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PRIME MINISTER 2.

FROM SIR LEO PLIATZKY

CONFIDENTIAL

*Sir Leo now has progress to report on one of his larger targets, the Housing Corporation.*

MR PATTISON

*Which dep't are not doing any thing?*

*MAP 12/4.*

NON-DEPARTMENTAL PUBLIC BODIES

1. May I let you have a further progress report on my assignment.

2. Over the past fortnight I have had about a dozen sessions with Permanent Secretaries to go through their lists. In some Departments Ministers and officials had already been carrying out a critical scrutiny item by item. In others I found no indication of any such process. I have sent a letter to all Permanent Secretaries to the effect that they and their Ministers should regard themselves as personally responsible for applying to each of their bodies the questions set out in my letter, a copy of which I attach.

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3. Most Departments will need a little more time to complete this process. I do not expect that many of them, and perhaps none at all, will wish to issue a comprehensive statement on their own account of the kind made by Mr Heseltine, though of course there would be no need to hold them back if they were in a position to make an announcement. Some Ministers may make ad hoc statements about the winding up of particular bodies but generally speaking my report will probably be the vehicle for making public the results of the exercise.

4. I have no doubt that these results will be more substantial as a result of my assignment, but I cannot yet say how impressive or the reverse they may be in terms of body count. In any event a great many bodies will survive, and some weight should therefore be attached to the other aspects of the exercise - that is, setting out some principles to be followed in the future on the setting up of non-departmental bodies and arrangements for control and accountability. These general conclusions would be based in part on the examination in depth of some of the big spenders.

5. For instance, I have completed my write-up of the Housing Corporation and sent it to the Minister of Housing and his officials. Many of the difficulties arising from the rapid expansion of this programme, which has been running at about £400 million a year, have been put right or will be shortly, but there is still a problem of serious duplication of effort



between the Department of the Environment (and on a smaller scale the Scottish and Welsh Offices) and the Housing Corporation. On top of the Corporation's own administrative costs of about £5.5 million a year, the Departments concerned have administrative costs of about a further £1 million in dealing with the Corporation's affairs. A major factor in this, in my view, has been the outmoded notions on the part of the Department of the Environment's Accounting Officer for this particular Vote as to the amount of double checking which must be carried out in order to protect his position vis-a-vis the Public Accounts Committee. After talking to the Comptroller and Auditor General and to the Treasury I have advised the Department that it should be possible to work out a division of responsibility between them and the Corporation which will adequately safeguard public funds and at the same time reduce these administrative costs.

6. There is a further problem about the extent to which the fair rents system limits the rents which housing associations can charge. As a result, not only do they receive capital grants of 80 per cent or more through the Housing Corporation, but they may subsequently receive Revenue Deficit Grant as well. The nature of my assignment does not really confer on me any particular competence on this question of rent policy, but I expect nevertheless to have a word about it with the Minister of Housing, because it would bring a bit more financial discipline into the affairs of the housing associations if there were a bit more room for manoeuvre on rents, even though their tenants tend to be poor and disadvantaged.

7. I am devoting quite a lot of effort to the affairs of the Manpower Services Commission, in liaison with Sir Derek Rayner's office, but I still have more work to do on this before I am ready to report.

8. I am sending copies of this to Sir Ian Bancroft and Sir Derek Rayner.

L.P.  
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LEO PLIATZKY

12 October 1979



**CONFIDENTIAL**

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SIR LEO PLIATZKY  
CIVIL SERVICE DEPARTMENT

The Prime Minister has seen your further progress report on non-departmental public bodies, contained in your minute of 12 October.

She was particularly interested to note the advice you have been able to offer DOE about the Housing Corporation, and to note that you are now well into work on the Manpower Services Commission.

The Prime Minister has expressed some interest in your comment that some Departments have not yet set in hand any effective scrutiny. You have since told me that you expect most of these to put some genuine work in hand in the near future. When you are next ready to make a report, I think the Prime Minister will wish to know if there are still individual Departments which are not giving proper attention to this exercise.

M. A. PATTISON

17 October 1979

**CONFIDENTIAL**

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E. B.  
PRIME MINISTER

You asked which Departments had been performing unsatisfactorily on Sir Leo Pliatzky's assignment.

Sir Leo would much prefer not to name names at this stage. He simply wanted to give you a brief report on the state of progress. He is confident that most Departments will now get down to work, although it is the second time of asking in some cases. If he finds that, for the second time, one or two Departments evade the issues, he will then seek your support to ensure that the exercise is carried out effectively.

Sir Leo did mention to me that DHSS, Scottish Office, Agriculture and Trade were among the Departments now carrying out a thorough review. I understand that Mr. Jenkin will be sending his results to you very shortly.

Are you content to leave Sir Leo to play it his way for the moment?

MP

Yes Mr

15 October 1979