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Coat  
Machinery

10 DOWNING STREET

*From the Private Secretary*

16 July, 1979.

*Dear Paul*

Management Review of ODA

Thank you for your letter of 15 June with further information about the ODA Management Review.

The Prime Minister remains sceptical about the value of management reviews, but has now agreed that the two currently planned should go ahead. She has discussed this with Sir Ian Bancroft and Sir Derek Rayner, and those who are responsible for the management review within the Foreign Office should be in contact again with CSD to see whether Sir Ian Bancroft wishes to modify the format of the review in any way following his discussion with the Prime Minister. The Prime Minister has also asked that Sir Derek Rayner should be kept in touch with the progress of the review, which is complementary to the Foreign Office Rayner project.

I am sending copies of this letter to David Laughrin (Civil Service Department), and Clive Priestley (Sir Derek Rayner's Office).

*Yours ever*

*Mike Pattison*

Paul Lever, Esq.,  
Foreign and Commonwealth Office.

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MAD

CIVIL SERVICE DEPARTMENT  
WHITEHALL LONDON SW1A 2AZ  
Telephone 01 273 5400

<sup>GCB</sup>  
Sir Ian Bancroft ~~KEB~~  
Head of the Home Civil Service

M A Pattison Esq  
Private Secretary to the Prime Minister  
10 Downing Street  
London SW1

29 June 1979

Dear Mike,

MANAGEMENT REVIEWS

When you telephone me today you asked for some more information about the proposed management reviews of MAFF and ODA.

2. In his letter of 15 June about the ODA review, Paul Lever (FCO) referred to the origins of the current management review programme and explained briefly the way in which they are carried out.
3. As he said, their primary purpose is to help a department to improve the effectiveness and efficiency of its internal organisation and management. They are run as a joint operation between the department under review and the CSD. They have provided an important opportunity for the CSD as part of its wider responsibilities in relation to the management of the civil service to examine with departments their organisational structure and main management systems to ensure that these are in a sound condition and that improvements are made where these are needed.
4. Each review results in a report to the Minister in charge of the Department and to CSD Ministers and is supervised by a Steering Committee under the chairmanship of the Department's Permanent Secretary. The composition of the Steering Committee has varied from review to review, but it usually consists of the most senior officials in the department, a member of the CSD (and recently a representative of the Treasury as well) and one or more members from outside the Service. Sir Derek Rayner served as a member of the Steering Committee for the reviews of the Ministry of Defence and of DHSS (which are two of the dozen reviews completed so far).
5. The work of the reviews is carried out by a review team, led by an Under Secretary or Assistant Secretary (depending on the size of the department), together with other members of the department and staff drawn from the CSD's division which carries responsibility for helping departments with these reviews. In some reviews, an external consultant has also been included in the team.



6. The usual practice has been for a review to begin with a preliminary survey, leading to recommendations for a main programme of studies of various aspects of the management of a department. The studies decided on by the Steering Committee in the light of this preliminary survey are then carried out concurrently under its direction. The range and content of these studies have varied from department to department. So has the length of the reviews, but they have normally taken between 9 months and a year from start to finish. In the main studies, a particular emphasis has usually been made on examining the way the department plans and controls the use of its resources. They have not, however, usually been directly concerned with a review of specific policies and programmes, but rather with the longer term problem of ensuring that a department is properly organised and equipped to undertake the work which it has to do.

7. As Paul Lever's letter said, a review had been planned for the former Ministry of Overseas Development and the Secretary of State hopes that a review of ODA can begin in the autumn. Its terms of reference are simply "to review the organisation and management of ODA", but the Secretary of State has indicated that he wishes it to pay particular attention to the relationship between ODA and the rest of the FCO. Some preliminary work for the review (examining the specialised scientific bodies and professional advisory groups attached to ODA) is already proceeding under the direction of the Assistant Secretary appointed to lead the main review and with the help of a Senior Principal from CSD. The other members of the team have yet to be appointed, but it is understood that ODA propose that the Principal selected to work on the "Rayner project" will be joining the team after he has completed it.

8. In the case of MAFF, plans are less far advanced. The Minister mentioned his intention to commission a management review in his minute to the Prime Minister of 7 June. He proposes that it should concentrate on a review of the Ministry's regional organisation where he believes that a number of improvements could be made to take account of the changes in the Ministry's functions under the Common Agricultural Policy. There have been some preliminary discussion between MAFF and CSD over the arrangements for the review which, on present plans, would start in the late summer or early autumn and the review team has yet to be appointed.

9. I hope this further information is helpful to you.

*Yours sincerely,  
David*

DAVID LAUGHRIN  
PS/Sir Ian Bancroft  
29 June 1979



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29 JUN 1979

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PRIME MINISTER

When you saw Lord Carrington's proposals for incorporating the functions of the Overseas Development Ministry with the FCO, you questioned the proposed management review. His further advice on this point is at Flag A.

At Flag B, Sir John Hunt suggests that the series of management reviews so far held have not proved their worth. But he also suggests that there is a strong case for some such investigation in the case of ODA, provided that this is not constrained by the methodology and timescale of other recent management reviews. Sir Derek Rayner's Office (Flag C) also see a case for a review of ODA, which would complement his own work.

The series of management reviews started in 1972, and was due to continue now with one for ODA and one for Agriculture - Mr. Walker mentioned this in his "waste" minute at Flag D. *(see Lord M... (Rayner) (1972))*

I think there is a strong case for a special study of ODA at this stage, along the lines suggested by Sir John Hunt. The old ODM was put together from pieces of three existing Ministries, with a number of semi-independent specialist research bodies loosely associated. There may well be room for a great deal of rationalisation. The new FCO/ODA arrangements should open further possibilities for rationalisation, especially in the administrative grades. On the other hand, you may think that the proposal for a management review of MAFF could well be held back at this stage.

Would you like to instruct that the ODA review should go ahead on the lines recommended by Sir John Hunt, but that the MAFF review should be reconsidered?.

*MAFF*

*I still think it*

*a waste of time & money.*

*The people in ODA who*

*Foreign Office know far better than  
authorities how to combine the two. No*

25 June 1979



Ref. A09837

MR. PATTISON

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Management Review of ODA

I have been following your correspondence with Mr. Lever with interest because I have come to feel over the last year or so - and I think Sir Kenneth Berrill agrees with me - that the present system of management reviews is time consuming and not very productive.

2. I accept that any Government Department needs to be shaken up from time to time. Otherwise old functions go on unquestioned, staffing levels creep upwards, inefficient practices develop, and service - both to Ministers and to the public - suffers. I accept also that one or two earlier management reviews have produced worthwhile results. <sup>However</sup> Too many of them (I have in mind particularly a recent review of the DES and one going on currently of Environment/Transport) seem to involve much time and effort to little purpose. To give them their due, the CSD members of the review teams are well qualified and have now developed considerable experience of this kind of work: but in practice the reviews tend to accept the Department's existing tasks and concentrate on the best way of discharging them - and the Department exercises something like a veto over what shall, or shall not, be discussed. And people from outside the Service are not usually involved. There is the further point that the present round of public expenditure cuts and cash limits are of themselves forcing Departments to examine themselves very rigorously - to put it crudely, the prospect of a 20 per cent cut concentrates the mind much better than a management review!

3. I think therefore that there is a case for re-examining the present system of management reviews. And for this the Prime Minister would no doubt want a CSD analysis of the results achieved by the dozen or so reviews conducted since 1972: and an analysis of the alternatives including for example bringing in outsiders, widening terms of reference, taking control out of the hands of the Departments concerned, etc.





4. Having taken this rather critical line however, I am bound to add that I think a review of the ODA is desirable provided it is rigorously conducted. In the first place ODA needs to be integrated into the FCO in the most economical way possible: second, there is some reason to think that our administration of aid is too labour intensive: and third there are points which ought to be looked at about relations with bodies like the British Council and TETOC. In order to avoid some of the pitfalls of earlier reviews, however, I suggest that:-

- (i) The review should be given a very tight timetable.
- (ii) It should not be chaired by someone from the ODA itself.
- (iii) Given the desire of this Administration to use aid more effectively to help our export efforts, it should ask fundamental questions about relations in both the FCO/British Council area and the Department of Industry/Trade area.

(John Hunt)

22nd June, 1979

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22 JUN 1979

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HOLD

Advice coming <sup>Yardl.</sup>  
Francis J Hunt + <sup>Mach</sup>  
Sir K Bewell.  
BU to me 25/vi. MAF 27/vi

PRIME MINISTER

When you considered Lord Carrington's proposals for handling overseas development matters, you queried the proposal for a management review of ODA.

The attached letter explains the background. Although these management reviews started before your Government's various initiatives to improve efficiency and reduce waste, Sir Derek Rayner's office believe that they should prove very valuable. (Peter Walker reported to you in his minute on efficiency and waste that one was now in hand for agriculture as well.)

In the case of ODA, there are now two important areas which merit proper examination. First, the ODM was originally put together from sections of three existing Ministries, with a number of semi-independent specialist research bodies loosely associated. There may well be room for a great deal of rationalisation without losing the world-wide standing of the quality of output of some of these bodies. Secondly, the new FCO/ODA arrangement may well allow room for some rationalisation in the administrative grades. It is questionable whether separate geographical departments are required in ODA as well as in the main wing of the FCO, for example.

Lord Carrington comments that the review seems more than ever appropriate in these circumstances. Do you agree that it should go ahead?

MAF

19 June 1979



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cc Sir Derek Rayner o/r  
Mr Allen

Mr PATTISON

#### MANAGEMENT REVIEW OF ODA

1. We had a word about this earlier today. Since then I have heard that there is a minute from the FCO to your office about it. It may be worth confirming what I said this morning.
2. The background is that the Management Review programme was started by Mr Heath's Administration in 1972 and was endorsed by the last one. About 13 major departments have been covered, in each case by a joint team from CSD and the department under review, working to a steering committee chaired by the "home side" Permanent Secretary; in each case, too, the steering committee reports to the Minister in charge of the department and to the senior Minister in charge of the CSD. (I myself in my last post was the senior CSD officer in the MRs of HM Treasury, CSD itself, the DE Group and DES.)
3. MAFF and ODA are due to be MR'd later this year. There is already an embryonic team in the ODA doing some factual groundwork on the relationship between "central" ODA and the scientific units, eg the Centre for Overseas Pest Research. The Minister of Agriculture indicated in his minute to the PM of 7 June on efficiency and waste that he proposes to carry out an MR urgently.
4. Sir Derek Rayner has not commented on the MR programme, either in general or in relation to either ODA or MAFF. (He does not see the Foreign Secretary until 25 June or the Minister of Agriculture until 29 June.) I do not think that he would want to advise either Minister against having an MR, but I think (a) that when he comes to his project on "conventions and barriers" he will want to comment on the programme as an instrument of enabling Ministers to check on the management of operations and resources and (b) that in the meantime he would want to encourage both Ministers to use these MRs to take a close look at their departments' systems for the planning, control and use of resources as well as at such a "burning issue" as the regional organisation question mentioned by Mr Peter Walker. (Typically, MRs examine both control systems and "burning issues", but with more emphasis on the latter than the former.)
5. Finally, you may like to know that the Minister of State, FCO (Mr Douglas Hurd) has now offered Sir DR as his project:  

"The merger of the FCO and the former ODM: how to reduce duplication, improve co-ordination of policy and achieve manpower savings."





6. It is probable that Sir DR will accept this.

*CP*

C PRIESTLEY  
19 June 1979

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19 JUN 1979





Foreign and Commonwealth Office

London SW1A 2AH

R19.15 June 1979

Dear Mike,

Management Review of ODA

Thank you for your letter of 30 May about arrangements for handling overseas development matters. The Secretary of State is grateful for the authorisation given for various of his proposals.

You indicated that the Prime Minister desired more information about the proposed management review of ODA, and that she was not convinced that it was necessary at this stage, given various other work which she has commissioned on machinery of Government.

I should explain that the review is intended to form one of the series of management reviews of departments which was launched in 1972 by the previous Conservative Administration and was continued by the last Government. These reviews (of which about a dozen have now been completed) are commissioned by the Minister in charge of the department; are conducted by a joint team drawn from the department itself and from the CSD; and the report is made to the Departmental Minister and to the Lord President. The primary purpose is to help the top management of each department to improve the effectiveness and efficiency of its internal organisation and management, including in particular the planning and control of its resources, both financial and manpower. A review had been planned for the former Ministry of Overseas Development. Since 1964, the Department has developed a complex structure within which there are a number of specialised scientific bodies and professional advisory groups. This needs study and a preliminary survey is already under way. The main review is due to begin in the autumn. It would now examine the new ODA and, in particular, its relationship with the rest of the FCO, taking special account of the points of overlap between the ODA and the rest of the FCO which may emerge in the context of an examination as part of the Rayner project. The review seems thus more than ever appropriate in these circumstances and my Secretary of State hopes that the Prime Minister will agree that it should go forward.

I am copying this letter to Martin Hall (HM Treasury), Jim Buckley (Lord President's Office), Tom Harris (Department of Trade) and to Martin Vile (Cabinet Office).

*Yours ever  
George Lever*

*PL*  
P Lever

M A Pattison Esq  
10 Downing Street





19 JUN 1973

