

*Subject cc Master*



D.C. MURKARTY/BOOTH

10 DOWNING STREET

*From the Principal Private Secretary*

11 February 1986

*Dear Robin,*

VALUE FOR MONEY IN THE DEPARTMENT OF THE ENVIRONMENT

Your Secretary of State gave a presentation to the Prime Minister this morning on his Department's initiatives for achieving better value for money. Mr. Heiser and Sir Robin Ibbs were also present.

The Prime Minister began by congratulating the Secretary of State on his Department's good record in controlling running costs. This could not have been achieved without a lot of hard work by all concerned.

Your Secretary of State opened his presentation, which he illustrated with slides, by showing the increasing complexity of the work of the Department of the Environment, the extent of the Department's powers, from direct control in some areas to more influence in others; the achievements in manpower reductions; and the growing success of the various management tools, including MINIS.

The Secretary of State then turned to certain of the Department's functions:

- (1) He described the Department's plans for achieving a further reduction in the time taken to decide planning appeals. Guidance was being issued to inspectors about the taking of evidence, though the Department had not yet proposed a specific time limit on evidence. The Prime Minister urged that this be examined. Sir Robin Ibbs commented that a Scrutiny had been instrumental in securing some of the improvements in the procedures for reducing planning delays.
- (2) After the Secretary of State had discussed the work of the Urban Housing Renewal Unit, the Prime Minister suggested that its targets should not be even better. The Secretary of State explained that the pace of progress here was, in large extent, determined by the availability of DOE money which financed "dowries" needed to facilitate de-municipalisation. The Prime Minister emphasised that if the Government was paying for local authority houses to be privatised, the local authorities concerned should not be allowed to build

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more council houses. Sir Robin Ibbs emphasised that the issue here was the need to secure objectives at minimum cost.

- (3) During the discussion of the work of the water authorities, the Prime Minister urged compulsory metering for all new houses. The Secretary of State said that he hoped to achieve this soon. The Prime Minister commended the efforts taken to reduce the water authorities manpower.
- (4) The Secretary of State explained the emphasis placed in the work of the Development Commission on Performance Targets as a means for achieving value for money.
- (5) A similar approach needed to be applied with vigour to the Sports Council. The Prime Minister expressed her surprise that the Sports Council had as many as 580 employees disbursing as little as £32m.
- (6) In answer to a question about the Derelict Land Grant the Secretary of State said that clearance of derelict land was only keeping pace, at best, with the increase in new derelict land. The cost of land clearance was increasing per hectare as the grants were increasingly devoted to difficult urban sites. There needed to be more precise targets for achieving value for money from the urban programme. As with all value for money work, the transformation of performance indicators into precise targets was the key.

The Secretary of State reported that he was considering the creation of a West Midlands Development Corporation. This could be established by Order. For Teesside, the worst area for urban dereliction, he was considering proceeding by way of a private trust. In every area his objective was to use limited public funds to enhance the talents of private developers. The technique was to use public money to lever larger amounts of private money so as to make activities which were marginally viable more viable. Mr. Heiser emphasised the need in this work for high quality civil servants, skilled at identifying opportunities for the effective use of public money in private sector schemes.

The Prime Minister asked about the possibilities of switching money for these purposes from other public sector allocations. The Secretary of State should explore with the Secretary of State for Employment whether MSC resources could be used in these areas. The Department should obtain more publicity from their work in this area and she was glad to learn that projects financed by the DOE were signposted as such. The Secretary of State suggested that the Prime Minister should visit urban renewal sites during her regional tours.

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For follow up action it was suggested that Sir Robin Ibbs would call on the Secretary of State shortly to settle specific targets for improving value for money from funds spent on housing renovation and for other priority areas. He would also discuss the Department's scrutinies which would support the Secretary of State's targets.

I am sending a copy of this letter to the Private Secretaries to the Chief Secretary, Sir Robin Ibbs and Sir Robert Armstrong.

*Yours sincerely*  
*Nigel Wicks.*

(N.L. WICKS)

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Department of the Environment.

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