

Weekend 1



Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

Minister of State

The Rt Hon John Biffen MP
Chief Secretary
HM Treasury
Parliament Street
LONDON SW1P 3AG

Prime Minister

Content for the main quangos
to be reviewed on a five-year
cycle, as Mr

14 December 1980

Channon proposes?

Yes
MB

MB 18/11

Dear John.

QUANGOS: PERIODIC REVIEWS OF EXECUTIVE BODIES AND TRIBUNALS

I wrote to you on 21 April about the follow-up to Sir Leo Pliatzky's Report on non-departmental public bodies (Cmnd 7797). The results have now been announced by the Prime Minister. We now need to complete arrangements for the periodic stocktakings mentioned in paragraphs 77 and 78 of the Report.

The Prime Minister has decided that each sponsoring Minister should review his advisory bodies annually, and Christopher Soames wrote to you on 31 October about the handling of this. We are left with roughly 500 executive bodies and tribunals. In reviewing these bodies we must see if further savings in money and manpower are possible. Above all we must check that the body itself is still essential. I attach a note which sets out the procedure that Departments might adopt.

The note proposes that:

- a. bodies should be reviewed on a 5-year rolling programme;
- b. each sponsoring Minister should be responsible for the timing and nature of reviews as well as for the proposals arising from them;
- c. for many bodies, only a brief 'scan' would be required;
- d. summarised results to be reported annually to the Prime Minister;
- e. no publicity for the programme as a whole. Sponsoring Ministers to decide whether individual reviews should be publicised.

I hope that you and colleagues will find these proposals acceptable. I will assume that is so unless I receive from colleagues any comments to the contrary by Friday, 23 January 1981.

I am copying this letter and enclosure to the Prime Minister, members of the Cabinet and the Minister of Transport, and Sir Robert Armstrong.

Yours -

PAUL CHANNON

Paul

NON-DEPARTMENTAL BODIES: PERIODIC REVIEWS OF EXECUTIVE BODIES AND TRIBUNALS

1. This note sets out the arrangements for the conduct of the periodic reviews of executive bodies and tribunals recommended in the Pliatzky Report.

BACKGROUND

2. Paragraph 77 of the Report said "fringe bodies should not be allowed to continue indefinitely in set ways without a fresh look being taken from time to time both at the need for their continued existence and at the success or otherwise of their form of organisation and method of operations". The Report went on to recommend that, if this approach were to be systematised, sponsor departments, in conjunction with central departments, should review a certain number of bodies each year posing the same questions as had been asked in the Pliatzky review itself. The Report added that "This should not be turned into an elaborate ritual".

3. In announcing the results of the Pliatzky review, the Prime Minister made clear (Written Answer of 16 January 1980) the Government's general endorsement of the recommendations relating to the control and accountability of new and existing non-departmental bodies, including the suggestion for periodic reviews of executive-type bodies. The letter from the Minister of State, CSD to the Chief Secretary of 21 April, copied to members of the Cabinet, said that officials would need to discuss the procedure for these reviews and added that this should be done "economically and without elaborate machinery".

SCOPE OF THE REVIEWS

4. The review process described below covers only executive-type bodies and tribunals. It does not cover either advisory bodies (which are to be reviewed annually under separate arrangements and about which separate guidance has been issued) or the NHS and the bodies listed in Appendices B-D of the Pliatzky Report (nationalised industries, certain public corporations, and companies with a major Government shareholding).

OBJECTIVES

5. The objectives of the periodic review programme are:

- a. to ensure that the continued need for each body is questioned on a regular and systematic basis.
- b. to identify areas for further savings in the public expenditure of both departments and bodies;

- c. to identify further savings in public service manpower;
- d. to examine and, if necessary, clarify and adjust the relationship between a body and its sponsoring Minister.

The pursuit of these objectives will involve an assessment of each body's effectiveness together with a view on its form of organisation, internal structure and method of operation.

6. Departments will need, therefore, to address inter alia the following questions (found in para 24 of the Pliatzky Report):

- a. Is the function which is being carried out essential? Or, if not, is it valuable enough to justify the time and money spent on it?
- b. If the answer is that the function is either essential or sufficiently valuable, is it best carried out by the non-departmental body in question rather than by another means?
- c. Is it being carried out well and economically?
- d. Conversely, would there be any substantial loss or disadvantage if the body were wound up?

TIMING

7. The reviews in each department will begin in 1981, with the aims of covering all bodies in the course of 5 years.

THE REVIEW PROGRAMME

8. Each sponsoring Minister will be responsible for his own programme of periodic reviews. Points that departments may wish to bear in mind in drawing up draft programmes include:

- a. the need to reflect any special factors or commitments which would require that a particular body was reviewed at a particular time;
- b. the need to produce a programme balanced in terms of the number and weight of bodies to be covered each year.

- c. the need to keep the procedure cost-effective and economical in its use of departmental manpower.

It is suggested that programmes should contain detailed proposals for bodies to be reviewed in the year ahead and more tentative proposals for those to be covered in subsequent years.

THE CENTRAL DEPARTMENT'S INTEREST IN PROGRAMMES

9. Departments should send their provisional review programmes to the Treasury and GSD in case they wish to feed in any comments before Ministers approve the programme. At that time Departments should indicate, if possible, the nature of the review in each case (see para 10) and any specific areas which they propose to examine. Points that the central departments will have in mind will include:

- a. the need to ensure that the total review programme is balanced and reflects the Government's general priorities (eg are comparable bodies, especially territorial ones, to be reviewed at the same time?);
- b. the need to cover any specific aspects of a body's work that have been giving rise to concern in the central departments (eg systems for the control of expenditure or manpower).

NATURE AND CONDUCT OF REVIEWS

10. The sponsoring Minister will also, of course, decide the manner in which each review is to be conducted. In some cases, perhaps the majority, the Minister may conclude that a scan of the body is all that is required (ie a check against the questions in para 6 above to confirm that the body continues to be required and that no more searching review is called for). A "scan" might involve no more than a broad assessment of the body, followed by a brief submission to the Minister.

11. Where a more detailed review is required, it might take a variety of forms eg:
 - a. a desk study by the Division concerned;
 - b. a specially appointed project officer, as with the Rayner studies;
 - c. an inter-departmental group;
 - d. a review by one or more people from outside the department.

CENTRAL DEPARTMENTS INTEREST IN DETAILED REVIEWS

12. In some cases, CSD and the Treasury may wish to contribute to reviews of the more detailed kind described in paragraph 11 above. They should also be given an opportunity to comment on the proposals arising from detailed reviews, particularly in relation to expenditure and manpower.

PUBLICITY AND CONSULTATION

13. There will be no central announcement of the annual programme of reviews and departments should not refer to any central programme publicly. This is because the Government's policy is to keep all non-departmental bodies under constant scrutiny, to watch their expenditure with particular care, and to wind up bodies that no longer serve a useful purpose; the periodic reviews form only one part of this total process.

14. Accordingly, it will be for each departmental Minister to decide:

- a. whether the decision to review a particular body should be publicised;
- b. the extent and nature of any consultation that may be necessary, either with the body under review or with third parties;
- c. whether the results should be publicised.

REPORTING OF RESULTS

15. Departments should inform CSD and Treasury of the conclusions of reviews. CSD will collate the results and produce an annual report about them for the Prime Minister. The aim should be to make this report at the same time as the one on the results of the annual review of advisory bodies (ie in November or December).

CONTACTS IN CSD AND THE TREASURY

16. Mr D Howells (273 4357) will act as the central co-ordinating point for all CSD's interests in periodic reviews.

17. In the Treasury, contacts should be with whichever Expenditure Division has oversight of the body concerned. If departments are in any doubt about which Expenditure Division they should contact, Mr R Russell (233 4188) will be glad to advise them.

18 DEC 1980



22 December 1980

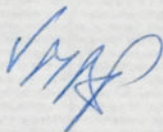
The Prime Minister has seen a copy of Mr. Channon's letter of 14 December to the Chief Secretary, about periodic reviews of non-departmental executive bodies and tribunals.

She is content with the system of review suggested by Mr. Channon.

M.A. PATTISON

G.E.T. Green, Esq.,
Civil Service Department.

Civil Service Department,
Whitehall,
London, SW1A 2AZ

A handwritten signature in blue ink, appearing to be 'VMAF', is written over the typed address.

With the Compliments
of the
Lord President of the Council



Graft Mach

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

The Rt Hon John Biffen, MP
Chief Secretary to the Treasury
Parliament Street
LONDON SW1P 3AG

31 October 1980

Dear John,

NON-DEPARTMENTAL PUBLIC BODIES

Paul Channon wrote to you on 21 April about the follow-up to the Pliatzky Report and the arrangements for consultation on proposals to establish new bodies. The purpose of this letter is to inform colleagues about some changes in these arrangements.

Consultation Arrangements

When we endorsed the recommendations in the Pliatzky Report, it was agreed that Departments should consult CSD and the Treasury at the earliest possible stage about proposals to set up new non-departmental bodies or to transfer functions to (or otherwise reconstitute) existing bodies. This applied to any non-departmental body, whether its functions were executive or advisory.

These arrangements have now been operating for some time, and we can draw some lessons from the way they have worked. Where the proposal is for a new executive body, the CSD and the Treasury are able to perform a useful role in ensuring that the options are properly examined. Where the proposal is for an advisory body, however, there are seldom resource implications. The key consideration is usually political and the sponsoring Minister is clearly best placed to make the judgement.

The Prime Minister has decided, therefore, that Departments should continue to consult CSD and the Treasury about proposals concerning executive bodies. In future, however, the central Departments need to be consulted about proposals for advisory bodies only when there are implications for resources or for the machinery of government.

New Annual Review of Advisory Bodies

Most quangos are of an advisory character. But the public does not distinguish between executive and advisory bodies, and parliamentary and press interest in the sheer number of quangos shows no sign of diminishing. The pressure to cut out dead wood must be maintained. The Prime Minister has decided, therefore, that each Minister should be ready to defend the existence of his advisory bodies and should review their existence annually. The CSD will collate the results of these reviews and report them to her. My officials will be in touch with Departments about the mechanics of collecting the information.

I am copying this letter to the Prime Minister, Members of the Cabinet including the Minister of Transport and to Sir Robert Armstrong.

Yours ever

Christie

SOAMES

NOV 3 1980

10
9
8
7
6
5
4
3
2
1



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~938XXXX~~ 218 2111/3

✓ JPD
Sarkis

MO 20/17/9

5th January 1981

John Pym,

PERIODIC REVIEWS OF EXECUTIVE
NON-DEPARTMENTAL BODIES

will require approval

Your Minister sent my Secretary of State a copy of his letter of 17th December to the Chief Secretary about the proposed arrangements for periodic reviews of executive non-departmental bodies. For his small number of non-departmental bodies, (IMS Ltd, the Services Kinema Corporation, the RAF Museum and the National Army Museum) Mr Pym endorses the Pliatzky report's observation that review arrangements should not be turned into an elaborate ritual.

As you will know, however, all four of these bodies are currently subject to some kind of study or review: IMS Ltd in connection with the studies centring round the Defence Sales Organisation and the ROFs; the SKC as the subject of a study by Mr John Grist, formerly of the BBC, to examine the possibility over the next year of a merger with the British Forces Broadcasting Service; and the two museums to see whether a change to 'trustee status' would be appropriate. This will effectively carry us through 1981, after which Mr Pym thinks it would be right to give consideration to a subsequent rolling programme of reviews.

I am copying this letter to the Private Secretaries to the recipients of your Minister's letter.

John Pym
John Dawson

(J D S DAWSON)

G E T Green Esq

-6 JAN 1981

