

Prime Minister:

Re Efficiency Unit
advise that you do not need
to look at all the Departmental
Notes attached. Do you agree
to the action set out in paras 15-18?
You will also wish to keep
this in mind for the efficiency

CONFIDENTIAL

Yes mt

PRIME MINISTER

VALUE FOR MONEY TARGETS

1. Your Private Secretary's minute of 6 October said that you would welcome a report in due course on the extent to which MINIS systems are being used:

presentation
on Thursday

- to set targets for improvement in the value for money delivered by specific areas of administrative cost or policy;
- to commission scrutinies and other work as necessary to bring the improvements;
- to review progress in the achievement of lasting reforms in financial and staff management, and in implementing the findings of previous scrutiny work.

JA

4/5

2. Since then it has become clear that value for money is the right concept on which to focus all this work. This is a first report and I shall report again later in the year on further progress and other aspects.

3. Ministers have provided me with their priority targets for improving value for money in 1984/85 (summarised in annex 2). It is encouraging that the process of using MINIS systems in this way has started in virtually all departments. But Ministers and departments are still in the early stages of learning how to set and make sure that they hit the targets. The need now is to maintain the pressure and to provide encouragement.

4. Government has agreed that, after allowing for general inflation, public expenditure totals will be held level between 1984/85 and 1986/87. Achievement of this will inevitably be assailed by hard cases and persuasive arguments to spend more. But an important positive contribution can be obtained by getting increased value from the large sums of money already in the public expenditure totals. The difference between merely having worthy intentions and actually getting better value will lie in setting, and resolutely pursuing, tough but realistic targets in each Department.

5. My correspondence and discussions on Ministers' targets based on their use of MINIS-type systems, show that their considerable willingness to identify areas for review is not yet matched by declarations of what they actually intend to achieve. Response within Departments will be in proportion to the determination displayed by Ministers. There are some outstanding exceptions, but my view is that in many instances we still need to

get Ministers more committed to extracting better performance rather than asking for more money.

6. A key that can unlock much of the required improvement is recognition by Ministers that improving value for money is one of the factors on which their performance will be judged. They will then think about it regularly and often, and their departments will get the message. Among the instruments I see for achieving this are:

- The regular small seminars you will be having at which selected Ministers will talk about their achieved improvements.
- An annual scrutiny programme chosen from work to support Ministers' value for money targets, mainly identified as a result of their MINIS-type systems.
- Selective pats on the back, particularly for junior Ministers, when they achieve substantial gains in value for money.
- Working towards a convention that senior officials can expect to be asked about improvements in value for money whenever they appear before a Select Committee or the Public Accounts Committee.
- Publicising good achievement and encouraging the media to acknowledge this. (The Times leader at the start of this month was quite helpful (see annex 3).)

The 1984/85 targets

7. On your behalf I asked 18 Ministers to let me know their targets for improving value for money in 1984/85. The individual items for each Department and my reactions are given in annex 2. In assessing the replies I had seven pressing needs in mind:

- (1) Identification, as an essential part of the Financial Management Initiative (FMI), of specific sectors within Departments as focal points for setting objectives and allocating responsibilities. For convenience, such sectors are described for FMI purposes as "businesses".
- (2) For each business, definition of who the customer is, and a clear intention to seek better services for him at lower cost.
- (3) The setting of defined targets for each business, as clear yardsticks of success or failure.
- (4) Associating a given time for the achieving of each target - medium term targets need to be broken down into annual components.

- (5) Selectivity: Ministers need to concentrate on achievements of the potentially most fruitful targets, even at the expense of others or less importance.
- (6) Delegation right down the line: similar specific and selective targets have to be set by line managers as budgets are divided up.
- (7) Sound performance criteria by which improvement can be measured.

8. Mainly because of the timing of their MINIS-type systems 4 important departments are not yet able to give their Ministers sufficient information to select value for money targets. These are Transport, Environment, Trade & Industry, Arts and Libraries. I will return to discussions with those Ministers later in the year.

9. For the rest there is inevitably a scatter in how well Departments measure up to the above needs. There are encouraging signs that thinking in some has advanced in the past nine months. For example, the Home Office, the Lord Chancellor's Department and the Department of Education and Science are making rapid strides whereas in some other departments the Ministers concerned will have to work hard to keep up the momentum.

10. The need for selectivity is demonstrated by the number of targets listed in annex 2. There are 246 in total ranging from 5 in Treasury to 23 in DES. There are already some signs of the required selectivity; the Chancellor is clearly intending to focus the Treasury on improving forecasting of non-cash limited public expenditure. The Minister of State (Privy Council Office) has selected support of the Financial Management Initiative as the main priority from his list. I would expect this kind of refinement to continue.

11. Few are able yet to set performance criteria for the targets. Notable exceptions are the Home Secretary who says, for example, that in the prison service he wishes to achieve key operational objectives with fewer staff than estimated and to reduce the allowance on overtime. The Secretary of State for Defence has given that department a combination of concrete and urgent things to be achieved (eg operation "leanlook" to save 4,000 support posts in the Army and transfer that number to the front line) and a handful of management themes which he expects to see applied throughout the department. Others are directing their energies into securing the manpower targets for 1988 (for example in the Foreign and Commonwealth Office and in the Inland Revenue).

12. There is a continuing need to encourage Ministers to press their Departments to identify who the customer is and to set standards of service for him. In the Department of Employment, for example, performance standards for the Unemployment Benefit

Service are being developed and could be an important step forward. Elsewhere in DE, however, the signs are less good. For example in the Health and Safety Executive there are still no signs of a determination to improve value for money.

13. An encouraging sign is that a number of Departments are also beginning to set value for money improvement targets for programmes. In Environment, for example programme performance review procedures are being mounted alongside the MINIS-type systems. The same is true in the Home Office and in Energy. In the DHSS virtually every major social security benefit is under review. But as I commented earlier, it is the action following the reviews that matters.

14. I remain concerned that there is still an insufficient sense of urgency. A number of replies seem to assume that it is enough to show some improvement. But it is not. In my private sector experience you have to improve things vigorously if you are to succeed. I know that some Government time horizons are very long but this is no reason for not achieving rapid benefits that are within reach. The approach must be to break down distant targets into more immediate objectives. I am particularly struck by the need for this in, for example, the Department of Education and Science and the Scottish Office. But on the evidence of the returns, it applies to a greater or lesser extent to almost all departments.

Conclusion

15. If you agree I would intend to go back to Ministers about half way through 1984-85 to review progress towards current targets and to start the process of setting new and more precise targets for 1985-86. For the present, I seek your approval to take an interest on your behalf in the work listed in annex 1 which supports Ministers' targets.

16. I also seek your approval to publish a list of the scrutinies in the Financial Management White Paper due to be published in July. Hitherto we have published the list through an arranged Parliamentary Question. But I now judge it would help show MINIS-type systems developing at the centre of annual departmental management activity if we were to do so in the White Paper.

17. I would intend to give you another progress report on the work associated with value for money targets towards the end of 1984, at which time new targets for 1985/86 will be beginning to emerge.

18. At the presentation I am to give Cabinet Ministers on 10 May I shall be stressing that Ministers must show determination to achieve their targets and that in future years they must make these increasingly precise, selective and demanding. I shall brief you separately on that presentation with a special reference

✓ to the proposed seminars when Ministers will discuss with you
their achievements in improving value for money.

19. I am copying this to Sir Robert Armstrong.

Miss Gooday

p.p. ROBIN IBBS

3 May 1984

Annex 1

	Scrutinies	Other work
Lord Chancellor	[Discuss in the autumn]	Consultant's work on legal aid
Foreign Secretary	<ol style="list-style-type: none"> 1. BBC external services (subject to agreement to concentrate on how the Corporation seeks to improve value for money.) 2. ODA Development Divisions 	Inspection of the Overseas Estate Department
Home Secretary	<ol style="list-style-type: none"> 1. Police National Computer Unit 	Follow up to prisons efficiency work
Chancellor of the Exchequer		Identification of civil service costs in Public Expenditure Survey Performance related pay
Financial Secretary	<ol style="list-style-type: none"> 1. Inland Revenue repayment procedures 2. Inland Revenue archives 	
Minister of State, Treasury	<ol style="list-style-type: none"> 1. Customs & Excise service to the public 	
S/S Education & Science	<ol style="list-style-type: none"> 1. Efficiency study of the Universities 2. Open University 	
S/S Northern Ireland	<ol style="list-style-type: none"> 1. RUC buildings 	
S/S Energy	[Discuss in the autumn]	UKAEA review
S/S Defence	<ol style="list-style-type: none"> 1. Manpower control 2. Marine services 	MOD re-organisation
S/S Scotland	[Discuss in the autumn]	
S/S Wales	[None for the present]	
S/S Environment	<ol style="list-style-type: none"> 1. Urban programme 	
S/S Social Services	<ol style="list-style-type: none"> 1. Dependant relative procedures [A new NHS programme to be sought in the autumn] 2. Registration of births, marriages and deaths 	Reviews of benefits
S/S Trade & Industry	[Discuss in the summer]	

	Scrutinies	Other work
S/S Employment	<ol style="list-style-type: none"> 1. Financial control in the Community programme 2. Handling European Fund money (provisional) 3. Relationship of Jobcentres and the Careers Service (provisional) [Discuss HSE possibilities in the autumn]	
Minister of Agriculture	<ol style="list-style-type: none"> 1. Veterinary Investigation Service 	Strategy Review of ADAS
S/S Transport	[Discussion in progress]	
Attorney General	<ol style="list-style-type: none"> 1. Litigation in the Treasury Solicitor's Department 	
MoS(PCO)	<ol style="list-style-type: none"> 1. Identification of internal talent in the civil service [Discuss Arts scrutiny in summer]	

Annex 2 - Targets and Scrutinies

The Lord Chancellor is starting to get a grip on costs and to develop operational objectives and performance measures. By September, for example, he will have established performance targets for each Circuit of Courts and will have received a consultant's report on securing better control of legal aid (currently £300 million a year - a doubling since 1980/81). But as yet there are no observable targets. The key will be to turn this investment into real improvements on the ground.

LORD CHANCELLOR'S DEPARTMENT

TARGETS FOR 1984/85

Define objectives, develop performance measures for the management of the courts.

Introduce a management information and resource allocation system for Headquarters.

Personnel management: experiment in devolution of personnel management functions to the Courts Administrator in the Midland and Oxford circuit.

Rolling programme of management scrutiny.

Take decisions on scrutinies: assessment procedures for
Civil Legal Aid
: the handling of private moneys
and implement accordingly.

Coopers & Lybrand study on administration of legal aid.

Land Registry

2% improvement in productivity for 1984/85 over 1982/83.

Adapt management accounting system to provide clearer information to Regional Managers about expenditure which they control.

Public Record Office

Implement reports of Treasury Staff Inspection
Internal Audit
AFA (HMT) on restructuring of the memorandum trading account in Reprographic Services and allied matters.

Improved financial delegation to line managers.

The Foreign Secretary has set out broad political objectives and has a substantial volume of work in prospect or under way to review administrative costs - mainly to meet the FCO target saving of 411 posts (4.4%) by 1988, and the Overseas Development Administration manpower reduction of 228 (1½%) this year with a modest further 65 (0.4%) by 1988. But a great deal of work remains to be done to get a MINIS-type system in place and operational objectives against which work can be directed systematically to improve value for money.

Financial Management

1. To introduce an interim, largely manual, top management system, to provide a broad-brush analysis by the Summer of 1984, and to provide the information required to decide priorities, investigate anomalies and improve deployment of resources.
2. To delegate during 1984/85 a progressively greater proportion of running costs to line managers with a view to allowing posts to play a greater role in determining their own annual budgets 1- 198 /86.

Communications

3. To complete the preparatory work necessary for the introduction of computerised Message Handling Switches during 1985 leading to speedier transmission of telegrams and savings of 45 jobs in 1985/86.
4. To reach agreement with the Trade Union Side on changes in the Communications Division that will lead, inter alia, to a saving of up to 20 posts by 1988, through the replacement of communications officers by generalists.
5. To seek agreement with the BBC on the hiving off to the BBC of the FCO Broadcasting Group; and on this basis to agree on a timetable for the change with a view to achieving over 120 job savings during 1985/86.

Manpower

6. To meet the target for manpower reductions for 1984/85 (50) by contracting out cleaning of the main FCO building, on the assumption that this is shown to be cost effective.
7. To identify how to make the remaining savings necessary to achieve the overall target of 350 agreed for 1988.

Information Technology

8. To introduce a standard overseas computer system in Bonn (and subordinate posts), Paris, Zurich, Geneva, Rome and Milan.
9. To bring the FOLIOS project to the point where orders can be placed with suppliers.

Diplomatic Estate Overseas

10. To achieve further rationalisation in the Estate including, where appropriate, the replacement of overlarge or inefficient assets, which will involve arrangements to permit asset re-cycling with substantial end-year flexibility.

The Home Secretary shows an impressive willingness to tackle putting the various businesses of the department on a sound management footing. The combination of the MINIS type management system and the Annual Performance Review of the effectiveness of programme expenditure is potentially very powerful in securing major improvements.

EFFICIENCY : ODA PROGRAMME 1984/5

<u>Key areas for attention</u>	<u>Targets</u>	<u>New studies</u>	<u>Key areas for attention</u>	<u>Targets</u>	<u>New studies</u>
1. MANAGEMENT OF BILATERAL AID	<ul style="list-style-type: none"> i Implement new arrangements for management of overseas manpower programmes, including major restructuring of Overseas Manpower Services function and introduction of MIS. ii Continue work on measures to improve procurement methods and systems in the light of 1983 scrutiny. 	Scrutiny of relationship between Headquarters geographical departments and Development Divisions, with special reference to developments in technical co-operation objectives.	MANAGEMENT SERVICES	<ul style="list-style-type: none"> ii Implement improved personnel management systems derived from Fraser and Cassels reports. iii Implement results of review of Eland House secretarial services - target date June 1984 iv Re-organise arrangements for overseas travel, following study on feasibility of contracting out. v Following agreement on increased delegation of authority from Treasury to ODA for programme resources, review ODA's internal system of decentralised and delegated financial authority with aim of increasing, where appropriate, delegation to and down line management vi Assess results of pilot projects on divisional cost centres. In the light of that assessment define action required to develop further: <ul style="list-style-type: none"> a) ODA system for linking decisions on allocation of programme and administrative resources. b) Monitoring by management at all levels of effective use of both types of resource. 	<ul style="list-style-type: none"> Examine scope for computerisation of staff records for personnel and training purposes
2. WORK OF ODA SCIENTIFIC UNITS	<ul style="list-style-type: none"> i Directorate of Overseas Services: complete transfer of functions to Ordnance Survey and close down of Tolworth site - target date March 1985 ii Tropical Development and Research Institute/Land Resources Development Centre: <ul style="list-style-type: none"> a) Accelerate rationalisation of staff and functions - target date March 1986 b) Begin detailed planning of relocation. 	Feasibility study on preferred sites for new combined HQ.			
3. OVERSEAS PENSIONS WORK	<ul style="list-style-type: none"> i Complete major restructuring of Department ii Rationalise computer and financing arrangements for pensions payments 				
4. DEPARTMENTAL SERVICE FUNCTIONS: PERSONNEL MANAGEMENT	<ul style="list-style-type: none"> i Implement new HQ staff training strategy 	Prepare training strategy for professional staff and staff of scientific units.	MANAGEMENT INFORMATION SYSTEM	<ul style="list-style-type: none"> vii Complete implementation of phase 1 of MIS. Update phase 2 programme and begin implementation. 	

The Chancellor of the Exchequer has set the Treasury specific targets of implementing procedures to improve forecasting public expenditure (particularly that which is not cash limited) and to change the strategic direction of the Central Computer and Telecommunications Agency away from detailed interference towards strategic and service-wide issues. He will be introducing information about the cost of the civil service into the 1984 public expenditure survey round which will enable Ministers to know the implications of their expenditure decisions for these totals. And of course the Chancellor will have important interest in any experiments to introduce performance related pay into the civil service.

The Inland Revenue has one of the most ambitious manpower targets for 1988, achievement of which largely depends on successful implementation of PAYE.

Customs and Excise have two priorities: better VAT collection and preventing drug smuggling. So far, however, the information available to me suggests that their programme of review is not very well articulated with such targets.

Targets for 1984-85

1. Prisons

[Overall targets: Achieve key operational objectives with fewer staff than estimates; reduce reliance on overtime.]

- (1) Prepare for "shadow" delegated budgets in 1985-86;
- (ii) Use cost comparisons;
- (iii) Improve management structure in prison establishments by clarifying lines of responsibility;
- (iv) Develop agreed annual statements of objectives for each prison.

2. Immigration and Nationality

- (1) Implement delegated budget;
- (ii) Re-appraise computer applications;
- (iii) Re-organise on clearer, functional lines.

3. Police Technical Services

- (1) Develop new accounting framework and structure of accountability for the Directorate of Telecommunications;
- (ii) Improve planning and management of SRDB research programme;
- (iii) Plan how to develop Police National Computer.

4. Police

- (1) Introduce pilot information system to help HMIC to assess police resource allocation and efficiency;
- (ii) Evaluate response to circular on police efficiency;
- (iii) Improve financial controls over Metropolitan Police.

5. Probation

- (1) Introduce information system for Probation Inspectorate.

6. Central

- (1) Improve use of investment appraisal;
- (ii) Improve staff training in financial management;
- (iii) Carry out a better co-ordinated and more "pro-active" programme of efficiency work.

1. The Treasury as a whole

Improve internal financial management. Specifically:-

(i) introduce new MAISY (computerised management information system) from 1 April 1984, with quarterly reports of costs (more frequent where necessary and appropriate) to line managers;

(ii) complete first full round of work programming and resource allocation - by 1 April 1985;

(iii) familiarise staff with the changes in the Treasury's financial management - central Treasury programme to be completed by July 1984.

2. Public expenditure control

Improve the forecasting and monitoring of public expenditure, particularly demand-led programmes. Specifically:-

(i) introduce monthly monitoring of public expenditure planning total - as soon as possible in 1984;

(ii) reassess FIS and redesign if necessary - by 1 April 1985;

3. CISCO

Implement government statement of 21 December, specifically:-

(i) implement arrangements for contracting out - by 31 December 1985;

(ii) define new standards for staff catering, and introduce new common tariff and new subsidy arrangements - by 1 April 1985;

(iii) introduce trading fund - on 1 April 1985.

4. CCTA

Implement government decisions on the Director's Review; likely specific targets up to 1 April 1985:-

(i) transfer to Treasury expenditure divisions responsibility for financial approval;

(ii) transfer to departments responsibility as principals to IT contracts;

(iii) complete first corporate plan.

5. CCC

Review effectiveness of monthly performance monitoring (with improved range of indicators), and outside cost comparisons - by 1 April 1985.

INLAND REVENUE

1. 1988 Manpower Target: To make the maximum progress in 1984/85 towards meeting the target of a reduction in manpower of about 7000 between April 1984 and 1988, in particular by:
 - a. measures to achieve staff savings (largely after 1984/85) following 1984 Budget changes, and improvements in efficiency from management initiatives during the year; and
 - b. the introduction of changes in personnel policy (eg reductions in the retirement age for some categories of staff) to facilitate the achievement of these staff savings while reducing the possibility of compulsory redundancy.
2. Computerisation of PAYE (COP): To continue the implementation of the COP project on time and to budget, and to contribute about 4000 of the staff savings necessary for meeting the 1988 manpower target. The key decision will be taken in Summer 1984 whether to press ahead with full implementation, following the trial run in the West Midlands. Subject to this, the system is due to operate throughout the country by the beginning of 1988.
3. Valuation Office: To ensure that the Valuation Office can carry out all the duties required of it, in the light of:
 - a. the current discussions on a non-domestic rating revaluation in 1989;
 - b. the proposals in the Dalton Review of Government Valuation Services, and the connected issue of charging for Valuation Office services;
 - c. decisions on the timing of any domestic rating revaluation; and
 - d. the contribution of new technology.
4. FMI: To continue the successful implementation of the Department's FMI plans. The key milestones in 1984/85 are:
 - a. the introduction in April 1984 of a new financial and management accounting system (FAMAS);
 - b. the introduction of new management information systems in most of the large operational areas of the Department, (with the exception of the Tax Office network, where a new system was introduced in 1983/84);
 - c. the further development of the Department's equivalent of MINIS, the Senior Management System (SMS). The second round of SMS is due to take place in Autumn 1984.

Specific work

Scrutiny of archives

Scrutiny of annual repayment arrangements

Review of employment of Tax Officers
Higher Grade

Computerisation of Schedule D Assessing (CODA)

CUSTOMS AND EXCISE

Business	Targets	Supporting Work
VAT	<p>1. Improve efficiency of control, particularly through:</p> <ul style="list-style-type: none"> - 4% increase in visit sessions - 7½% real increase in additional revenue yield - 25% reduction in payment delays by large payers - 20% reduction in time-to-pay requests allowed <p>2. Introduce computer terminals into all LVO's by 31.3.85</p> <p>3. Prepare for withdrawal of postponed accounting by 1.10.84</p> <p>4. Achieve expected extra revenue from Budget changes in coverage</p>	<p>1. Revise assignment values for selecting visits; revise control procedures for certain classes of traders</p> <p>4. Deploy 50 extra staff on enforcement and control</p>
Customs	<p>1. Improve preventive control of drug smuggling</p> <p>2. Make decisive shift to automated systems of freight processing in next 5-10 years</p> <p>3. When postponed accounting withdrawn, minimise extra time needed to process 4½m additional entries a year</p>	<p>1. Deploy more staff at major ports; set up new outfield intelligence teams; make fullest use of CEDRIC computer system</p> <p>2. Identify ports/traders willing to use Direct Trader Input; review computer strategy to produce detailed user requirement for DEPS II by 31.12.84</p>
Revenue Duties	Achieve new structure for oils duty with a view to de-bonding most warehouses in 1985/86	
General		Review of procedures for handling enquiries from the public

DEPARTMENT FOR NATIONAL SAVINGS

1. Has selected five areas each of which will be developed as "business" for this purpose. These areas are the three provincial locations:-

(i) the Savings Certificate and SAYE Office at Durham;

(ii) the National Savings Bank and Deposit Bond Office at Glasgow;

(iii) the Premium Bond and Income Bond Office at Lytham St Annes;

and for the small London HQ office the two separate areas of

(iv) the publicity programme and

(v) the general management function for the whole department.

2. From the beginning of 1984-85, these will be managed as budget centres, with a computerised database established for this purpose on one of the department's mainframe computers in Lancashire and supporting a group of VDUs in each of the department's four main locations.

3. The study of performance indicators is concerned to establish

(i) a set of simple items which can be used in monitoring and

(ii) a set of ratios which should be of use in setting targets. Much work, in conjunction with the Treasury consultant, is needed on both these aims.

The Secretary of State for Education and Science has set broad political objectives to move forward on a number of fronts including educational standards in schools, the management of teachers and the better direction of resources for further education. The TRIDENT system is developing well to turn these into observable targets but as yet there are insufficient sub-targets and milestones against which to measure progress.

DEPARTMENT OF EDUCATION AND SCIENCE

Business	Targets	Supporting Work	Business	Targets	Supporting Work
Schools: 1. Curriculum	1. Publish broad objectives for 5-16 curriculum and for 4 main subject areas		Universities	Increased efficiency	CVCP to steer studies of financial management and non-teaching activities
2. 16+ Examinations	2. Launch work on grade-related criteria		Grant-aided colleges	1. Better control of costs and standards 2. Bring voluntary college planning under NAB	1. Implement agreed recommendations of Willis report
3. Records of achievement for school leavers	3. Select pilot schemes for support by Education Support Grants	3. Approval of LEAs detailed proposals	Open University	Improved efficiency	Scrutiny of financial management
4. Surplus places	4. Secure removal of 150,000 places	4. Disseminate good practice to LEAs	Non-advanced further education	1. Implement white paper: "Training for jobs"	1. Get LEA support; establish arrangements for control of MSC; use 'PICKUP' & 'CELP' projects to disseminate good practice in education/industry collaboration
5. Meals service	5. Press LEA's to secure further reduction in net cost			2. Improved efficiency in institutions	2. Further Development of 'FEMIS' management information system
Teacher supply	Decide entries to teacher training courses from 1986 onwards	UGC and NAB to implement	Science policy/ Research Councils	1. Plan restructuring of Research Councils' expenditure 2. Plan implementation of FMI in Research Councils 3. Get Research Councils to implement agreed recommendations of scrutiny of support services	1. Review spending on part physics 2. Publish work on research outputs using citation analysis
Initial Teacher Training	1. Establish Council for Accreditation of Teacher Education 2. Bring new course criteria to bear on half existing courses within 2 years	2. HMI to scrutinise courses			
Teacher management	1. Promote assessment of teacher performance 2. Greater use of in-service training grants 3. Make proposals for education support grants				
Higher Education (General)	1. Publish policy for 1990's 2. Legislate to remove barriers to private financial support for polytechnics				
Local authority higher education	More effective distribution of resources	Reconstituted National Advisory Body to plan the sector			

The Secretary of State for Northern Ireland is moving the Northern Ireland civil service along parallel lines to that on the mainland. He is introducing MINIS type systems and delegated budgeting and will be looking for the same proportionate improvements in efficiency as in the comparable GB services. Given the particular political situation in the province I accept this as a reasonable strategy.

NORTHERN IRELAND OFFICE

Current work (1983-84)

- 1) Farm incomes.
- 11) Completions achieved in the housing programme.
- 111) Teacher and non-teacher costs in schools.
- 1V) Performance indicators in the NI Health Service.

(Targets and work programme for 1984/85
not yet agreed)

The Secretary of State for Defence has a major programme of change in hand. It is designed to apply his management principles to the extreme complexities of the Ministry and to reform the decision taking structures. I have no doubts that he is right in believing there are great improvements in value for money to be achieved.

Target Area

Programme of Work (Major work only)

The Management Information and Budgetary Framework for Accountable Management

- (1) Hold second round of MINIS starting in Feb 84.
- (2) Introduce Staff Responsibility Budgets for 90% of civilians by 1/4/84 and examine arrangements to apply SRBs to military staff
- (3) 'Crewe' study of manpower control and scrutiny
- (4) Improvements in Long Term Costing system
- (5) Work on budgetary framework of Dockyards
- (6) Speed up the introduction of Executive Responsibility Budgets

The Cost Effective Use of Resources

- (1) Further examination of procurement work
- (2) Tri-service studies of engineer, music, language, ADP and PT training; of animals; of physiotherapy; and of feeding
- (3) Implementation of existing recommendations on Navy shore training
- (4) Productivity scheme at Clyde submarine base
- (5) Management Audit of Marine Services.
- (6) Implement Groom review of Army training
- (7) Review functions of Army education
- (8) "LEAN LOOK" exercise on Army support
- (9) Improve utilisation of Defence Estate by a Maintenance Economy Review in each district.
- (10) Follow-up action to SAERT.
- (11) Information Technology Strategy Study

Target Area

Further delegation of authority and responsibility to individual managers

Scrutinising the nature of work done in MOD and introducing new elements of competition.

(1) Privatisation

(2) Contracting Out

(3) Introduce greater competition

Clarifying and simplifying the roles of senior officers within Headquarters

Programme of Work (Major work only)

Civilian Personnel Management Study

Work on delegation of responsibility to dockyard managers.

Refinement of management of Portsmouth and Gibraltar bases.

Establish a Commander of Training Establishments in UKLF with a budget (Groom recommendation).

Examine possible creation of a maintenance executive.

Royal Ordnance Factories by 1.4.85

Examine scope for various schools

Examine prospects in Grounds maintenance (300 posts in Navy alone); catering (700-800); hostels and barracks; marine services; less sensitive security; movements.

Contract out basic driver training early 1984

Establish comparisons between dockyards and industry; consider some private sector refits

Commercialise certain army medical stores by mid-1984

Contract out servicing at certain RAF flying/training schools

(1) Introduce charters for officers with formal financial responsibilities

(2) Review the top structure of CERN

(3) "Operational Concepts work"

[and, of course, the changes outlined in "MINIS and the Development of the Organisation for Defence]

The Secretary of State for Scotland has emphasised the need for vigorous action to implement work in substance and to engender a proper sense of urgency.

SCOTTISH OFFICE - TARGETS 1984-85

Agriculture and Fisheries

- (1) Restructure Agricultural Staff.
- (2) Prepare legislative proposals to facilitate disposal of residue of land settlement and crofting estates.

Ancient Monuments and Historic Buildings

- (1) Implement changes in organisation and financial procedures.

Roads

- (1) Implement changes to staffing of roads and transport divisions.

Education

- (1) Substantially reduce the number of list D schools and change system of financing.
- (2) Continue implementation of curriculum changes.

Health Service

- (1) Ensure Health Boards have a sound planning system.
- (2) Identify apparent high cost areas and scrutinise them.
- (3) Improve flow of statistical information about resource input and performance.
- (4) Improve quality of audit.
- (5) Improve management structure and reduce its costs.
- (6) Examine contracting-out possibilities.

Prisons

- (1) Introduce a standardised method of detailing staff as a prerequisite to a pilot scheme of computerised detailing beginning mid-1985.

Police

- (1) Contract out catering and cleaning services at the Scottish Police College.

Industrial policy and support

- (1) Adjust staffing to reflect changes in the administration of regional aid.

Central Services

- (1) Implement agreed stages of Financial Management Initiative.
- (2) Subject to progress at national level, implement Review of Personnel Work.
- (3) Seek greater efficiencies in the provision of office services.

Minor departments

Department of the Registers: (1) Progressively extend registration of title to improve quality of service and costs to the public. (2) Complete computerisation of the Land Register, of fee collection, and of the preparation of the Minute Book for the General Register of Sasines.

General Register Office (Scotland): Conversion to microfiche of statutory registers of births, deaths and marriages for the years 1940 to 1983.

Scottish Record Office: (1) Prepare for conversion of Sasine Registers to microfiche. (2) Make savings as a result of extension of credit for search room fees.

Scottish Courts Administration: Seek to reduce delays in hearing civil and criminal cases by (1) studying administrative procedures; (2) studying scope for further computerisation; (3) pursuing organisational reforms.

The Secretary of State for Wales will be concentrating on the parallel implications for the Welsh Health Service of the Griffiths report in England.

WELSH OFFICE

Targets 1984-85

1. Complete the first round of objective-setting.
2. Bring into effect an improved management budgeting and information system.
3. Complete the implementation of improvements in the staffing and organisation of each Under Secretary command.
4. Review how best to improve the management of the NHS in Wales in the light of the Griffiths Report.

The Secretary of State for the Environment is working on the fifth annual round of MINIS. It should shortly identify the studies which will need to be undertaken later in this financial year. He is introducing a parallel system of performance review reports in which line managers of programme expenditure are asked to review performance and outturn in the previous period as a basis for reconsidering future plans.

DEPARTMENT OF THE ENVIRONMENT

The Department will use MINIS 5 and the associated system of Performance Review Reports (PRRs) to identify targets for 1984-85 and the work necessary to support them. (Expected to be early May.)

1. Current work

- (1) Scrutiny of the Urban Programme;
- (11) Clarification and improvement of the financial relationships with sponsored bodies; (setting clearly defined objectives against which work plans and performance can be measures).
- (111) Examination of the implications of the FMI for local authority associations; exploration of the possibility of wider application of performance and output measures for local authority services.

2. PSA

Targets for 1984-85:-

- (1) To implement major recommendations arising from -
 - Wardale/Touche Ross Report
 - Resource Control Review of the District Works Offices;
- (11) To introduce improvements to the Property Repayment System;
- (111) To agree and implement re-structuring proposals.

3. Ordnance Survey

- (1) To strengthen commercial orientation of Ordnance Survey; set ambitious commercial targets; develop performance indicators;
- (11) To develop computerised management accounting system .

The Secretary of State for Social Services has a major programme of reform on his hands. On the social security side of the house we are just beginning to talk about where the scrutinies can apply - including the possibility of contributing to the major benefit reviews announced earlier this month. There is some way to go, however, before policy and executive responsibilities are keyed together and we can think of significant progress on value for money as well and truly insight.

HEALTH AND SOCIAL SECURITY

1984/85 TARGETS AND WORK PROGRAMME

DHSS

1. Complete second round of management review system (annual divisional management account).
2. Identify areas for efficiency scrutiny (from 1.).
3. Implement recommendations of previous Rayner work.
4. Participate in multi-departmental reviews (to be decided).
5. Scrutiny of 'liable relative' procedures.
6. Reduce manpower by 3½ per cent by April 1988.
7. Pensions Enquiry (due for completion Autumn 84).
8. Major policy reviews of:
Housing Benefit
Supplementary Benefit
Young People's Benefit
9. Internal review of Community Nursing.
10. Efficiency Study of the management structure of Social Work Services regional organisation.
11. Survey of disablement.

NHS

1. Implement recommendations of Griffiths report.
2. Implement recommendations of Scrutinies.
3. Set and monitor manpower targets for RHA.
4. Launch 1984 scrutiny programme with participation by all 14 Regions.

OPCS

1. Consider computerisation of NHSCR in light of FPS report.
2. Scrutiny of Registration Service in England Wales.
3. Maintain or improve quality of service within small manpower reduction (0.3%) to April 1988.
4. Introduce repayment system for ad hoc social surveys in 1984/85.
5. Convert Labour Force Survey to continuous survey to meet the needs of Secretary of State for Employment.
6. Improved efficiency of interview surveys to reduce unit costs by []%.
7. Improve population estimates for local authorities and health authorities to ± []%.

(Extracted from the Secretary of State's letter of 24/2/84 and discussion with officials - not yet agreed)

The Secretary of State for Trade and Industry is not yet in a position to choose targets for 1984/85 since his MINIS type system will not finish until early June. The Secretary of State has said that he fully supports our strategy and wishes to make improved efficiency and effectiveness the standard job requirement for civil service management. I shall be disappointed if there are no policy areas where improved value for money is to be sought.

DEPARTMENT OF TRADE AND INDUSTRY

The Department's MINIS equivalent is the ARM (Activities and Resources Management) system.

"Decisions on targets and Rayner-type studies specifically linked to them are dependent on the ARM timetable under which returns will be submitted for evaluation in mid-February."

Current work

Implementation of outstanding scrutinies and reviews:

- Patent Office (1980)
- Selective Financial Assistance (1982)
- Accountancy needs in DTI (1983)
- National Weights and Measures (1983)
- Consultancy, Inspection and Review Capabilities (1983).

The Secretary of State for Employment promises rapid progress. There is much still to be done to develop performance indicators and output measures and then to set targets which will enable him to compare actual target performance. I am sure he is right to make this one of the priority tasks. The lack of general quantification is particularly noticeable, for example, in the Unemployment Benefit Service.

In the HSE a new system of performance indicators is started to be bedded in. The Secretary of State considers that to go beyond this would risk overloading management at a time when the dispersal of staff to Bootle is already imposing special tasks. I accept this in relation to 1984 but I am generally concerned about the approach of the HSE to improving performance, which is not always as convincing as might be expected.

EMPLOYMENT GROUP

TARGETS FOR 1984/85

Headquarters

SMG studies, eg improved information on outputs and performance
Departmental CIRC reiew.

UBS

Implementation of Staffing Basis Scheme
Introduction of VDUS
Improved management information system.

MSC

Skillcentre Training Agency: reduction in annual costs of
£.8 million for transport and
accommodation, once off saving of
£1.5m on reduced stock levels.

Dispose of some vehicles, reduce : Review of vehicles fleet
drivers and use more
rentals and haulage
contractors

250 staff savings in 1984/85 in : Maintain TOPs at current
Training Division level
: HMT review of division

Employment Division : Review of Jobcentre network
: Produce output and efficiency
objectives
: Examine possibility of
developing a staff allocation
system
: Develop enhanced computerised
vacancy circulation system.

Study of Ranmoor Hall staff training funding arrangements

Study of claims made under the European Social Fund.

COMIS initiated studies (1) The organisation and success of the
initiative under which 10% of staff
on general placing work are devoted
to special help for the longer term
unemployed will be reviewed to
determine, amongst other things,
whether earmarking a fixed staff
resource is the most efficient way
to help that particular group.

(2) The respective roles and activities
of the Careers Service and
Jobcentre in Youth Training Scheme
recruitment.

(3) Occupancy levels in MSC-purchased
training provision generally
(including Skillcentres), to assess
whether MSC in getting the best
value for money possible.

(4) The further development of
performance indicators within MSC.

HSE

Introduce new system of performance indicators
Develop financial information system.

ACAS

Bed in FMI mechanisms.

(Extracted from the Secretary of
State's letter of 28/12/83 - not
yet agreed)

The Minister of Agriculture Fisheries and Food has said he is keen to see the MINIM system as an essential management tool and has assured me that the new head of the Agricultural Development and Advisory Service should look at the service radically. But as yet, although the extent of review activity is most marked this has been one of the least good discussions I have had and I do not yet have a clear sense of determination to improve value for money.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

The Rt Hon Michael Jorling M

1. To decide the future role and work of ADAS in the light of a review by the new Director General.
2. To decide the future role and work of the Veterinary Investigation Service in the light of a scrutiny.
3. To complete the review of the future organisation of Agricultural and Food Research and Development.
4. To decide on our response to any recommendations made by the Controller and Auditor General in his report to the Public Accounts Committee on the VFM study of agricultural support expenditure carried out by the National Audit Office and to whatever conclusions the PAC may reach on that report.

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

To proceed with the computer development programme, concentrate Headquarters staff in a single building, and improve operational cost effectiveness.

The Secretary of State for Energy is concentrating his efforts on programme expenditure. I am impressed with the MINIS system being applied in this department which links programme expenditure and administration. There are already four reviews of important programmes in hand and I shall be remaining in touch with each of them, particularly a committee review of the UK Atomic Energy Authority which is due to report in June/July.

DEPARTMENT OF ENERGY

1. Programmes

(i) To review the role and activities of the Atomic Energy Authority.

(ii) To examine and make recommendations on the balance between nuclear and non-nuclear programmes.

(iii) To develop measures of output of energy efficiency schemes and to introduce performance indicators.

(iv) To review the control, financing and management of the Government Oil pipeline and storage system.

(v) To undertake reviews of -

- The UKAEA Fusion Programme
- R&D on coal technology
- Offshore programme

2. Running Costs

(i) To achieve 1 per cent reduction in running costs per annum.

(ii) Implement Bird report.

(iii) Undertake staff inspection of supporting services.

(iv) Establish Gas and Oil measurement branch as a cost centre.

(v) Decide strategy for further computerisation where appropriate and cost effective.

(vi) Undertake a study of delegated financial responsibilities for different programmes of R&D.

(Extracted from the Secretary of State's letter and discussion with officials. Not yet agreed)

The Secretary of State for Transport has a system which has not yet identified solid targets. The aim seems to be containment of manpower totals to the 1988 figure and there are both insufficient intermediary aims and too few output aims.

DEPARTMENT OF TRANSPORT

General

1. To ensure that there is an adequate system of incentives and reporting lines.
2. To develop and advance the departmental system of review of functions, objectives and costs in under-secretary commands. [Possible cost-cutting reviews of travel & subsistence, accommodation, telephones, grading of junior staff using information technology.]

DVLC

3. To realise efficiency benefits so that by 1 April 1988 the expected increase in workload can be handled by no more than the staff numbers at 1 April 1984. [Possible scrutiny.]

Driver Testing & Training (DTT)

None stated.

Traffic Area Offices

4. To more than offset rising demand by changes in procedure, new technology, and implementation of recommendations from scrutiny of Heavy Goods Vehicle Operator Licensing. [Possible scrutiny.]

Vehicle Inspection

5. To produce significant economies through tauter organisation and a computer-based accounting system. [Possible value-for-money review.]

Regional Transport Offices

6. To provide a wholly Civil-service highways organisation by 1988.
7. To reduce local staff to reflect progression in the strategic trunk road network.
8. To meet extra demand resulting from changes in the local-government structure.

Marine

9. To achieve savings identified by scrutiny of Coastguards.
10. To achieve further savings through computerisation [and possible scrutiny].

Aviation & Shipping

None stated.

Research

11. To develop Transpotech successfully. [Possible further efficiency reviews.]

Highways HQ

12. To meet extra demand arising from local government changes.
13. To establish scope for reducing no. of roads maintained with central funds.

Transport Industries

None stated.

Greater London Transport, Roads & Traffic

14. To meet requirements arising from abolition of GLC.

Local & Urban Transport

15. To meet requirements arising from abolition of Met and GLC.

Road Safety, Vehicle & Component Appraisal, Vehicle Standards Engineering

None stated.

Finance

16. To develop management accounting.

Economics & Statistics

None stated.

(Extracted from Secretary of State's letter of 9/12/83 - not finally agreed)

The Minister of State (Privy Council Office) does not yet have a top management system on the Arts side. Lord Gowrie will select targets for improving sponsoring activity by the middle of the year and I will then discuss with him the targets for the coming period.

On the Management and Personnel side there is a full activity planning exercise which throws up a substantial list of activities. The main ones are to tackle promotion blockages, to introduce performance related pay, to improve retirement policies and to encourage the delegation of personnel management to line managers. Priorities are beginning to shape up. The next stage is to make progress on the urgency of action and on moving towards observable performance targets.

TARGETS FOR 1984-85

Setting Staffing Policies for the Civil Service

1. To run the first new course for staff entering the open structure.
2. To make staff reporting more performance-orientated.
3. To make proposals for introducing performance-related pay.
4. To streamline procedures for dealing with poor performance and inefficiency.
5. To explore whether and how to extend unified grading down to Principal level.
6. To develop further the succession planning system for senior posts.
7. To review training needs and opportunities for AS's and US's (PM action programme).
8. To induce departments to promulgate personnel policy statements and to prepare training strategies (PM action programme).
9. To extend as far as possible the authority delegated by the Cabinet Office. (MPO) to departments (Cmnd 9058 para 46).

Promoting good managerial practice and efficiency in the Civil Service

1. To work with Treasury and through the joint Financial Management Unit to help departments to implement the next stage in their financial management plans - in particular to help achieve the changes in managerial approach needed if the new systems are to be exploited.
2. To carry out in conjunction with the Efficiency Unit a programme of new efficiency work for 1984.
3. To ensure that the full benefit of current and past management and efficiency work is secured.

Central Recruitment

1. To secure a minimum 5% increase in productivity by absorbing that volume of extra business within existing staff ceilings and whilst maintaining existing standards of service.
2. To continue to improve the cost effectiveness and customer responsiveness of central recruitment services to departments, in particular by

a. implementing the agreed recommendations of the review of administrative support services in the Civil Service Commission;

b. producing a draft Action Document, within the 60-day timescale, on the recommendations contained in the report of the scrutiny of the Civil Service Commission, and initiating, in consultation with departments, implementation of those that are accepted;

c. implementing the outstanding agreed recommendations of the Review of Fast Stream Selection Procedures and of the Review of Graduate Tax Inspectors.

3. In the light of the report on the scrutiny of the Civil Service Commission, to consider the scope for extending repayment for central recruitment services.

Central Training

1. To consider whether the system of repayment by departments for immediately job-relevant courses at the Civil Service College introduced in April 1983 should be extended to some or all developmental courses and to make arrangements accordingly.

Promoting Occupational Health

1. To rationalise civilian medical services over the whole Civil Service.
2. To introduce an occupational health nursing service into non-MOD(PE) area of Government.
3. To decide the scope for repayment for certain medical services.

MPO's Internal Administration

1. To introduce and test the Department's new management accounting system.
2. To achieve a 1% saving in manpower.
3. To improve the value for money delivered by MPO sponsored bodies and the basis of sponsorship.

OFFICE OF ARTS AND LIBRARIES

TARGETS FOR 1984/85

Internal administration

1. Work out the future organisation, staffing and specialist help needed. Complete initial study by end February.
2. Staff inspection in March.
3. To improve the arrangements for staff inspection in our major fringe bodies.

Sponsorship

4. Select priorities for improving sponsorship by end February.
5. To improve and extend the arrangements for internal audit in the National Museums and Galleries, preferably by means of a joint unit based on the British Museums.
6. To ensure that the Victoria and Albert and Science Museums, due to move to Trustee status on 1 April 1984, rapidly develop adequate systems for the information and support of their new governing bodies.
7. To exert appropriate influence on the remit given to the new Chief Executive of the British Library (due to take up office in the autumn of 1984) by the BL Board.
8. To ensure, through the Arts Council, that the Royal Opera House and the Royal Shakespeare Company develop and implement an adequate plan for securing the savings identified in the Priestley Report, and report their progress.

TARGETS AND WORK PROGRAMME
1984/85

Treasury Solicitors Department

New systems for improved efficiency following internal investigation of bona vacantia division.

Scrutiny of one of the litigation divisions.

Increase individual productivity in conveyancing.

Assess cost effectiveness of:

- (i) introduction of micro computer for accounting, debt collecting and handling bona vacantia and costs;
- (ii) data post and a document exchange for moving work to and from long distance typing posts;
- (iii) application of existing technology to improve production of typed work.

DPP

Reviews:

- (i) use and cost of one-off photoprint machines in other than the main photoprint room;
- (ii) cost effectiveness of HEO/EO's attending Courts long distances from London for minor matters eg bail applications and pleas of guilty in small cases;
- (iii) efficiency of the disposition of typing staff (previous review July 1983);
- (iv) scrutiny of legal publications purchased;
- (v) stock forms to be photoprinted instead of printed, or put on word processor machine;
- (vi) assessment (at nil cost) of electronic typewriters.

Law Officers Department

Improved efficiency with no additional staff and little expense through re-organisation and improvements in registry arrangements.

THE TIMES - Tuesday 3 April 1984.

ASSAULTING THE BUREAUCRACY

An important pledge by the Prime Minister has been more than redeemed this week. In the spring of 1980, the Prime Minister promised to reduce her direct labour force - the Civil Service - to 630,000 by April 1 1984. Yesterday the total stood at 628,182 if the Treasury's latest estimate is to be believed. She has cut 104,118 officials from a total of 732,300 she inherited from Mr Callaghan in 1979. Mrs Thatcher's assault on the bureaucracy has been the most successful of any Prime Minister since 1945.

A detailed plan for further economies is now being prepared which should reduce Whitehall manpower to 592,723 by April 1, 1988. Inevitably, the methods used for deflating swollen staff numbers over the past five years have been somewhat crude. Cash limits are a necessary but unsubtle discipline. The efficiency studies or scrutinies pioneered by Lord Rayner and carried on by Sir Robin Ibbs, Mrs Thatcher's current efficiency adviser on part-time loan from ICI, are a much more sophisticated method of relating workload to manpower. With luck and skill, the second phase of cuts should be more delicately achieved by the Rayner-Ibbs scalpel than the Treasury axe. The Government's financial management initiative, another Rayner invention, is providing

an infinitely better range of information for departmental managers, both ministers and permanent secretaries, than anything they have possessed before.

Mrs Thatcher's Efficiency Unit also has something to celebrate this week. After five years of probing and experimentation, the economies achieved as a result of investigations carried out in departments under the Unit's supervision means that £1m is being saved every working day in Whitehall. Out of the £16,100m it costs to run the state machine each year before a single Bill is drafted or Cabinet minute written up, a million a day looks tiny. But it is more than symbolic, it is an indication that the management climate in Whitehall has changed. The change is irreversible according to some of the more phlegmatic officials who were occupying top posts even before Mrs Thatcher arrived in Downing Street with her admirable efficiency fixation.

Sir Robin Ibbs and his tiny staff in the Cabinet Office are approaching a watershed, however. Their efforts have so far been concentrated on the 13 per cent of public expenditure devoted to the running costs of Whitehall and the armed forces (at £5.50 per week for every man, woman and child in the country, these are still too high as the Ibbs team is the first to admit). But

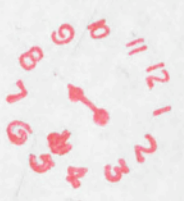
the view has hardened in departments that unless and until the unit can apply its techniques to the 87 per cent of public spending devoted to programmes, Sir Robin's scrutineers are doomed to remain in the foothills of efficiency and economy with no chance of storming the commanding heights. Cybernetically put, they must go for the output as well as input.

That will not be easy either technically or politically. The achievements of Lord Rayner and Sir Robin have relied to a very large extent on their suggestions winning consent from Cabinet ministers and permanent secretaries. Both breeds could cause trouble if they felt their cherished spending programme were under threat not just from Treasury sharks perpetually gnawing at budgets, but from an arriviste group in the Cabinet Office, basking in the sunlight of prime-ministerial approval. It would be a pity if Sir Robin was deterred by that. It would be a pity if Cabinet ministers and permanent secretaries took such a narrow view of the public interest. The extension of the Rayner-Ibbs systems to spending programmes is a challenge worthy of Mrs Thatcher's second term. Never has a prime minister been better placed to achieve a lasting improvement in the quality of public administration.

Count Mach: Rayner P415



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