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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

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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

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Top

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

1/2m

E. R.
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



SIR LEO PLIATZKY KCB
OLD ADMIRALTY BUILDING
WHITEHALL LONDON SW1A 2AZ
TELEPHONE 01-273 3759

4 October 1979

Dear Sir,

Review of Non-Departmental Public Bodies

1. As you were the first Permanent Secretary with whom I had a session to go through his Department's list of non-Departmental bodies, it may be useful to record the questions which I proposed that each Minister and Permanent Secretary should ask with regard to each of the bodies in his field of responsibility:-

- (i) Is the function which is being carried out essential? or
- (ii) If not, is it valuable enough to justify the time and money spent on it?
- (iii) 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?
- (iv) Is it being carried out well and economically?
- (v) Conversely, would there be any substantial loss or disadvantage if the body were wound up?

2. I propose that the report should say that each Secretary of State or other senior Minister and each Permanent Secretary has reviewed each of the bodies concerned in the light of these questions and that, where it is decided to maintain them in existence, this means that they are personally satisfied that the answer to either question (i) or question (ii) and the answers to all the other questions are affirmative. In some cases the conclusion may be that the body should be maintained in existence but that its role or operations should be further reviewed.

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Sir Patrick Nairne KCB MC
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London SE1 6BY

3. I suggested in our talk that, in any case where the conclusion is finely balanced, it would be in accordance with the Prime Minister's objectives to come down in favour of discontinuing the body.

4. May I suggest that you should draw the sense of this letter to your Secretary of State's attention at an appropriate stage in the exercise (as I believe that you have in effect already done) and that the others to whom I am sending copies of this letter, and who are listed on the attached sheet, should proceed in the same way. I think it reasonable to say that these proposals in effect formalise the approach which you and your Secretary of State have already been adopting, and much the same may well be true of other Departments also.

Yours,

Leo

LEO PLIATZKY

B D Hayes Esq CB	MAFF
Sir John Hunt GCB	Cabinet Office
Sir Ian Bancroft GCB	Civil Service Department
Sir Douglas Lovelock KCB	Customs & Excise
Sir Frank Cooper GCB CMG	MOD
Sir James Hamilton KCB	Education & Science
L H Brandes Esq	Office of Arts & Libraries
Sir Kenneth Barnes KCB	Employment
Sir Jack Rampton KCB	Energy
Sir John Garlick	Environment
Sir Michael Palliser GCMG	FCO
Sir Robert Armstrong KCB CVO	Home Office
Sir Peter Carey KCB	Industry
Sir William Pile GCB MBE	Inland Revenue
Sir Wilfrid Bourne KCB	Lord Chancellor's Office
Sir Brian Cubbon KCB	Northern Ireland Office
Sir Peter Preston KCB CMG	ODM
Sir Kenneth Clucas KCB	Trade
Sir William Fraser KCB	Scottish Office
Sir Peter Baldwin KCB	Transport
Sir Douglas Wass KCB	Treasury
Sir Hywel Evans KCB	Welsh Office
A B C Reid Esq	Lord Advocate's Department

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10 DOWNING STREET

From the Private Secretary

Sir Leo Pliatzky

Thank you for your minute of 1 October giving a brief progress report on the first month of your assignment to examine non-departmental public bodies.

The Prime Minister has seen your report, and is grateful to be kept in touch with progress. I am sure that she would appreciate further such reports from time to time as you consider appropriate.

M. A. PATTISON

3 October, 1979.

A handwritten signature in blue ink, appearing to be 'L.C.' or similar initials.

PRIME MINISTER A first progress report from
Sir Leo Pliatzky.



FROM SIR LEO PLIATZKY

MAP 2/4

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MR PATTISON

NON-DEPARTMENTAL PUBLIC BODIES (QUANGOS)

1. May I let you have a short progress report on the first month of my assignment.
2. Full lists of non-Departmental bodies of three kinds - executive bodies, advisory committees and tribunals - have been collected from Departments. There is a great deal of material here which has not been collected centrally before. Two or three junior support staff will be busy editing it for publication.
3. I have discussed the subject with Mr Phillip Holland MP. He does not claim that his own solo efforts have made this fact-finding exercise unnecessary. Nor was he prepared to give me the names of particular bodies which in his view should be axed. His attitude was that these are matters for Ministers and his role has been to stimulate them. A further piece of writing from his pen, designed to keep the subject alive, is likely to appear shortly.
4. I have just embarked on a series of sessions with Permanent Secretaries to go through their lists and discuss proposed changes. In suitable cases I will follow this up by calling on their Ministers.
5. The Prime Minister wanted special attention to be paid to those non-Departmental bodies which are big spenders. A high proportion of these, though not all, come under the Departments of Employment, the Environment and Education & Science, though the issues arising in relation to the UGC and the Research Councils are less contentious than in some of the other cases. Over the past month, and without waiting for the lists from these three Departments, I have been working on the issues relating to these particular big spenders. More work remains to be done but in cases of this kind, involving budgets of many hundreds of millions, I feel that it is the public expenditure exercise rather than my own assignment which will secure substantial spending cuts. But I expect to have some useful points to contribute about future control of some of the big spenders and their accountability.



6. The intention is that the report should include a section for each major Department commenting on the public bodies in its field and on the changes made as a result of this review, but it should be possible to have rather shorter sections for those Departments which do not have big spenders or other problem cases among their public bodies.

7. I have discussed the two Cabinet Office bodies, ACARD and the Women's National Commission, with Sir John Hunt and Sir Kenneth Berrill. I have arranged to see Lady Young also about the Women's National Commission, after which I will let you have my views on these two bodies.

8. This is proving to be a demanding programme of work, and the first month's activity is only a beginning, but completion of a report suitable for publication by the end of the year remains a provisional target.

9. This is for information only, and I leave it to you whether to let the Prime Minister see it.

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

L.P.

LEO PLIATZKY

1 October 1979

