they intend to take you through the decisions that have been made about the Agency's future and how they are planning to make changes happen. They will also talk about the Cost-Competitiveness Initiative and Efficiency Scrutiny, an exercise which followed on from the Business Strategy and was aimed at achieving

the savings necessary to compete effectively. I outline below the major areas where prompt action is required together with some questions about them that you may wish to raise.

ACTION REQUIRED

9. Business Strategy. Key objectives include firmly establishing the structures and role of the two operating divisions and transferring the bulk of central services to those divisions. A priority is to take steps to retain existing clients wherever possible. This requires the development of marketing strategies, selling skills and a more commercial approach to client relations. Points to raise:

- Delegating support functions to the two businesses is a key element of the Strategy. How many staff will remain in the core Department, PSA Services, and what will they do?

- Does the Agency have the right people to sell its services successfully?

10. Cost Control. The Agency must quickly reduce its number of non fee-earning staff if it is to compete successfully with private sector competition. Though precise comparisons are difficult, the Agency's ratio of non fee-earning to fee-earning staff is thought to be as much as three times that of its competitors. The objective is to cut costs by 20-30%. The Cost Competitiveness Initiative and Efficiency Scrutiny was commissioned to establish how this should be done and the team (which included a representative from the Efficiency Unit) reported in October last year. The report made over 90 recommendations expected to generate savings of £79 million per year. PSA's response to the report was produced at the end of February, accepting in whole or part almost all the recommendations and agreeing to implement measures that will save £55 million per year (about 12% of running costs) by the end of 1991/92. Senior management now has to see that the accepted recommendations are followed through. Issues to raise:

- To what extent do you think the lessons learned from Cost-Competitiveness Initiative (CCI) could be profitably applied in DOE Central or in other parts of Government?

- What is being done to ensure that the actions initiated by the CCI are followed through satisfactorily?

11. Personnel Strategy. Immediate priorities are to develop proper manpower planning systems, undertake a thorough analysis of training needs and secure the necessary flexibilities in pay, recruitment and personnel management. In future the Agency recognises that primary responsibility for personnel management must rest with line managers. Issues to raise:

- What progress has been made in developing a more flexible personnel policy?

- Once responsibility for staff passes to the line, how many people will still be employed in personnel functions and what will be their role? How does this compare with the competition?

- Do PSA's competitors have a welfare function? How does it compare in size with PSA's?

- What plans are there to overhaul the Agency's industrial relations machinery?

12. Financial Management Strategy. Short term objectives are geared to providing managers with the basic information they need to make the right commercial decisions, to gaining exemption from gross running cost control and to producing commercial accounts from April 1990. Issues to raise:

- The Agency is targeted to break-even in 90/91, earn 1% on turnover in 91/92 and 2% on turnover in 92/93. How realistic are these targets and how do they compare with the aspirations of potential buyers on privatisation?

- What systems are now in place or being developed to help managers make the right commercial judgements?

CONCLUSION

In contrast to most Departments, the threat of immediate private sector competition and the commitment to eventual privatisation have provided powerful incentives to improve service and cut costs. The resulting structural changes and likely cost savings will offer a valuable marker of what ought to be achievable in many other executive functions of Government remaining in the public sector. Management are to be commended for what has already been achieved, but maintaining the pace of change is essential. Though getting the organisation right in the areas where competition will bite soonest is a natural priority, the urgent need for radical change in the Building Management business, where competition will come more slowly, must not be overlooked.

ANGUS FRASER
8 March 1990

PSA VALUE FOR MONEY SEMINAR - SUMMARY OF POINTS TO RAISE

BUSINESS STRATEGY

- Delegating support functions to the two businesses is a key element of the Strategy. How many staff will remain in the core Department, PSA Services, and what will they do?

- Does the Agency have the right people to sell its services successfully?

COST CONTROL

- To what extent do you think the lessons learned from Cost-Competitiveness Initiative (CCI) could be profitably applied in DOE Central or in other parts of Government?

- What is being done to ensure that the actions initiated by the CCI are followed through satisfactorily?

PERSONNEL STRATEGY

- What progress has been made in developing a more flexible personnel policy?

- Once responsibility for staff passes to the line, how many people will still be employed in personnel functions and what will be their role? How does this compare with the competition?

- Do PSA's competitors have a welfare function? How does it compare in size with PSA's?

- What plans are there to overhaul the Agency's industrial relations machinery.

FINANCIAL MANAGEMENT STRATEGY

- The Agency is targeted to break-even in 90/91, earn 1% on turnover in 91/92 and 2% on turnover in 92/93. How realistic are these targets and do they compare with the aspirations of potential buyers on privatisation?

- What systems are now in place or being developed to help managers make the right commercial judgements?

ANNEX A

PSA SERVICES: KEY DATA

PSA Services Resource cost and Capex plans: (£ Millions)

	1990/91	1991/92	1992/93
Fee Income and other receipts	665	624	573
Resource Costs	(670)	(606)	(549)
Capital Expenditure	(25)	(14)	(13)
Net Income/(Deficit)	(30)	4	11
PSA Services Manpower plans:	16,201	13,922	12,596

Value of work under PSA Management: (£ Millions)

		1987/88	1988/89	1989/90
Major works:	Defence	680	624	771
	Courts and Prisons	103	136	249
	Other Civil Programmes	149	203	154
Total major new works		932	963	1,174
Smaller new works (less than £150k)		221	258	214
Maintenance		793	889	908
Total works and maintenance		1,946	2,110	2,296

Value of work contracted out:

All new works by private contractors	1,153	1,222
Maintenance work contracted out	674	756
Design and other work out-house	182	160
Total value of work contracted out	2,009	2,138



FILE

FROM: E P KEMP
DATE: 8 March 1990

MR LAWSON

cc PS/Minister of State
PS/Sir Robin Butler
Mr Vaughan
Mr Whetnall
Mr Cowper

PS/Paymaster General
Mr H Phillips
Mr Rayner

NEXT STEPS - FINANCIAL TIMES ARTICLE

Following Mr Cowper's note to you of earlier today I now attach copies of a background note on the Bogdanor article slightly modified, together with a copy of the article itself and of the letter which the Minister of State aims to send to The Financial Times.

E P KEMP

NEXT STEPS - ARTICLE IN FINANCIAL TIMES THURSDAY 8 MARCH

The Financial Times of today (8 March) has a piece by Vernon Bogdanor about Next Steps, entitled "Civil Service reform - The problem of making Whitehall accountable". A copy is attached, together with a copy of a letter which the Minister of State (PCO) has sent to the newspaper.

2. The thrust of Bogdanor's article seems to be that one of the main aims and bases of the Next Steps Initiative, which is, as Bogdanor puts it, to cut across the public/private dichotomy, is misconceived and not possible. Bogdanor agrees that there are private sector techniques etc which can be applied to public services and, implicitly, to the benefit of - in the Next Steps policy - "taxpayer, customers and staff". But he goes on to suggest less implicitly that the price for this is some kind of diminution in Parliamentary accountability and ability of the citizen to seek redress for grievances. He ends up in a rather confused sort of manner suggesting either the Next Steps programme "will expose a serious gap in our grievance procedure or, more likely, individual grievances will continue to end up on the Minister's desk and nothing will have been achieved".

3. Bogdanor's article is fundamentally based on a misconception, and it is rather a pity he has not checked his facts (as far as we know he has been in touch with nobody here about his piece). There are three basic factual errors which he makes, thus :-

a. First, he claims that under the Next Steps procedures the Minister will still be responsible to Parliament for policy as opposed to operational matters. This is misconceived; the Minister remains responsible throughout; he may delegate operational and management matters to the Chief Executive, but this is only internal delegation and it is perfectly clear that the Minister ultimately remains constitutionally responsible and accountable to Parliament. It is true that Ministers hope and expect that MPs and individuals will address their queries etc to the Chief Executive in the first place, and often this is the very best way of getting a speedy and effective answer or redress. The ongoing right ultimately to get attention from and answer from the Minister is unaffected.

b. The second point is the same one and is repeated further on in the article, where Bogdanor says that "the Next Steps programme lays bare the gross insufficiency of grievance procedures. For, if a citizen can no longer complain to his MP about an Agency decision, because it lies between the Chief Executive's remit, how is he to secure redress?". Untrue. The citizen can still complain to his MP about an Agency decision. Agencies are not quangos, nor nationalised industries, nor privatised; if any of those things happened things might be different; but Agencies remain part of Departments and part of central Government and answerable like any other Civil Service organisation.

c. Finally Bogdanor suggests implicitly that the Ombudsman will either have no, or a lesser, role in relation to the activities of Chief Executives and other civil servants in Agencies. Again, not so; Bogdanor can hardly read any Framework Documents because if he had he would have seen repeated in all of them the simple statement that "the role of the Parliamentary Commissioner is unaffected", or words to that effect.

4. Bogdanor also claims that Next Steps lays bare and, he implies, accentuates problems caused by what he sees as lack of freedom of information in our Government system. In fact Next Steps does not affect any of this negatively, and if anything it affects it positively through the much greater transparency and accountability of Next Steps activities, through the publication of Framework Documents, reports and accounts, and heightened profile of Chief Executives. Freedom of information is in fact improved rather than the reverse.

<u>Line to take</u>

5. It is suggested that the line to take might be as follows. We are glad that Bogdanor is paying attention to this very important initiative, and we are glad that he recognises that it is a real attempt to improve management in government for the benefit of taxpayer, customer and staff. We are glad also that he recognises that there is a sensible bridge to be built between public and private ways of doing things, and private ways of doing things, including a greater emphasis on output measurements and the extent of customer satisfaction, if clearly right. Many of our public services can do with improvement and Next Steps is the right approach. But Bogdanor is

factually wrong on the question of accountability and redress; in particular Ministers only delegate their powers to Chief Executives, and can take such delegations back and can indeed get involved in day to day matters - though it is hoped they will not normally do this; individual citizens can still appeal to their MPs and MPs to the responsible Minister for all the activities of the Agency, though as a matter good management and speedy customer satisfaction it is hoped that they will try the Chief Executive first; and third the Parliamentary Commissioner (Ombudsman) continues to have exactly the same rights of access and powers in respect of Chief Executives and staff working in Agencies as he has now. So far as freedom of information goes, Next Steps is a contribution to this, rather than the reverse.

The problem of making Whitehall accountable

F.T.

29

By Vernon Bogdanor

Boards, Jeremy Bentham once said, are screens. They protect those working in them from the rigours of parliamentary accountability. Mrs Thatcher's government came to office in 1979, determined to restore accountability by transferring many functions to the private sector so that they could be subject to market disciplines. Organisations remaining in the public sector, which were not under the direct authority of ministerial departments, would be abolished, as happened in the great quango cull of 1979 to 1983.

The "Next Steps" programme, launched in February 1988, and now in full swing, cuts across this public/private dichotomy. It proposes to separate the executive from the policy-making functions of government and to transfer the former out of Whitehall by establishing autonomous agencies. Each agency will be headed by a chief executive responsible for day-to-day operations within a policy and resources framework set by the departmental minister, who will monitor performance.

The intention is to bring management disciplines into government. Agencies will be monitored not through "input" – the amount which they are spending – but though "output" – their use of resources and the extent of customer satisfaction. The chief executive will be the agency's accounting officer, directly and personally responsible for expenditure, and may give evidence to the Public Accounts Committee.

The Next Steps programme is ambitious. The first three agencies – the Vehicle Inspectorate, Companies House and HMSO were established in 1988, and by the end of 1990 some 20 agencies will have been created, employing around 80,000 staff. By 1998, when the programme will be complete, it is intended that three quarters of the civil service will be working in agencies, rather than Whitehall departments.

This is perhaps the most drastic civil service reform since the Northcote-Trevelyan Report. Admittedly, there is nothing new in the notion that ministers should cease to be answerable for day-to-day decisions. That has been a nostrum of the constitution since at least the time of Crichel Down. What is novel is the development of new machinery outside Whitehall departments. Civil servants will no longer be simply the servants of their ministers, owing duties only to them. They will also have specific duties to Parliament and to their customers, and they will be set performance targets. Civil servants will be transformed into managers.

The Government, however, is determined not to undermine the convention of ministerial responsibility, the central principle of our constitutional arrangements. The minister will still, it is said, be responsible to Parliament for policy as opposed to operational matters. But, what is policy? How is it to be distinguished from management? If a citizen does not receive his passport on time, or is denied social security benefits, is this policy – a matter for ministers and Parliament – or management, to be referred to the chief executive

Every attempt to demarcate separate responsibilities in relation to the nationalised industries failed dismally. Why should it be easier to devise a separation of powers in the case of agencies? A more likely result is buck passing. The minister will take the credit for successes while blaming the chief executive for failures. When things go wrong, the chief executive will say: I pressed the Government for more resources, but could not get them. Ministers will seek to distance themselves from agencies, but if a chief executive seeks to blame the Government's financial stringency, and the minister's position is threatened by inefficiencies, he will intervene, and nothing will be achieved by devolution.

Even technical issues can have strong political repercussions. Engraved on the heart of every minister should be the words "Vehicle and General." Its collapse in 1971 exposed incompetence in that section of the DTI dealing with the regulation of insurance companies. This section would undoubtedly have been a prime candidate for agency status. No minister would spend much time ensuring that it worked satisfactorily. Yet the consequences of inefficiencies caused grave political damage to the minister concerned, John Davies.

To the extent, however, that devolution is achieved, an alarming gap in the accountability of government will be revealed. The Next Steps programme lays bare the gross insufficiency of grievance procedures. For, if a citizen can no longer complain to his MP about an agency decision, because it lies within the chief executive's remit, how is he to secure redress?

The idea of separating executive agencies from central government departments derives from Sweden. But in Sweden, Parliament plays a much less central role in the redress of grievances. The ombudsman is far more powerful; aggrieved citizens can appeal directly to him, and he can initiate prosecution of civil servants. The law on freedom of information makes it possible for the aggrieved citizen to consult his files, and there is a thoroughgoing system of administrative law.

It makes no sense to import a policy derived from another country with quite different constitutional traditions, unless an attempt is made to understand these traditions and adapt them. The political scientist Richard Rose has called the Next Steps legislation the Last Step, since it stands at the chasm between the institutions, methods and culture of business and those of the higher civil service.

Yet there is a constitutional obstacle to treating government as business; and it is only our disinclination to tackle constitutional issues which prevents us from seeing this. Either the Next Steps programme will expose a serious gap in our grievance procedures or, more likely, individual grievances will continue to end up on the minister's desk and nothing will have been achieved. Our supposedly flexible constitution is in fact a boomerang; those who think that they can consign its principles to the wilderness, will find that it returns to strike them when they least expect it.

The author is a Fellow of Brasenose College, Oxford.

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Latest Draft

(Revised)

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The Financial Times
Bracken House
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8 March 1990

Vernon Bogdanor's article about Civil Service reform in today's paper is based on some fundamental misconceptions. Next Steps does not change any constitutional arrangements. The further delegation of authority to managers inherent in the concept concerns internal accountability within departments and does not conflict with the external accountability of Ministers to Parliament. The responsible Minister determines and publishes a Framework Document for each Agency; it is within this framework that he or she delegates the management of day-to-day operations to the Chief Executive.

One of the prime objectives is to make Government services more responsive and to improve their quality. The more open Next Steps approach helps the individual with a complaint get directly to the person who is immediately responsible and who can put things right quickly: in the first instance this will be the Agency Chief Executive. The right of individuals to make representations to their MP and through the MP to the Minister is quite unaffected. As before the MP will be able to ask the Parliamentary Commissioner (the Ombudsman) to take up complaints of maladministration.

Next Steps is about better management in Government, within proper Parliamentary accountability. The first Executive Agencies are starting to achieve this; more will follow.

RICHARD LUCE

C90/1537

MR LAWSON + pps

From: Martin Le Jeune
Date: 9 March 1990
PS/Sir Robin Butler
cc Mr Kemp
Mr Vaughan
Mr Cowper

LETTER TO FINANCIAL TIMES

The Minister saw this last night. As I discussed with Mr Vaughan, the Minister was not content with the third senten of paragraph 1 ("The further delegation of authority....accountability of Ministers to Parliament") and h suggested the following to replace it:-

> "The fundamental principle of the accountability of Ministers to Parliament remains totally unchanged. Within departments, the system of accountability is strengthened by the further delegation of authority agency managers"

2. Otherwise he is content for this to go to the Financial Times.

Martin

MARTIN LE JEUNE
Private Secretary

A DIG IN TIME
JCB
CONSTRUCTION EQUIPMENT
30



10 DOWNING STREET

Mr Kemp,
Cabinet Office.

Had you thought of responding to this, either directly to Mr Bogdanor, or via the FT?

AT
9/3

Mr Turnbull

Yes. I attach a note we did. Lord Caithness used the "time to take" in the Lords yesterday. Mr Luce is writing to the FT. And I'm going to get Bogdanor in to tell him what's what. J.

Paul - You may
who to have in my
absence - I've not
read it yet.
CAS

CABINET OFFICE
OFFICE of the MINISTER
for the CIVIL SERVICE

Second Permanent Secretary

Mr Sherock

GRE's - Sir J Fairclough

we spoke.

I'm quite content with the
Paper Sir J Fairclough submitted,
but he wasn't exactly what
I saw earlier. So I'm
interesting to write to him on
the lines below. I don't
think you need more the
Prime Minister to do other than
agree with J.F.'s proposals,
but you may like to have this
list of background

7/3 [illegible]

DRAFT LETTER FOR MR KEMP TO SEND TO :

Sir John Fairclough

GOVERNMENT RESEARCH ESTABLISHMENTS - NEXT STEPS ACTION PLAN

I was of course very content with your note of 20 February to the Prime Minister [and I see she has now accepted your recommendations]. There are however just three points which do not affect those recommendations, but which I think we need to bear in mind as the work goes forward.

First, Peter Gregson raised the question of possible difficulties which might arise if Departments move towards an internal market objective at varying speeds, and as a result of that you shifted the target date at your conclusion 16(iii) to April 1991 for the normalisation of costing etc procedures. I am content to go along with that, and certainly we must aim for this target date to be met. But if perchance for this reason and that it cannot, I would hope very much we do not envisage any more slippage in the case of Departments and Agencies which <u>are</u> able to make the necessary changes. I think we should be unhappy with a situation in which all the ships in the convey have to go at the rate of the slowest; I can see the problems but it seems to me that if we cannot get a fully perfect market, even to get some people doing the right thing by way of costing and pricing would be an advance and we certainly need to retain the possibility if, as I say, it looks as though the April 1991 date is not going to be completely met by all.

Secondly, I agree that it is clearly right that for the purpose of this exercise the fact of having considered an establishment for Agency candidature scores as a "yes" even there has been a decision not to pursue Agency status for the present. But in such cases I would expect Agency status to be reconsidered in due course, and no doubt you would expect other elements of the internal market to be looked for to be introduced as far as possible regardless of Agency status.

Third, though there is no implication of this in your note, I would like to make the rather obvious point that Next Steps is not confined to Research Establishments as defined for the purpose of your present work. Units which

may be deemed to fall outside the scope of this exercise may still be and very often are executive operations falling squarely within the Prime Minister's statement of 18 February 1988 which launched Next Steps, and as such should be considered as candidates for Agency status, if they are not already in that position.

I am copying this to the recipients of your letter.

cst.ps/2nl27.2/mins

CONFIDENTIAL

FROM: CHIEF SECRETARY
DATE: 5th March 1990

PRIME MINISTER

GOVERNMENT RESEARCH ESTABLISHMENTS: NEXT STEPS ACTION PLAN

I have seen a copy of Sir John Fairclough's minute to you of 20 February.

2. I fully support his plans to achieve greater value for money in government research by harnessing the Next Steps initiative to government research establishments, and by setting up effective customer/contractor relationships between the establishments and departments. I believe the timescales are demanding but achievable. I welcome Sir John's recognition of the work that has been put in by the central departments, including the Treasury, in support of these plans.

3. I note that paragraph 6 of the minute is rather firmer on establishing the Defence Research Agency as a trading fund than Michael Neubert was in his Written Answer of 14 December 1989. Specific proposals have yet to be worked up and a firm decision to proceed can only be taken then.

4. I am content for the role of the Research Council Institutes, the Atomic Energy Authority and possibly the Higher Education Institutions to be explored as proposed.

5. I am sending copies of this minute to other members of E(ST), David Waddington, Michael Howard, Malcolm Rifkind, Lynda Chalker, Richard Luce and Sir Robin Butler, Peter Kemp and Sir John Fairclough.

NORMAN LAMONT



DEPARTMENT OF SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01 - 210 3000
From the Secretary of State for Social Security

CONFIDENTIAL

Michael Howard MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street SW1H 9NF

5 March 1990

Dear Michael,

EFFICIENCY SCRUTINY: INVESTIGATION OF SOCIAL SECURITY FRAUD

Thank you for your letter of 8 February.

The Government has a number of important objectives in this area including maximising the incentives for the unemployed to obtain work, minimising benefit fraud as cost-effectively as possible and supporting the intention of Parliament that social security benefits should be paid fully and fairly to those who are entitled to them and wish to claim.

My starting point has been a unified fraud force, as recommended by the Efficiency Scrutiny team, which has some attractions. As I understand it you do not accept that approach, which would produce complications with the introduction of two newly-formed Agencies.

I have also considered your proposal for the Employment Service to assume responsibility for the investigation of all cases of suspected fraud amongst the unemployed. The Efficiency Scrutiny team also examined this and concluded that such a transfer of work would not be the right solution. I agree. This would stand on its head the present arrangement under which DE pursue only a minority of fraud cases concerned with the unemployed. Furthermore, in determining entitlement to Income Support, the condition of availability for employment is not the sole consideration and failure to meet that condition does not necessarily negate the claim. For a claim to Income Support to succeed a number of other conditions must be satisfied and the establishment of entitlement rests with DSS Adjudication Officers and not, as you suggest in your letter, with the Employment Service. While I recognise the central function of the Employment Service in seeking to return claimants to the employment field, its officers are not in a position to conduct an in-depth check into benefit entitlement except in respect of Unemployment Benefit.

E.R.

CONFIDENTIAL

The best way of meeting your Department's responsibilities and mine would be to tackle our interface problems by organising joint anti-fraud operations by both Departments on a local basis, with teams of officers from each headed by a single leader (to be agreed between managers locally). This approach would build on existing experience in the many places where co-operation is already good. It would depend on good inter-departmental liaison at all levels for its success. Fraud operations would be the subject of regular discussion and agreement, and savings would be attributed to each Department pro rata to the input of resources.

In order to increase the effectiveness of my Department's anti-fraud effort, including its contribution to the arrangement I suggest, I propose to reorganise my Department's anti-fraud effort into integrated District Fraud Teams. I estimate that the increased efficiency will produce additional benefit savings of around £27 million per annum and allow us to put more effort into tackling fraud amongst the unemployed.

If these proposals are to succeed, we need a renegotiation of the liaison agreement between our Departments to achieve a close and more effective working relationship. We should, I suggest, define operational guidelines which will be common to both Departments. The establishment of common objectives and ground rules, reflecting both Departments' acceptance of the implications of fulfilling all of the Government objectives in this area, would provide a firm foundation upon which to build an effective working relationship in the field. On my side, in drawing up our network of fraud teams, we shall take account of our plans for a Benefit Agency, but also take care to align the territories to be covered as far as possible with your Sector Fraud Teams.

I suggest that in the light of our general directions, our officials should meet to review our existing liaison agreement so that, with good will on both sides, obstacles to effective joint working can be overcome. They will need to put in hand work at regional and local levels to make the new approach effective. I suggest that we should set officials a target date, say 6 months from now, to have the new arrangements in place.

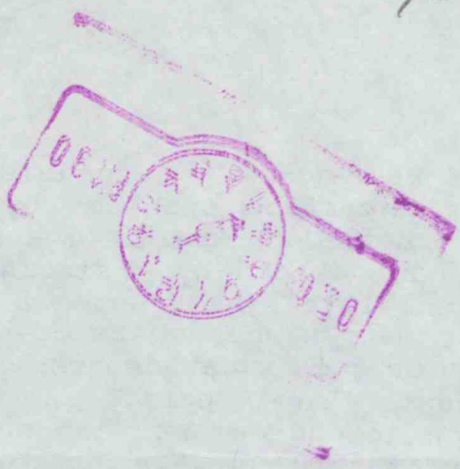
Changes in the text of the report of the Efficiency Scrutiny have been agreed by officials and arrangements are in hand for a re-print. As soon as it is available, I should like to issue a statement setting out our conclusions.

Copies of this letter go to the Prime Minister and to Sir Angus Fraser.

Yours ever, Tony.

Tony Newton

GOV IT MACH:
Rayner
Pt 33



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MANAGEMENT AND SENIOR STAFF IN CONFIDENCE

NBPM

Treasury Chambers. Parliament Street SW1P 3AG

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H OET

1 March 1990

Dear Nick

ESTABLISHMENT OF THE PATENT OFFICE AS AN EXECUTIVE AGENCY

Thank you for copying to me your letter of 23 February to Richard Luce about establishing the Patent Office as an Executive Agency.

2 On the basis of the draft policy and resources Framework Document enclosed with your letter, and the demanding efficiency targets you intend to announce, I am content for the Patent Office to be established as an Executive Agency.

3 There is however still a certain amount of work to do before the Patent Office can be established as a trading fund. This will have to be decided once the Government Trading Bill now before Parliament has been enacted, and our respective officials are satisfied that the Patent Office's accounting systems are sufficiently developed to allow it to move to such status. But in principle I support the commitment to move to trading fund status as the Patent Office is the kind of quasi-trading organisation the Bill is intended to make more efficient.

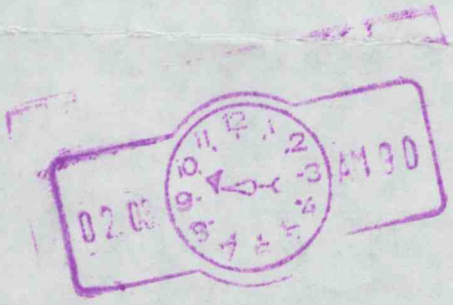
4 I am content that you do not intend to announce the target for savings for relocation; and I understand that our officials have agreed the quantum and timing for this target. I note also that you plan to bring the Patent Office's financial year and statutory reporting year into line. As our officials have discussed, a statutory mechanism may be available to allow you to adopt a financial rather than a calendar year for both purposes, and I suggest that this possibility should be fully explored before any decision is taken on the question.

5 I am copying this letter to the Prime Minister, Richard Luce, and to Sir Robin Butler and Peter Kemp.

Yours ever

NORMAN LAMONT

Gov't mach: Monopolies + Merges Pt 3



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

1 March 1990

Dear Simon,

2.5 PER CENT EFFICIENCY PROGRAMME: THIRD PROGRESS REPORT

The Prime Minister has read the Third Report on the MOD's 2.5 per cent Efficiency Programme which was attached to your Secretary of State's minute of 15 February. She is pleased with the out-turn results for 1988/89 and the progress so far for 1989/90. She has also noted the improvements in future reports suggested by the Chief Secretary in his minute of 27 February.

She agrees with the targets set for later years which will achieve the overall goal of 2.5 per cent per annum over seven years. The Prime Minister notes the point in the last paragraph about international events and the impact they may have on the defence budget and hence this Programme. However, she believes it is right to continue to set challenging targets for improvements in efficiency irrespective of any changes proposed to the overall defence strategy.

I am copying this letter to Carys Evans (Chief Secretary's Office) and to Sir Robin Butler and Sir Angus Fraser.

Yours sincerely

Andrew

ANDREW TURNBULL

Simon Webb, Esq.,
Ministry of Defence.

Draft minute from PS/Prime Minister to PS/Secretary of State for Defence

Third report on 2.5 % efficiency programme.

The Prime Minister has read the third report on the MOD's 2.5 % efficiency programme. She is pleased with the outturn results for 1988/89 and the progress so far for 1989/90. She has also noted the improvements in future reports suggested by the Chief Secretary in his minute of 21 February. She agrees with the targets set for later years which will achieve the overall goal of 2.5 % pa over seven years. The Prime Minister notes the point in the last paragraph about international events and the impact they may have on the defence budget and hence this programme. However, she believes it is right to continue to set challenging targets for improvements in efficiency irrespective of any changes proposed to the overall defence strategy.

I am copying this minute to the PS to the Chief Secretary and to Sir Robin Butler and Sir Angus Fraser.

~~PS/Prime Minister~~
A TURNBULL

PART 32 ends:-

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~~PS/CST to AT 1.3.90~~

PART 33 begins:-

AT to MOD 1.3.90


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