



CIVIL SERVICE

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22 December 1982

The Rt Hon Norman Tebbit, MP  
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*Sean Naman,*

*JD*  
*23/12*

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

Thank you for your letter of 3 December.

I am pleased that you are content with the overall shape of the centrally co-ordinated efficiency programme for 1983 and I welcome your participation in the review of supporting services for administrative work.

I note what you say about the proposed review of internal consultancy, inspection and review capabilities. I think it would be a pity if DE were not to be a part of the review - which we have now moved towards the end of 1983 to meet departmental problems on timetabling. Nevertheless, I recognise that you want to see the results of at least some of the follow-up to Stage 1 of the Financial Management Initiative before finally deciding. I suggest, therefore, that we leave the possibility on the table for the time being and return to it in, say, the late Summer.

I am sending a copy of this to the Prime Minister.

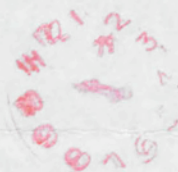
*Yours ever*

*Janet*

BARONESS YOUNG



23 DEC 1982





"EFFICIENCY AND EFFECTIVENESS"

Response by the Council of Civil Service Unions to the Government's White Paper (Cmnd 8616).

1. Background

1.1 This paper sets out the response of the Council of Civil Service Unions to the Prime Minister's White Paper (Cmnd 8616) published on 27th September 1982 in reply to the Treasury and Civil Service Select Committee's 3rd Report 1981-82 on Efficiency & Effectiveness in the Civil Service.

2. General

2.1 The White Paper was a major disappointment to the Council in that it confirms our views (submitted to the Select Committee within our proof of evidence) that the present drive for "efficiency" within Government operations, motivated largely by Government objectives on reducing public spending, will be allowed to proceed with no real attempt to measure the results of spending and manpower cuts in terms of reduced volume, quality and equity of service.

2.2 The White Paper confirms our belief that present Government initiatives to tighten financial control and cut costs will be achieved at the expense of any quality control of Government services and Parliamentary accountability for them.

2.3 We view with considerable scepticism the White Paper's references to the dangers of a "failure of morale" and the importance of staff involvement. In the light of our experience of the Government's attitude to civil servants and the value of the services they provide, these paragraphs are, in our view, hypocritical.



They are certainly not reflected in the prevailing attitudes of Ministers and their decisions on Civil Service matters.

2.4 By contrast, the Council remain fully committed to the achievement of a more efficient and effective Civil Service, but we wish to see this objective secured by means of agreed measures rather than by cosmetic exercises designed to meet arbitrary targets.

### 3. The CCSU Position

3.1 The policy of all the unions in membership of the Council in opposition to arbitrary cuts in public expenditure has been firmly established by successive union conferences. These decisions reflect the view of the entire non-industrial Civil Service as expressed through the unions in membership of the Council.

3.2 One of the most objectionable features of the way that the current Government is implementing its policy of reducing public expenditure is its failure to provide information about the real effects. There is a need to spell out the full consequences of the reductions for staff, levels of service, equity, quality control, revenues foregone, etc. These should be fully available to Parliament and the public at large, and the issues involved should be subject to full public debate.

3.3 Cuts are being made in three broad ways. First, there is the method of simply removing the function. The following example of the effects of this in the defence area shows graphically what happens:

3.3a As part of its 1981 Defence Review the Government decided to cut back the refit, maintenance and repair activities provided through the Royal Dockyards in support of the Royal Navy. It was announced in June 1981 that Chatham and Gibraltar Dockyards would be closed by 1 April 1984 and 1 April 1983 respectively. Portsmouth Dockyard was to be run-down to some 1500 civilians and changed to a naval base by



1 April 1984. Through the MOD Trade Union Side a vigorous campaign of opposition to these proposals has been pursued, in particular via Parliamentary contacts.

3.3b With the crisis in the South Atlantic last Spring, however, the great dangers inherent in these dockyard cuts was all too clearly demonstrated. With the announcement of the decision to send the Task Force to the South Atlantic, staff at Portsmouth Dockyard, for example, moved to continuous working even with redundancy notices in their pockets. Civilian staff responded magnificently, but there remain serious doubts as to whether or not such a Task Force could be put to sea, certainly in the extremely short time actually achieved, if a similar crisis arises after 1 April 1984.

3.3c Irrespective of the Falklands Crisis, the Government has so far failed to provide satisfactory replies to questions as to the capacity of two remaining dockyards - Devonport and Rosyth - to cope with the refitting, repair and maintenance workload after April 1984, particularly in respect of nuclear powered submarines (SSNs). To date Chatham is the only Yard to have completed an SSN refit, yet Chatham is to close.

3.3d The Secretary of State for Defence has indicated his intention of presenting a further defence White Paper by the end of the year, setting out the principal lessons of the Falklands Campaign and their impact for defence policy. There are already informal indications that the future size of Portsmouth forms part of this review, but in spite of our pressure for a full public debate, this has so far not materialised.



3.3e The dockyard cuts highlight dramatically the extent to which Government pressures to reduce the numbers of civil servants have put our nation's security at grave risk, yet the general public remain ignorant of the full consequences of these cuts.

3.4 The second course is to transfer the work out of the Civil Service ("privatisation" or contracting-out) regardless of the real cost to the public or to public funds. There are two examples of this from the Department of Transport alone:

3.4a The first relates to the decision by the Department of Transport to transfer to private consultants responsibility for the road construction work, previously undertaken in Road Construction Units staffed jointly by civil servants and local authority staff. By the end of 1981, the Department of Transport had transferred responsibility for work valued at over £2,000m to the consultants. The Comptroller and Auditor General reported that DTp had estimated in October 1980 that transferring RCU work to consultants would cost some £5m in redundancy compensation to RCU staff and special payments to the consultants; and that, since it was more expensive to use consultants than viable RCU Sub Units, there would be a continuing extra cost which would amount to £4m in 1981-82 but would probably diminish in later years.

3.4b When questioned by the Public Accounts Committee, DTp admitted that these estimates were about right in the short term and that they had known in March 1980 that privatisation was unlikely to be the cheapest course. However, the minister had regarded the likely extra cost of making the change as outweighed by the advantages to the country of strengthening the



private sector consultants. The PAC reported as follows:

"We think it unsatisfactory not only that these costs were not disclosed once they had been estimated, but that DTp did not take more trouble to evaluate the alternative courses of action before any announcement was made to Parliament, so that Parliament could be presented with firm proposals and a clear picture of the financial consequences .... We consider it an important part of both accountability and financial discipline for Departments that significant financial implications of a change in policy of this kind should be assessed and disclosed to Parliament before the point of commitment is reached, so that Parliament can reach its own judgement on the balance of costs and benefits". (Paragraphs 7 and 8 13th Report from the Committee of Public Accounts: Session 1981-82).

3.4c The PAC went on to examine whether DTp's allocation of RCU work to consultants appeared to meet its stated objective of helping consultants to obtain more expert work. It noted that 13 of the 15 firms selected to take over work on road schemes valued at over £2,000m were already working for the DTp or the Scottish or Welsh Office and that they all had proven records at home and overseas.

3.4d A current example in DTp relates to the proposed transfer to the private sector of the Heavy Goods Vehicle Testing Stations. Again the Trade Union Side argued that the transfer would not reduce Government expenditure since the fees charged already covered the costs. It argued that the cost of fees would have to go up to make the service profitable to the private sector.



3.4e Again it is proving extremely difficult to get information of the costs involved from the Department of Transport. However, the Trade Union Side understands that the organisation currently in negotiation with the Department on the transfer is insisting on a substantial increase in the licence fee as a condition for the takeover. Once again it sees the Government's objective of securing better value for money is failing in its objective.

3.5 The third method is the imposition of the crude, across-the-board cuts, in the form of recruitment freezes, manpower ceilings and cash limits. These cuts mean that the Government loses effective control over how policies are implemented, and they damage all services in unpredictable and uncontrolled ways. Departments are faced with trying to match resources to tasks in a piece-meal, crisis-management fashion, and the staff are faced with reduced numbers and support services which bear no relationship to the actual demands placed upon them.

3.6 The following extract from a recent letter sent by the Chancellor of the Exchequer to the Inland Revenue Staff Federation exemplifies the Government's attitudes:

"The Treasury response to the PAC Committee Report will be published shortly and so, I am sure you appreciate, it would not be proper for me to deal with their specific recommendations in advance. But I accept that the facts quoted do demonstrate that the yield from staff currently employed on investigation work by the Inland Revenue has been productive on a cost yield basis, in some instances very highly so (though this cannot be the only criterion for determining levels)." (11 October 1982)

3.7 Part I of our evidence last year to the Select Committee said:

"Rather than achieving 'smaller government' efficiently and effectively organised, recruitment freezes, option exercises, arbitrary manpower targets and the like produce enfeeblement of services across the board." (Para 4.4)

3.8 Part II of the CCSU evidence assembled various case studies showing how present and past methods of achieving cuts have led to loss



of effectiveness, lost income, reduced control, and poorer standards of equity, in exactly this way. As we note below (paragraphs 3.10 et seq), the Select Committee were understandably unimpressed by the counter-evidence put forward by Government departments.

3.9 One significant reason why the methods outlined in paragraphs 3.3 to 3.5 above can be used in the public service is because the measurement of output and quality of service is usually much more difficult to quantify and is much less developed than in the majority of the private sector. Manufacturing industry, for instance, has to meet the ultimate stringencies of the market place, which produces in-built service and quality control mechanisms. It is accepted that measurement of effectiveness, outputs and intermediate outputs is difficult in the Civil Service (paras. 35, 36 and 37 of HoC 236-1 are a valuable account); but for claims of increased efficiency to be credible, effective output and quality control measures must be developed and employed in the Civil Service.

3.10 There has been only one recent account of the consequences of "Civil Service manpower cuts on output - published in "Civil Service Manpower Reductions" (HoC 423 July 1981). This paper describes 48% of staff savings in the previous 12 months as arising from "general streamlining (including lower standards of service) and other minor changes" (Page 8). Commenting on this figure, the Select Committee Report said:

"Because of this last category it is not possible to say what proportion of the total staff savings represent a gain in efficiency, but it is clear that a significant proportion of the savings was secured by reducing output and, therefore without a prima facie increase in efficiency". (Para. 39).

3.11 The Committee's report contains other indications that they are clearly aware of the dangers of describing money and staff cuts as increased efficiency. Commenting on a Prime Ministerial statement on savings, made in January 1982, the Committee said:



"It is not clear to what extent, if any, sacrifices of quality and control may have been involved in making the necessary changes. The savings do not suggest that the scrutinies have been comprehensive reviews of the efficiency and effectiveness of major programmes." (Para. 30).

3.12 Commenting on manpower cuts in the Department of Employment, DHSS and MOD, the Select Committee accepted that efficiency has been increased but went on to say:

"However, they would not wholly reflect increases in efficiency if there has been a fall in output or if the measure of output being used as a yardstick does not properly reflect the quantity or quality of service as perceived by the beneficiaries of the programmes concerned. Moreover, they might reflect a fall in effectiveness if any fall in output has not been balanced by a downward adjustment of the target".

(Para. 40)

3.13 On cuts in checking, inspection and audit, the Committee said:

"The loss of potential savings must be taken into account to give a true picture of the change in efficiency". (Para. 41)

3.14 The Council's main interest in the Select Committee's work and the Government's response was, therefore, on the question of whether new methods would be proposed for improving the measurement of output and quality control in the Civil Service, and for making Parliament and the public more aware of what is actually achieved for the money voted for public expenditure. We are concerned lest the Government imperative of "efficiency" becomes little more than a cloak for continued cutting of public expenditure, staff and services in the absence of detailed information on the real effects of these cuts.



If the Government is seriously concerned to achieve real efficiency savings (ie. cutting costs whilst preserving output), new methods of assessing effectiveness and of ensuring accountability to Parliament should have been developed following the Select Committee's extensive researches. Far from this being the case, however, virtually every proposal for extending output measurement and quality control has been evaded in the White Paper.

#### 4. "Achievements So Far"

4.1 We now turn to the section of the White Paper under the heading: "Achievements So Far". The following comments on the "improvements made by departments towards securing better value for money" will illustrate the concerns we have outlined in section 3 above.

#### INLAND REVENUE

4.2 The White Paper says:

"Between 1978/79 and 1980/81 the number of Inland Revenue staff per 10,000 taxpayers has fallen from 24 to 21 (12½ per cent)".  
(para 7) No further information is offered.

4.3 As an allegation of better value for money this statement is highly questionable. At least it should relate staffing to revenues received and those remaining uncollected; revenues not assessed at all; the quality of service to the taxpayer and equity between them plus, particularly important, the public's perception of Revenue activity and its deterrent effect.

4.4 As a real assessment of the better value for money it fails dismally. Only two months before the White Paper appeared, the Public Accounts Committee (Twenty Second Report) openly criticised the Revenue for failing to maximise potential income. The PAC noted a



Treasury figure of 1,870 Revenue staff engaged upon investigation work produced £173 million in extra tax and commented that these figures:

".... suggest strongly that substantially more investigation staff should be employed by the Inland Revenue. As we recorded in our Twelfth Report 1980-81, the immediate yield in additional revenue as a result of the activities of present staff is at least four times the cost of their salaries. In addition, checks made by the Department suggest that there is a continuing effect in increasing tax yields in succeeding years. And there are also the deterrent effects. The employment of these staff therefore 'produces very good value for money' (Para 19).

4.5 The PAC was confident that the employment of extra staff would not entail a declining return per head:

"The Department told us that they had no evidence that the increasing coverage of their selective examination was bringing into play the law of diminishing returns; the results suggested that this point was still a good way off".

4.6 The PAC's view is that the department would be more effective if it employed more investigation staff. There is no doubt about the relative efficiency of such additional staff in view of the significant yield on tax such staff can obtain, compared with their cost. Yet the Chancellor refuses to authorise an increase in the efforts of the Inland Revenue against evasion, and staff cuts of 12,000 in the past 2½ years make it more difficult to obtain the necessary staff with the significance that there is a good deal of lost revenue, a growing black economy and diminished value for money.

4.7 In August 1982, the General Secretary of the IRSF collated some of these in a letter to the Chancellor of the Exchequer in support of arguments for a halt in the Revenue staffing cuts. The Chancellor, in rejecting this approach would not accept the IRSF's figures of Revenue arrears but it appears wants only to concern himself with a



selective area of employers. The Revenue's statutory responsibilities, of course, relate to all employers and taxpayers. For these reasons, the IRSF has again returned to the Chancellor of the Exchequer supplying more up-to-date figures as follows:

	<u>September 1982</u>		
Amount of PAYE outstanding	£1,057 million		£475 million (May 1980)
Unpaid Schedule D Assessment for previous years	393,000		283,000 (1980)
	<u>Sept. 1982</u>	<u>May 1982</u>	<u>May 1980</u>
... and in the Collection offices			
Letters awaiting attention	120,084	106,000	30,000
'Diary entries' (work outstanding)	161,000	150,000	41,000
Assessment alterations pending	25,000	24,000	15,000

4.8 The comparisons are made with 1980 due to the disruption caused by the Civil Service Pay dispute in 1981. The strike is not the major cause of the large sum outstanding however. Para 25 of the PAC report says:

"The Department told us that the amount outstanding had been reduced steadily since the strike and by 31 March 1982 had fallen to between £500 million and £750 million".

In fact, as each month passes since the dispute the work state further deteriorates.

4.9 Staff shortages in the Revenue are an important factor in the decision not to recode for the August 1982 1½% cut in mortgage interest. The financial consequences of this decision for all taxpayers involved do not appear to have been reported, or indeed considered.



4.10 Another area of great concern to staff is the effect of shortages on consistency of activity between offices. The measurement of levels of "equity" is no easier than measures of overall effectiveness. Nevertheless, the principle of equity has been a corner stone of our tax system and cannot be left out of an efficiency equation. In large measure the reputation of the Inland Revenue is based on the promise and expectation of "fair play" as between one taxpayer and another - whether they be in Wick or Winchester. The large are treated no differently from the small.

It is our belief that this has been acknowledged hitherto in the attitudes of the British taxpayers and employers. They accept taxes because they see it as a means of contributing to the common good. As a result the system is in many ways a voluntary one relying upon honesty, without undue regulation. However, it is now becoming all too clear that as traditional approaches and standards are lowered, that is disappearing. Growth of the Black Economy is a clear indication here and should be taken into account in measuring Revenue effectiveness.

Equity in collection and investigation will be an especially important consideration following the recent publication of the Gracey Report in October, recommending closure of over half the country's tax Collection Offices. With visiting of non-payers increasingly restricted, the Gracey proposals will have major consequences on both the amount of revenue obtained and on the evenness of coverage.

4.11 The White Paper's omission of any information on the consequences of staff reductions leaves their "achievement" in the Revenue unproven. The PAC's findings and the other evidence sampled above suggest that a thorough analysis, comparing inputs and outputs achieved, might well show a decline in "value for money".



DHSS

4.12 The White Paper says:

"It is estimated that the relative costs of administering Social Security Benefits will have fallen by six per cent between 1978/9 and 1981/2."

4.13 In March 1982, the number of supplementary benefit claimants passed the 4 million mark for the first time, due largely to unemployment and the abolition of the earnings related supplement. In the preceding two years the increase was 36%. Against this rise in demand, staff numbers fell by 10,000 in the previous 5 years with another 11,000 to 12,000 planned to go by 1984.

4.14 Service to the public has declined appreciably. Home visiting, which in the past has been the corner stone of the service, has been drastically cut back and, in many areas because of pressure, has been waived altogether. Instead of pensioners being visited at least once a year to ensure that all their needs have been properly identified and included in their allowance, they are now only scheduled to be visited once every four years and that visit is now frequently set aside. Unemployed claimants are now visited once a year, with the initial visit being one year rather than four weeks after a claim is made. Postal claim forms are being introduced to replace personal interviews in the office or at the claimant's home despite the evidence of pilot studies showing a greatly increased frequency of error and delays. All the changes have been made not because home visiting and personal interviews are "inefficient", but because they are costly in staff time and cannot be met from current manpower levels. The result is unidentified and, therefore, unmet need, underpayment and overpayments of benefit, welfare needs of particularly the old and the sick ignored and increased fraud and abuse. In fact, if home visiting had been maintained at the previous level, there would have been no



need to mount Operation Major in the Oxford Area Office because the alleged false claims would never have arisen.

4.15 These are all prima facie cuts in effectiveness of service, yet despite this, the Department still argues that the new procedures, streamlining etc., have in fact brought about higher productivity and by implication increased effectiveness. This is exemplified by focussing down to look at what is actually happening in DHSS offices rather than looking at macro figures. The DHSS unions representing staff in the Merseyside region published a report entitled "For Whose Benefit?" in October 1982. The following facts, based upon management records, are drawn from that report. It is these facts which have to be put in the equation along with the manpower cuts in order to assess properly the question of efficiency and effectiveness.

#### Merseyside

4.16 In the Merseyside Region, the number of claimants on supplementary benefits increased by 35% between April 1980 and April 1982. The number of staff in local offices has fallen by 4%. Looking at a few individual examples, the number of staff in the Toxteth office has increased by 68 to 80 (17%) (April 80 to April 82) but the number of claimants per staff member has gone up from 1:92 to 1:133 - a 33% increase. In Kirkby, staff have increased from 82 to 88 (7%), but the number of claimants per officer from 1:86 to 1:126 (47%). In Ellesmere Port, staff numbers have increased from 41 to 48 (17%) and claimants per officer from 1:88 to 1:123 (49%).

4.17 If these figures represented real productivity increases, they would be a stunning success. Productivity up by a third over two years is an achievement very few private concerns in Britain or abroad could boast. Unfortunately, of course, the quality of the product has not remained constant. The Merseyside Report says:



"The last 12 months has seen a considerable growth in the pressures on staff in local offices. Staff morale is low and will soon reach a point where staff will cease to care what happens to the work. Some staff in an effort to reduce pressures on themselves and to give some semblance of a service to the public are working unpaid overtime. Some offices are having to reduce drastically the service given to the public by reducing interviewing times, cutting back on visits and even closing down whole sections of the office for weeks at a time." (Page 12)

4.18 The Report quotes the number of supplementary benefit cases "Awaiting Visit": 595 in Toxteth, 370 in Kirkby and 295 in Ellesmere Port. The total number of "Cases Awaiting Action" in each office is 3851 in Toxteth, 2833 in Kirkby and 1992 in Ellesmere Port. The total number "Awaiting Action" in the Region is 92,049.

4.19 The report has this to say about delays:

"Delays in visiting mean that claimants entitled to additional requirements, eg. for heating and diet may miss out altogether or experience long delay before receiving their full benefit entitlement.

Delays in payment multiply offices' problems. Persons waiting for payment ring the office to check when payment can be expected causing further delay while their papers are found to check on the position. The situation has become so serious in some offices that switchboards have become jammed and offices have set up special sections just to deal with telephone calls, which, whilst relieving the pressure on sections in the office responsible for making payments, means more often than not the claimant will have greater difficulty in obtaining an answer to his query and will resort to visiting the office causing extra frustration to him and extra work for the staff. It is not uncommon now for a claimant in this Region to have to wait more than 2 weeks from the time of claiming to the payment of benefit. This is a totally unacceptable delay when one considers that we are dealing with people in the most deprived



section of the community for whom a delay in the receipt of benefit by even a few days can cause considerable hardship."

(Page 13)

### Take-up Levels

4.20 One obvious measure of effectiveness is the level of take-up. For benefits it is probably the main determinant of effectiveness: how well Government benefits are reaching those for whom they are intended. The table estimates the level of non-take-up broken down by areas in the Merseyside Region:

Area	Approximate No. Failing to Claim	£ Million Unclaimed (Approx)
Liverpool	26,000	4.5
Knowsley	13,500	2.3
Cheshire (Area West of M6 only)	17,000	2.9
Sefton MDC	10,000	1.7
Wirral BC	13,000	2.2
Preston	7,000	1.2
Blackpool & Lancaster	10,500	1.8
Barrow In Furness	2,500	0.4
TOTAL	99,500	17

(Page 13)

Supplementary benefit entitlement "triggers" several other benefits and there is no doubt that, over and above the question of effectiveness already posed, the total amount of unclaimed cash must have a significant effect on the local economy.



4.21 The Report concludes:-

"There can be little doubt that the DHSS administration in local offices is fast approaching a major crisis. The impression is created for claimants that the Department is uninterested and unwilling to help. A total breakdown in the Social Security system can only be halted by Central Government making resources available for additional staff."

4.22 The Merseyside Report spells out an 'early warning' that hopefully, management is repeating to Ministers and they in turn should be reporting to Parliament. In Birmingham, similar early warning signs were not heeded.

#### Birmingham

4.23 On 14 September, in the Erdington Office in Birmingham, five staff were rostered to initially interview upwards of 200 claimants that day. Two were off sick. One opened the doors in the morning and broke down at the prospect confronting her. The remaining two refused to try and cope alone and walked out on strike. The dispute received official backing, and rapidly spread to other offices in Birmingham. Within a month, six offices were closed and normal operations discontinued as regional office staff tried to prevent a major crisis by manning emergency payments offices. The dispute has now spread throughout Birmingham, involving all DHSS local offices.

4.24 In the 11 DHSS offices in Birmingham, the supplementary benefit case-load has increased by 21.5% between August 1981 and August 1982. The number of unemployed claimants had increased by 35%. Over the same period the number of staff had declined by 2.5%. The number of postal claims rose from 3501 in September 1981 to 5021 in August 1982 (43% increase). The staff/claimant ratio in the Handsworth office increased from 1:52 in February 1979 to 1:91 in December 1981.



4.25 In a background note on the Birmingham situation, a local union representative wrote:

"The basic problems at all the offices involved are not in dispute. They are manifested by increasing workloads and increases in callers to the office, lengthening delays in the granting of appointments and despatch of payments, the continual re-organisation of office functions together with the abandonment of particular areas of work and the utilisation of temporary labour and overtime for routine tasks." (October 82)

4.26 Trade union representatives had repeatedly warned that a crisis was looming even if senior management had either failed to detect the signs or neglected to act on them. Such a warning was given in the evidence submitted by the DHSS Departmental Whitley Council Trade Union Side to the House of Commons Committee of Public Accounts in September 1981 in relation to the manpower crisis:

"It is only a matter of time before this situation results in the staff taking matters into their own hands. When that happens, all the constraints, controls and cash limits will be of no value in providing an efficient or effective service."

Several outside bodies had also expressed their concern. In June 1982, West Midlands County Council published a report by their Senior Adviser on Economic Development stating that:

"... the Welfare Benefits system in the area is nearing breaking point because of the huge demands being made on it through soaring unemployment."

4.27 A vital component of any system aiming to maximise efficiency and effectiveness is its ability to respond to changed circumstances. Not only is the DHSS failing to pay proper attention to measuring effectiveness (accuracy of work, delays, levels of take-up, cost-benefit of staff) it is proving itself hopelessly incompetent at moving in to deal with crisis situations in adequate time. Generalised



allegations about increased productivity based on macroscopic figures cannot hide the harsh reality that, in parts of the country, the service is on the point of collapse, with efficiency and effectiveness fast approaching zero.

#### MAFF Capital Grant Schemes

4.28 The White Paper says:

"The Ministry of Agriculture, Fisheries and Food has streamlined its regional organisation and simplified the arrangements for making grants to farmers for capital equipment, thus saving so far 700 posts worth about £6m a year." (Paragraph 7a)

4.29 In Part 1 of the Council evidence to the Select Committee, a selection of the MAFF Trade Union Side's comments at the time of the Rayner scrutiny were included. These focused on the dangers of abuse under the new system, and the eventual need for additional checking procedures.

4.30 Experience since has shown the validity of the criticisms made by the Trade Union Side. The revised instructions to staff were written in such haste that amendments and alterations have had to be issued at frequent intervals. Even the alterations are not fully thought through - for instance, one amendment referred to materials from stock and the percentages of current market prices to be allowed, but omitted to list either materials or percentages to be used.

4.31 Staff have no confidence in the scheme as now being implemented. The administrative staff feel isolated and their morale has suffered as they feel they are being expected to make decisions and judgements on technical matters. Specialist staff are equally convinced that the reduction in their role has opened up the risk of abuse.

4.32 No proper record of inappropriate claims, inspection results, savings etc. appears to be kept by management. It is the staff



themselves who have complained of the overall impression of loss of control, growth of inappropriate payments and incorporation of ad hoc, inefficient checking procedures. As a result of these complaints, the unions have gathered information from members. This has revealed that the average checking rate of grants is now 15% of standard cost claims and 6% of actual cost claims. Because of the method of selection, very often minimum claims (£500) are checked, whilst large claims (up to £30,000) are missed. On a standard cost claim for £50,000 checked on the one in six basis, it was discovered that £20,000 less than the claim had been spent. On another sample check on a £20,000 claim the entire claim was not paid because the check revealed it was invalid. In another instance staff themselves kept a record of some claims inspected and on twelve claims received which related to £42,894 inspection had saved £9,650 which would otherwise have been paid. The Department has now commenced a further review of the present system to see how it is working in practice. Hopefully this will produce a full analysis of the changed procedures on output. In the absence of such factual information the Department's claims for increased efficiency clearly cannot be substantiated.

4.33 We also enclose, as an annex, a report from the Farmers' Weekly of 19 November 1982, which voiced the concern of the farming industry. We should also point out that the Government introduced the same simplified procedures in Scotland without regard to differences in the way in which the schemes are operated there and that the specialist staff who administer the scheme in Scotland are at least as unhappy as their colleagues in MAFF with the loss of control and markedly increased opportunities for abuse which the revised procedures afford.



CUSTOMS AND EXCISE: VAT

4.34 The White Paper says:

"In HM Customs and Excise, operational research techniques have improved the effectiveness of the Department's programme of VAT control visits. The increases in detection of under-declarations resulting from these techniques is estimated at about 20 per cent, worth about £25-30 million a year."

(Paragraph 7b)

4.35 In our original evidence to the Treasury Committee (HoC 236 - II p. 369), the CCSU argued that a cut of around 400 posts in VAT control since May 1979 was contributing to loss of revenue, both directly, and through the deterrence effect. The CCSU argued that improved productivity (through operational research and the like) is all the more reason for increasing not continuing to cut staffing levels:

"Whilst the productivity of VAT officers is increasing, and the revenue at stake is so substantial, the rationale for basing staff levels on arbitrary four-year targets is illogical."

(Paragraph 5.1)

In essence, if the cost-effectiveness of VAT staff has been increased, the argument for employing more of them is strengthened, not reduced.

4.36 The Treasury note on the CCSU evidence failed to grasp this point, continuing to argue, as does the White Paper, that improved techniques should be used to cut staff rather than increase revenue:

"The Department considers that increasing effectiveness (through the use of operational research) has enabled VAT control to take its share of recent staffing economies without apparent undue detriment to the tax yield." (HoC 236 - II p. 455)

The Public Accounts Committee 22nd Report (July 1982) expressed a view very similar to that of the CCSU. It noted that:

"In Customs and Excise 4,000 staff engaged on control visits to VAT registered traders found in 1980-81 under-declarations amounting to about £150 million, or £37,500 per official."

(Para 16)



Comparing performance with that of the Inland Revenue the PAC continued:

"The returns obtained by investigations conducted by the Customs and Excise on VAT (and by DHSS on social security abuse) are appreciably lower. But they are well above the cost of the salaries of the investigating staff and we recognise here also the importance of deterrence; it will however be important to take account of the sensitive nature of the problems involved." (Paragraph 20)

The PAC concludes:

"We do not however accept that, when this information establishes the need for staff to undertake productive investigation work, that need should be only partially met, on the grounds that it has to be balanced against the general Government objective of reducing Civil Service staff numbers .... We recommend accordingly, and we see no reason for departments to make an artificial distinction between savings in expenditure and increases in revenue, which we regard as of equal importance and which are indistinguishable in their effects on the public sector borrowing requirement." (Paragraph 21)

4.37 The White Paper tells half a story: that methods have been improved. The full tale would include mention of the fact that despite more efficient techniques, staff numbers have been reduced, the visiting rate cut, deterrence lessened and revenues fore-gone. In other words, the White Paper statement says nothing whatsoever to illuminate overall changes in the efficiency or effectiveness of VAT control in terms of its ability to bring home more of the goods.

#### MOD DIRECTORATE GENERAL OF MANAGEMENT AUDIT

4.38 The White Paper says:

"The MOD has created a Directorate General of Management Audit, bringing together the functions of central management services, staff inspection, and internal audit. This is already beginning to yield results in better co-ordination, more selectivity in coverage, and the development of management audit techniques using mixed discipline teams to examine more complex issues where



straightforward inspection or audit alone would not give sufficient assurance of the Department's efficiency." (Paragraph 7c)

4.39 Again, in the Council's view, the White Paper seriously overstates the extent of the changes which have been made. The creation of the new Directorate followed the Rayner review of inspection and audit in MOD which took place during 1980 and 1981. The Defence Council instruction describing the terms of reference of the new Directorate was not issued until September 1982 - a whole year after the appointment of the new Director General. So far as the Trade Union Side is concerned the process now called "manpower audit" is so like the old version of staff inspection that, at a recent joint meeting with the Director General and the heads of his five staff inspection divisions, the heads of divisions themselves admitted that so far very little had changed.

4.40 As yet, four management audit exercises have been launched. The first, announced last March, covered the Defence Administrative Computers Division and the Director General has informed the Trade Union Side that he had to tear up the first draft of the report, re-write the terms of reference and start the whole exercise afresh. The second management audit exercise is on the interface with industry and is attempting to look at the work of some 3,000 people in the Ministry - many of them specialist grades - who are involved with industry. It seems to be getting nowhere very slowly. The two further exercises which have been announced only very recently are of the MOD headquarters Mail and Transit services, and the MOD contracts organisation.

4.41 The reference to mixed discipline teams is also misleading in that to date there has not been any change in the make-up of the staff inspection teams, nor of the teams in the Management Services Division. Here again therefore, the "improvements" claimed in the White Paper cannot yet be substantiated by hard evidence of improved efficiency or effectiveness.



Government Statistics

4.42 The White Paper cites as an example of "better value for money" the Rayner review of Government Statistics. It says (Para 8): "This has already reduced by 10% the burden of enquiries on industry and other organisations and saved £10m (690 posts) in Government expenditure. A further substantial reduction is expected by 1984 and additional savings of £7m a year (840 posts) as the remaining recommendations are implemented". The White Paper makes no mention of any reduction in the quality and quantity of statistics nor the impact on users.

4.43 First, the Council wish to point out that, rather than expressing relief that the "burden" of enquiries has been lifted from them, many sectors of industry have complained about the reduction in scope and frequency of the information available. In particular, the CBI has protested at the Department of Environment's decision not to process and publish floor space statistics and the Distributive and Service Trades have complained about the cuts in statistics relating to shops.

4.44 Secondly, the Government proudly announced cuts in posts, but failed to point out that this had held up the production of important statistics. For example, the trade statistics have been delayed to such an extent that, at this juncture, the EEC are having to publish community figures which exclude the UK, and UK traders lack vital import and export information.

4.45 Most important of all, however, the Council consider that the Government's cuts in statistics have restricted the flow of information both to the public and to Parliament, and thus have limited open and informed discussion of industrial, economic and social issues. For example, the Government has reduced the frequency of



publication of official poverty estimates. The latest available statistics relate to 1979. Without these figures, public and Parliamentary debates on such issues as the appropriate level of social security benefits are considerably less well informed.

4.46 Furthermore, there is a real danger that, because of these cuts in statistics, there will be less sensible economic and industrial decision-making and that, as a result, the economy will operate less efficiently. For example, the annual census of employment has been made triennial and the latest available detailed figures broken down by local areas relate to 1978. This census provides the only source of data on levels and trends of employment in local areas and small industries, and is essential for estimating local employment rates and thus the planning decisions of local authorities. It is particularly important to have up-to-date statistics on these matters when, as in the last few years, the levels of employment have been changing significantly.

4.47 It is worth noting that the Government seems to appreciate the importance of extensive statistical information about costs and output in relation to its management of the Civil Service (see appendix 3 in the White Paper on Financial Management), but fails to appreciate the need for statistics to a similar extent in relation to its management of the economy.

#### Summary of "Achievements"

4.48 We have explained in some detail in the foregoing paragraphs how the facts do not support the Government's alleged "achievements" in this area. We have done so in order to emphasise what we regard as a fundamental flaw in current Government initiatives on efficiency. The flaw is to describe systems as having become more "efficient"



when there are major and undeniable reductions in output and quality of service. As we have made clear earlier, for increased efficiency to be credibly established, particularly in the public service where higher standards of judgement must apply, concomitant measurements of output and quality of control are essential. Without these measurements, the unavoidable conclusion is that claims of increased efficiency are spurious.

5. PRESENTATION, MANAGEMENT AND REVIEW OF PROGRAMMES

Analysis of Recommendations

5.1 The bulk of the White Paper contains comments on the argumentation behind, and decisions on the 26 recommendations from the Select Committee. Of the total, 20 are accepted outright, in part, or in principle. 1 is referred elsewhere and 2 are under consideration. Only three are rejected. These are:

- . Annual Programme of departmental reviews to be introduced and results published (vii)
- . Select Committee to commission C & AG to carry out reviews of efficiency and effectiveness of Government Programmes (viii)
- . Select Committees to table substantive motions for debate and vote in Parliament (x)

5.2 These three rejections, however, concern the key proposals for increasing work on output and effectiveness. The fourth proposal directly relating to the measurement of effectiveness is recommendation (xiii) "Treasury to probe effectiveness of programmes for which it provides funds". This is "accepted in part". However, confidence in this course of action is not increased by the Select Committee's own comments on the Treasury's past performance on effectiveness work:-



"We were told that the Treasury is in the lead in considering the effectiveness of spending programmes. Its recent assumptions of responsibility for manpower control and pay makes it more deeply involved. Yet, controlling the levels of public expenditure and manpower is essentially a negative activity and, as we also noted in paragraph 29, the evidence does not suggest that the Treasury has in the past played a positive role in the direct promotion of efficiency and effectiveness. It is engaged at present in a rather passive survey of the measures of output used by Departments. It may be that the Treasury is overloaded with responsibilities". (Para 76 HoC 236-1)

5.3 Recommendation (vii) is rejected on four grounds. First, because it has long been the practice for individual departments to subject programmes and policies to review as the need or opportunity has arisen. Second, because "A further stimulus has been applied in recent years: for example "Rayner" scrutinies have often gone well beyond immediate questions into the policies that underlie programmes". Third, because "there are already arrangements for systematically following up issues identified by Ministers during the Public Expenditure Survey as requiring more detailed review", and, fourth, because of the "scope for more effective probing by the Treasury" following the financial management initiative.

5.4 We would wish to deal with these points in turn. Leaving the question of effectiveness to departments is the opposite approach to that adopted on every other issue raised, where the overwhelming trend is for departments to be required to produce systems to suit their own circumstances according to centrally prescribed requirements



(eg. MINIS system, Review of Personnel Management, Financial Management Review etc.) It also conflicts directly with para 17 of the White Paper: "central departments should adopt a stronger and where necessary more prescriptive role in reviewing the effectiveness and efficiency with which management operates".

5.5 The second objection does not relate to the need to measure the implementation of policies, which is what effectiveness measurement is all about. Ironically, the MAFF Capital Grant Scheme arose from a Rayner scrutiny, and the subsequent attention to effectiveness leaves much to be desired, as shown above (paragraph 4.28).

On the third objection, the information contained in Public Expenditure White Papers has been successively reduced in quantity and quality as MPs and the Select Committee itself have had cause to note. There is no guarantee that this trend will be reversed even in the light of the "acceptance in principle" of recommendation (iii) on increasing the information available. In any event, it would be impossible to include material from across the whole range of Government activity, in the detail required, in such an exercise. On the fourth objection relating to the financial management review, a "checklist" for areas of work to be considered by all departments has recently been issued by the Treasury. One area requiring attention is "Arrangements for the systematic review and audit of the effectiveness of policies and programmes in achieving departmental objectives.". The White Paper is, therefore, rejecting a clear proposal for drawing up, in conjunction with the MPO, a regular effectiveness review programme whilst apparently stressing to departments the need to improve work on effectiveness in the Financial Management Initiative.



5.6 It is hard to avoid the conclusion that the Government has been forced to accept the need to improve effectiveness work, especially in as wide-ranging a review as financial management, but is nevertheless unwilling to prescribe how this should be done - a reticence which it does not have in relation to expenditure control techniques.

5.7 The suggestion that the C & AG should be enabled to carry out efficiency and effectiveness reviews on behalf of Select Committees (Recommendation (viii)) is dismissed on the grounds that the C & AG's terms of reference are constrained by the Exchequer and Audit Departments Acts, that the C & AG does not comment "on the merits of Government policies" and that the system of C & AG reporting to the PAC "is very effective".

5.8 The first objection is very strange. It is not unusual for a White Paper to recommend a necessary change in legislation. The second objection again appears to involve a confusion between commenting on the effectiveness of implementation of a policy and commenting on its merits. For example, there may be merit in encouraging home insulation, although the present implementation may be substantially ineffective. Conversely, selling 51% of the Government's holding in British Telecom may be highly effective at bringing the business within the framework of market forces. The merit of the decision is a different question. The Select Committee is proposing only that the C & AG should be empowered to look at implementation. The judgement of merit is a matter for Parliament.



5.9 The third objection - that C & AG reporting to the PAC is satisfactory - links to the third rejected recommendation, that Select Committees should be able to place motions on the agenda of the House. This is well-trodden ground, but the allegation that Select Committees are a "safe" way of channelling particular concerns of Members, without interfering with planned Parliamentary priorities and business, had substantial support from all sides. We quote two cases in point: the PAC 22nd Report mentioned above makes several considered proposals for achieving a substantial net benefit to the Exchequer by boosting Tax, VAT and NI income. The Select Committee Report under consideration recommends ways for promoting efficiency and effectiveness. Despite the thoughtful and detailed work that has gone into these two initiatives, they are in danger of never seeing real progress. There is no recognisable channel for ensuring this, and C & AG reports made to the PAC cannot be regarded as an effective way of achieving necessary changes.

## 6. MORALE AND MOTIVATION

6.1 Whilst we are heartened by the statement in paragraph 10 of the White Paper that the Government "appreciates and values the work that is done by its civil servants" and that "their essential contribution" is recognised, we would be happier to see some tangible sign of this feeling. In fact, the Government's record with regard to the Civil Service can only be described as appalling by any standards of fair employer practice. For example, the Civil Service pay agreements, which had endured for 25 years and had provided a stable system of wage bargaining, were abruptly torn up in 1980 by the Government, who had no notion of what should replace them. As a result, 1981 saw the inevitable consequence: a long and damaging industrial dispute. It is significant that nothing is said in the White Paper about recognising the need for a stable pay system, with arbitration available, in avoiding the sort



of damaging confrontation that 1981 brought to the Civil Service. In the Council's view, a stable pay system is an essential cornerstone of Civil Service industrial relations, and we fully endorse the Select Committee's view:

"It is doubtful if, in a free society, high levels of efficiency and effectiveness are compatible with poor industrial relations. In the long run, it is desirable that civil servants should be satisfied that they are getting a fair deal on pay and conditions and that they are adequately consulted about changes which affect them personally. The Government has to pursue its overall intentions of policy but it should be its aim to do all it can to carry its own employees with it in the implementation of policy and not to let antagonisms develop which, with effort, can be avoided. We do not consider that this need mean any lack of firmness on the part of Government but, without good industrial relations, efforts to increase efficiency and effectiveness are likely to be still-born." (Paragraph 98)

6.2 We shall be following this up vigorously with Civil Service management, and we look to the Select Committee for support and continuing interest.

6.3 The constitution of the National Whitley Council codifies principles for determining the efficient and effective deployment of staff and resources. Rather than attempting to build on these principles, to the benefit of both sides, current management practice often appears determined to by-pass or nullify consultation procedures and agreements.

6.4 In addition to pay and good industrial relations, there is another area which is vital to Civil Service morale and, inter alia, to motivation. This is the manner in which the Service is held in public esteem. We have to report that, sadly, it is increasingly difficult for civil servants today to have pride in their profession.



This is the result of persistent, unfair denigration over a number of years, which seems to question the social value of what civil servants do. The present Government, far from seeking to restore civil servants' pride in the value of their work for the public, has brought the articulation of political abuse of the Civil Service to even higher levels than before. The arbitrary cuts in public expenditure, and in Civil Service manpower, together with the manic pressure to "privatise" Civil Service work, have conspired with the public abuse of the Service in such a way as to render the concept of increased efficiency almost meaningless. It must be clear to all concerned that there needs to be reconciliation between a hectoring Government and a disillusioned Civil Service.

## 7. CONCLUSION

7.1 We have attempted to show in this paper that the recent White Paper is seriously deficient as a Government response to the Select Committee's important report on the subject of Civil Service efficiency and effectiveness. Our general views on this are given in section 2 (paragraphs 2.1 to 2.4), and we have continued in section 3 (paragraphs 3.1 to 3.14) to explain these views in more detail. In particular, section 3 draws attention to:

- the Government's failure to provide the information necessary for Parliamentary and public debate (paragraph 3.2)
- the effect of cutting functions without due regard to the consequences, exemplifying the Defence area (paragraph 3.3)
- the consequences of privatisation/contracting-out, exemplifying the transport area (paragraph 3.4)
- the uncontrolled results of arbitrary cuts and cash limits, and the consequential adverse effect on the performance of



the Service (paragraphs 3.5 et seq)

7.2 In section 4, we comment in detail on the various cases quoted in the White Paper as "Achievements So Far". The detailed comments cover:

- the Inland Revenue (paragraphs 4.2 to 4.11)
- the Department of Health and Social Security (paragraphs 4.12 to 4.27)
- The Ministry of Agriculture, Fisheries and Food's Capital Grants Schemes (paragraphs 4.28 to 4.33)
- the Customs and Excise and VAT (paragraphs 4.34 to 4.37)
- The MOD Directorate General of Management Audit (paragraphs 4.38 to 4.41)
- Government Statistics (paragraphs 4.42 to 4.47)

As we state in paragraph 4.48, our objective in giving this detailed commentary on the areas identified by the Government as "achievements" is to emphasise our view that "efficiency", as interpreted by the Government, is an insufficient and misleading indicator. Without concomitant assessments of the effects on output and quality of service, none of the "achievements" quoted in the White Paper can be legitimately regarded as such.

7.3 In section 5 (paragraphs 5.1 to 5.9), we explain why we are disappointed that the Government has not followed the courses suggested by the Select Committee which would have substantially improved the flow of information to Parliament about the efficiency/effectiveness equation. We comment in detail on the reasons given by the Government for not accepting the recommendations of the Select Committee. As indicated, we find the reasons and the reasoning of the Government unconvincing, and we are left with the conclusion that the Government



remains determined to evade the pertinent issues on effectiveness of service posed by the Select Committee. We trust that the Select Committee will not be satisfied with this response and will seek a more positive reply from the Government.

7.4 The final part of the paper, section 6, comments on the vital issue of morale and motivation, on which we can reasonably claim to be better informed than either the Government or Civil Service management. In this connection, we have not used the term "hypocritical" (in paragraph 2.3) lightly. Given our close contact with the day-to-day concerns of individual civil servants, and our experience of the Government's actual perception of its industrial relations responsibilities to its own employees, we view the White Paper's comments on morale and motivation as an exercise in cynicism.

7.5 We are, however, concerned to be constructive in the quest for a more efficient and effective Civil Service. We fully subscribe to the principles enshrined in the constitution of the National Whitley Council, and we recommend the fullest possible use of joint consultation as a means of improving the Service (paragraph 6.3). For this to work will, however, require a significant change in Government and management attitudes: as we indicate (paragraph 6.4), this will require a reconciliation between the Government and its employees. We stand ready to play our part in this reconciliation.

7.6 Finally, we should like to mention again our concern that Parliament should give priority to completing the equation of efficiency and effectiveness in the Civil Service. In this connection, we welcome the moves to increase Parliamentary scrutiny of the effectiveness of policies and programmes. We are also convinced that this



process of Parliamentary scrutiny can only be successful, in both the short and the longer term, if it is carried out by those not directly concerned in the determination and application of departmental policies. This is apparent from the present situation, in which the overriding imperative of reducing costs, arbitrarily cutting staff numbers and imposing pre-conceived cash limits has had the result of the executive being unable to carry out the intentions of Parliament. We recognise that the failure of departments to meet Parliament's requirements is a serious matter, but we feel that the evidence put forward in this paper provides ample justification for this contention. It also adds to the growing demand for the re-assertion of Parliamentary control over the effectiveness of services to the public - a demand which we wholeheartedly support.



# FALLING BUILDING STANDARDS ARE CAUSING CONCERN

FARM building standards are said to be falling fast and some of those recently erected could soon come tumbling down.

That is the view of the Agricultural Construction Industry Federation, the professional organisation representing building firms and other trade organisations involved in farm buildings.

In a statement, the federation said building standards are slipping and attacked the Ministry and farmers for declining quality.

Technical secretary Mr Bruce Brockway gave several reasons why building standards are falling, and said that the ACIF, formed earlier this year, was fighting for higher standards and only accepting members who agreed to build to British Standard 5502, the recently published guide to quality farm building construction.

He said that the main reason for the decline in building standards was that the Ministry was not insisting on compliance with BS 5502 or any other

recognised standard as a condition for grant aiding new buildings.

Other reasons for the slump in standards put forward by Mr Brockway are:

- Prior approval from the Ministry is no longer needed before building work starts on grant aided schemes.

- The Ministry is cutting its staff of building surveyors and is now inspecting less than 10 per cent of farm buildings on which grant aid is paid.

- About 80 per cent of all new farm buildings are totally exempt from the Building Regulations.

"Basically there is now less control on the individual, which reflects the present Government's policy and puts responsibility on the farmer who is putting up a new building," said Mr Brockway.

"But if farmers do not build to reasonable standards there may be a backlash on them in

by MIKE  
GAISFORD

the future when strict building controls might be introduced."

It could be argued that, if a farmer is paying for 80 per cent of the cost of his building, he should not have to conform to any particular standard. But on the other hand if taxpayers' money is paying for 20 per cent of a grant-aided farm building, the public should be concerned about the freedom given to farmers who are spending their money.

To illustrate his criticism of the present arrangements, Mr Brockway gave one example of a farm building put up with secondhand materials where a structural engineer called in to advise on design reported to the Ministry that the purlin spacings were incorrect and that the building's overall structure was suspect.

"But the Ministry said it would be eligible for grant as long as the farmer considered it

would stand up for 10 years. That cannot be right," said Mr Brockway.

Farmers who were concerned about building standards were finding it particularly helpful to deal with firms whose buildings conformed to BS 5502 because it gave them an accurate way of comparing estimates from different contractors if all were based on the same standards.

Ministry supervising surveyor of buildings, Mr Brian Armstrong, said that he did not accept that building standards were falling, but did not dismiss the accusation.

"I would like to see the evidence that building standards are falling," he said.

The Ministry is currently redrafting its documentation on building requirements for grant aid which will give more positive guidance to farmers, and will use BS 5502 and other standards as a benchmark.

"But it is not our policy to get locked into any one standard which might inhibit farm building improvements and innovations," added Mr Armstrong.



mc



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*A*  
*2/12*

3 December 1982

*D Janet,*

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

You sent me a copy of your minute of 26 November to the Prime Minister about this.

The paper attached to your minute proposes the Department of Employment Group as a participant in two of the three multi-department reviews (in addition to whatever contribution we make to the other parts of the programme). I am content that DE should participate in the proposed multi-department review of supporting services for administrative work. But the 1983 round is too early for us to participate in the proposed multi-department review of internal consultancy, inspection and review capabilities. As your paper makes clear, this review is firmly within the context of follow-up work on the Financial Management Initiative, and we here are not yet far enough down the FMI road to form a clear view of what our needs will be for monitoring and auditing line managers' performance under the new system; before we do so, we need to carry out the pilot and feasibility studies which we shall be mounting next year.

I am sending a copy of this to the Prime Minister.

*J. Young*  
*Norm*



Civil Service

Long term

23 DEC 1992

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From: THE PRIVATE SECRETARY



HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

3 December 1982

*Dea Mary* *CS* *3/12*

CENTRALLY CO-ORDINATED EFFICIENCY  
EXERCISES 1983

The Home Secretary has seen the Lord Privy Seal's minute to the Prime Minister of ~~26~~ 26 November and Tim Flesher's reply of 29 November. He has expressed his general agreement with the proposals and understands that details of the Home Office contribution to the exercises are being worked out in consultation with the MPO.

I am sending a copy of this letter to Tim Flesher.

*Yours sincerely*  
*C. J. Walters*  
C. J. WALTERS

Mrs. Mary Brown



Civil Service

Long Term

-3 DEC 1982

