

PREM 19/681

32/47

PART II

MT

Confidential filing.

Long Term Management + Manpower Policy.

Slimming down of Local Authority staff.

Performance Related Pay.

Financial Management.

CIVIL SERVICE

Part I: March 1979.

Part II: August 1982.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
19.8.82		5.12.82					
23.8.82		8.12.82					
24.8.82		9.12.82					
25.8.82		16.12.82					
2.9.82		30.11.82					
5.9.82		- Part Ends -					
8.9.82							
14.9.82							
22.9.82							
30.9.82							
11.10.82							
13.10.82							
20.10.82							
27.10.82							
22.11.82							
23.11.82							
29.11.82							

PREM 19/681

Material used by official Historian DO NOT DESTROY

PART 11 ends:-

Priestley to TF 30/11

PART 12 begins:-

TF to CST's Office 2/12/87

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Ethnic Monitoring in the Civil Service,

A Survey in Leeds, Volume 1

ISBN 0 11 630463 4, HMSO, 1982

Signed Wayland Date 9 August 2012

PREM Records Team

Civil Service

Mr FLESHER

POLICY ON CIVIL SERVICE NUMBERS AFTER APRIL 1984

The approach now contained in the draft Cabinet paper annexed to the Chief Secretary's minute to the Prime Minister of 29 November has the broad support of the Lord Privy Seal and Sir Derek Rayner, but you should be aware of five points, as follows.

- (1) Timing The Chief Secretary seeks agreement to circulate a paper for Cabinet discussion on 9 December. This is right for the reasons given in para. 3 of the draft, but there may be some grumbling among Ministers about the load of "efficiency"-type work, notably the financial management initiative (para. 4) and centrally co-ordinated exercises (para. 12). This may not amount to a revolt on either the manpower policy or the centrally co-ordinated exercises, but there may at least be a demand for information about the Treasury's "major but rapid interdepartmental exercise early in the New Year" (para. 18).
- (2) It would be helpful, not least to the Prime Minister in preparing for the Cabinet meeting, if the paper explained what was meant by the "major but rapid exercise".
- (3) The formula in para. 18: - "on the basis of present policies and making their best assessment of the maximum reduction [depts] can make in their staff numbers by 1 April 1988" - is weak. The obvious response from many quarters will be that all that can be done either has been done or is in prospect. It would be better to wrap this up with 18iv (which asks "What extra initiatives or policy decisions would have to be considered in order to produce a further substantial reduction in manpower") and go for a "test target" applied equally to all.



(4) The key to the success of a further round of numbers policy will lie in the contributions of MOD, the Revenue Departments (which report to the Chancellor of the Exchequer), the Employment Group and the DHSS. MOD has been proclaiming its successes in recent weeks. There are unresolved questions about the trade-off between staff numbers and effectiveness in the Inland Revenue, DHSS and the Unemployment Benefit Service (although the Chancellor has proposed to the Inland Revenue Staff Federation a joint review to examine areas of difficulty or stress in tax assessment and collection offices). This is good scope for scrutiny work here.

(5) The LPS and Sir Derek Rayner strongly endorse the draft paper's references to "investing to save" (para. 15 but also 8b and 12).

2. I attach a draft letter to Mr Gieve.

CP

C PRIESTLEY
30 November 1982

Enc: Draft letter

MANAGEMENT - IN CONFIDENCE

John Gieve Esq
HM Treasury

POLICY ON CIVIL SERVICE NUMBERS AFTER APRIL 1984

The Prime Minister was very grateful for the Chief Secretary's minute of 29 November and for the draft Cabinet paper.

Mrs Thatcher agrees that the paper should be circulated for Cabinet discussion on 9 December, but would be grateful if the Chief Secretary would consider two points, both arising from para. 18 of the draft.

First, the Prime Minister thinks that in order to forestall or reduce possible Ministerial criticism of the amount of "efficiency" and related work now in train, it would be helpful to explain what is meant by "a major but rapid inter-departmental exercise" (for example, is it intended that the exercise should be conducted on paper only?) and when "early in the New Year" it would be conducted.

Secondly, the Prime Minister suggests that the basis of the proposed exercise might be strengthened by conflating 18i and 18iv, perhaps on these lines, introducing the idea of a test percentage reduction:

"i. Whether and how they could reduce their staff numbers by 5% and 10% by 1 April 1988 by reference to

- present policies (projected beyond the end of the PES cycle)
- the maximum scope for improvements in efficiency
- what extra initiatives or policy decisions would have to be considered in order to produce a further substantial reduction in manpower."

I am copying this to John Kerr (HM Treasury), Mary Brown (MPO), Richard Hatfield (CO) and Christopher Joubert (Rayner Unit).

T FLESHER





Prime Minister:

A note for the

Rayner Unit is

attached. Do you agree that I should respond as Mr Prestley proposes?

Yes Mr

PRIME MINISTER

POLICY ON CIVIL SERVICE NUMBERS AFTER APRIL 1984

JR 30/11

I have been considering this with the help of the Lord Privy Seal and Sir Derek Rayner and enclose a note which sets out my proposals.

2. The target approach which was adopted in 1980 has proved successful. I feel sure that we should maintain it. At the same time, I believe that we can improve upon the way it has worked the first time round. In particular, we can do more to bring expenditure and manpower policy together and to build our manpower policy into our wider policy for promoting better management. The note reflects these aims.

3. As you will see from the note, I think that a study is needed before we can decide upon firm figures for the next round. We shall need to settle them by June next year, if departments are to plan for a good start to the next round in 1984-85. To achieve that, the study should begin early in the New Year. So if you agree with the approach I propose, I should like to put these proposals to the Cabinet for discussion on 9 December.

4. Copies of this minute go to the Chancellor, the Lord Privy Seal, Sir Robert Armstrong and Sir Derek Rayner.

L. B.

LEON BRITTAN

29 November 1982

POLICY ON CIVIL SERVICE NUMBERS AFTER APRIL 1984

This note considers the Government's policy for civil service numbers after April 1984. (It does not discuss other public services such as the National Health Service or local government.)

2. When the Government came into office, there were 732,000 civil servants. In May 1980 the Prime Minister announced to Parliament a target of about 630,000 by April 1984. By 1 October 1982 the total was 655,000. Thus, of the planned reduction of 102,000 the achievement up to October was 77,000. The Government is well on the way to achieving the 1984 target. Departments are working to individual targets which will produce this result.

3. We should now consider policy for the future after 1984 and a regime for pursuing it. In due course both will need to be announced publicly. This paper suggests a general decision before the end of 1982. There is already some public debate. For example, the CBI has suggested that the present rundown should be continued for a further year to April 1985, which at the present rate would imply a further reduction of some 20,000 to 610,000.

4. The Government has announced its drive to improve civil service management, especially financial management (Cmnd 8616). Future policy on manpower should be part of that drive, and capable of being explained both publicly and to staff as consistent with its other elements.

The need for a policy on numbers; and its nature

5. The Government will continue to need a specific policy for civil service numbers. Its policy for its first term of office has been notably successful. To abandon this for its second term would be indefensible. There are excellent reasons for continuing a specific policy:

- i. The annual civil service pay bill of some £5 billion is a sizeable element in public expenditure. It merits direct

control and restraint of numbers as well as of pay rates. If the pressure were relaxed, numbers and costs would certainly creep up again.

ii. Experience shows that a tight policy on numbers:

- helps to stimulate the critical scrutiny of functions and priorities, and of the scope for curtailing, privatising and contracting out government activities;
- helps to check the propensity to expand government activities and expenditure;
- stimulates and encourages as nothing else does an effective drive for greater efficiency and improved performance.

6. For analogous reasons the trend elsewhere is towards direct control of manpower numbers; the Government is encouraging this in the public services, for example in the NHS. And in practice, some forward planning of civil service manpower is necessary anyway:

i. Public and Parliamentary interest in the size of the civil service will persist. It will be necessary to continue to publish in the Chief Secretary's memorandum at the time of the Budget the numbers for the beginning and end of the year for which provision is made in the Estimates, and to publish staff-in-post figures quarterly during the year.

ii. It is necessary to take administrative and staff expenditure fully into account, including manpower numbers, in each successive Public Expenditure Survey.

iii. Because of constraints on dismissal and costs of redundancy, and in the interests of rational recruitment and personnel management, changes in manpower levels have to be planned in advance.

Present plans and prospects

7. Departments' present plans as reflected in the 1982 Survey show

MANAGEMENT IN CONFIDENCE

a continuing but slower rate of decline: to 623,850 in April 1985, and to 621,150 in April 1986.

8. In addition, present plans include two major further reductions before the end of the decade:

a. Hiving-off the ROFs (perhaps before 1986), which in theory would reduce civil service numbers by 25,000, in practice by perhaps 18,000-19,000.

b. Various measures of computerisation (PAYE in the Inland Revenue, the Operational Strategy in DHSS, computer projects in the Manpower Services Commission and elsewhere). These projects will require substantial capital investment, not all yet provided for in expenditure programmes. The staff savings arise mainly after 1986. They might amount in all to 12,000-15,000 before 1990. But computer projects are liable to slip-page, and their staff savings with them.

9. Some other smaller savings are also planned in the Inland Revenue, PSA and Scottish Office. These however are more than offset by prospective additions in the Home and Scottish Offices (for prisons) in the Inland Revenue (for non-domestic rating revaluation), and in the Departments of Trade and Industry. The net effect of these could be an increase of around 2,000.

10. Thus on present plans civil service numbers may be expected to decline further to around 605,000 by the end of the decade; or to around 585,000 if credit is taken for the hiving-off of the ROFs.

11. Apart from major policy changes, these numbers will be affected by economic and other developments, notably by changes in unemployment. A further large rise or a fall will affect staffing levels in DHSS, Employment and (to a lesser extent) the Inland Revenue.

12. In addition there can and should be further improvements in efficiency. Much has already been done, and some of the most obvious steps already taken. But the continuing high returns from scrutinies, staff inspections and reviews indicate that the scope for action remains wide, and the current drive to improve management and increase the use of information technology should produce worthwhile results over the next 5 years. As the White Paper pointed

out, there is a continuing necessity to review the functions of Government, to eliminate those that are unnecessary or no longer required and to ensure that those that are kept are done as efficiently as possible. (The Lord Privy Seal has circulated proposals for centrally co-ordinated exercises in 1983 to take place alongside Ministers' departmental exercises.) In most areas of work accordingly there should be a presumption that a smaller number should be needed to carry a given work-load in 1988 than in 1984.

Lessons of the 630,000 Operation

13. The 630,000 operation has demonstrated the merits of fixing a target for several years ahead. It is certain that larger reductions have resulted, and more quickly, than would have been made otherwise. The record of the Civil Service, when compared with the National Health Service and local government, provides clear support for this view. Departments, with forward targets to aim at, have had the opportunity to plan their reductions. The targets have been tight enough to act as a stimulus to efficiency and higher productivity, and to oblige departments to examine critically the need for existing functions, the scope for less labour-intensive ways of achieving policy objectives and opportunities for privatisation. All that has been a clear gain.

14. But there have also been some penalties. The combination of ambitious targets for each department with fast-rising unemployment which depleted the contingency margin of 15,000 left little room for manoeuvre, made it difficult to delegate authority to line managers where their staff numbers are concerned, and prevented some new initiatives which would have increased staff but would have been financially beneficial.

15. It is also clear that downward pressure on numbers is not enough by itself. It is necessary to think through the reduction of functions so as to match a smaller number of staff to a reduced workload and to keep up the impetus of scrutiny and review to test the need for working procedures and the scope for economies on the ground. It will also be necessary to invest in order to

save (see paragraph 8 above on computers), provided always that manpower and expenditure planning move consistently together within the Government's overall economic strategy.

16. The aim of numbers policy after 1984 should thus be to maintain the advantages of a target policy, in such a way as to match it more systematically with the curtailing of functions and the improvement of efficiency, and to make it a coherent part of the Government's wider policy for good management.

Proposals for policy after April 1984

17. A necessary first step is to reach a judgment on the scope for further reductions in the Government's second term. The figures in the 1982 Survey (paragraph 7 above) reflect the consequences of decisions already taken and extend only to April 1986. They do not provide an adequate basis for setting an aim which is tough but realistic for the lifetime of the next Parliament.

18. It is therefore proposed that the Treasury should conduct a major but rapid interdepartmental exercise early in the New Year to establish a basis for quantifying further reductions in each department up to April 1988. Each department would be asked to make assessments as follows:-

- i. on the basis of present policies (projected beyond the end of the PES cycle) and making their best assessment of the maximum scope for improvements in efficiency, what is the maximum reduction they can make in their staff numbers by 1 April 1988;
- ii. what further opportunities they can find for privatisation or contracting-out (the Chancellor of the Exchequer's minute to the Prime Minister of [date]/paper [reference] sets out his further proposals for contracting-out);

iii. if new policies or initiatives are envisaged but are not at present incorporated into departments' PES programmes, what are their manpower and expenditure implications;

iv. what extra initiatives or policy decisions would have to be considered in order to produce a further substantial reduction in manpower.

The starting-point would be the manpower figures to 1 April 1986 shown in the 1982 Public Expenditure Survey.

19. In assessing departments' responses, the Treasury would pay regard to each department's past record, its scope for further reductions, and the need for continued pressure in the interests of improving efficiency and productivity. In the light of this assessment, the Chief Secretary would report to his colleagues at the end of May 1983 on the prospects for civil service numbers and propose both a target for each department and, by aggregating these, a target for the Civil Service as a whole. As before, a margin might be added to the latter for contingencies.

20. The objective would be to set targets at a level which combined continuing pressure to achieve improvements in efficiency with enabling departments to plan their future manpower in an orderly way, consistent both with their expenditure planning more generally and with the development of their plans for improving financial management.

21. It would then be both necessary and desirable to publish the figures. There would be a strong presumption that the targets would be adhered to but the Government would reserve the right to alter them in either direction and explain why.

22. Once the initial targets had been set for each department they would be considered each year in the course of the Survey process, alongside the cash expenditure plans. The initial targets would not (as they did in the 630,000 exercise) take credit in advance

for manpower reductions consequent on major policy decisions not yet taken. Ministers would take new decisions relating to expenditure and manpower at the same time, and where these produced reductions in manpower, targets would be lowered accordingly. Although the targets could not readily be altered upwards, this could also be done if a strong enough case was made out for doing so.

23. A policy on these lines should be related to other policies affecting the management of staff whose career prospects have already been radically affected by manpower policy. It should go together with:-

- a. giving staff more satisfying jobs by reducing the number of levels through which work passes and delegating more authority to managers in line with the current initiative on financial management;
- b. improving incentives to efficiency. Pilot schemes for incentives to line managers and the consideration of "merit pay" in the context of the Megaw report are relevant;
- c. facilitating the easing out of less efficient staff at all levels both for its own sake and to avoid too great a deterioration of promotion prospects;
- d. identifying the most able staff and planning their career development.

The Chief Secretary's paper for colleagues (paragraph 19) would report progress on these matters which the Lord Privy Seal and he intend to consider in the early part of 1983.

Conclusion

24. The manpower policy proposed here would require stringent administration to ensure that targets were not altered substantially,

but could be modified if really necessary or desirable. It would also need to be carefully presented, both to Parliament and to staff and unions. It appears to offer a feasible method of keeping the advantages of the target approach while providing for the needs of more coherent planning and better management.



Civil Service JK

10 DOWNING STREET

From the Private Secretary

29 November 1982

The Prime Minister has now seen the Lord Privy Seal's minute of 26 November proposing a programme of centrally coordinated efficiency exercises for 1983. Subject to any detailed points colleagues may wish to raise, the Prime Minister has agreed the proposals in the Lord Privy Seal's minute and that she may announce the details of the programme early in December.

I am sending a copy of this letter to the Private Secretaries to Cabinet colleagues and to Richard Hatfield (Cabinet Office).

(TIM FLESHER)

Mrs. Mary Brown,
Lord Privy Seal's Office.



Prime Minister:

You approved this
in draft. Agree subject
to comments by colleagues?

Yes Mr TH

26/11

PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983

We said in the White Paper "Efficiency and Effectiveness in the Civil Service" that we regard good management throughout the whole Civil Service as a policy in its own right and that the task of securing greater efficiency and effectiveness is a continuous one.

I have therefore been considering what programme of centrally co-ordinated exercises we need for 1983 to help give practical effect to our intentions. The attached paper sets out in detail what I have in mind.

Our work must take into account the efforts departments are making on their own account to improve performance as well as the substantial work now in hand to implement the findings of earlier scrutinies and the reviews of forms and supporting services in R & D establishments. It must also take into account the follow up to this year's scrutinies, the multi-departmental reviews of departmental running costs, resource control in large executive units, and personnel work and the work still continuing on the Financial Management Initiative.

I have sought to formulate a programme for next year which makes allowances for the resources needed for turning these reports into action. I intend to put some of my own resources into helping departments implement this work.

But we still have much to do. Implementation of past reviews is not a substitute for further improvements. We cannot afford to lose momentum if we are to show that we are still committed to greater efficiency in the Civil Service.

Thus, I propose a programme of new work for 1983 which would make further use of the proven techniques of scrutiny and review. It would entail:

- (1) Up to 30 departmental scrutinies The subjects would need to be chosen carefully. I have identified some particular areas which should be addressed (Annex B of the paper). Some scrutinies should apply the technique successfully used in the resource control reviews to other similar Government operations. And I would also like to see the rigour of the scrutiny technique used to look at departmental policy making and to examine some non-departmental public bodies. Individual scrutinies would start at appropriate dates through the year, chosen by the Ministers responsible.
- (2) A multi-departmental review of departments' internal consultancy, inspection and review capabilities The review will examine management services, staff inspection, and other assignment forces used by Ministers and their Permanent Secretaries to monitor the performance of line managers. A sound capability of this type is an important requirement for successfully delegating responsibilities to line managers. The work would start in May. Departmental reports would be presented by the end of the year and the central report up to three months later.

- (3) A multi-department review of support services for administrative work. This would look at why and how information is handled and used within administrative operations. It would be aimed at cutting down the flow of paper and helping departments make the best use of information technology. The aim would be to start work in January/February, with departmental reports completed by July/August and the central report by October/November.
- (4) A multi-departmental review of procurement and contract procedures. Evidence from earlier scrutinies and reviews has shown that not all these procedures are as flexible, quick or economical as they should be. A review would take a hard look at over-ambitious specification of standards and at unnecessary hurdles in the way of local discretion. Work would start around May with Departmental reports due by the end of the year and the central report up to 3 months later.
- (5) A further programme of effectiveness reviews of specific functions such as stocktaking. This type of review has achieved savings worth £21m a year since 1980.

Each of the multi-department reviews would involve linked studies in 5-8 departments. As in previous years, they would be co-ordinated by a small central team located in the MPO. The departmental teams would report to individual departmental Ministers with proposals for action within the department. The central team would report to you and to me on the general and service-wide implications of the departmental findings.

There has been extensive consultation with departments at official level. The proposals have been modified in the light of comments received and I am confident that they should have the support of our colleagues.

Subject to your agreement, and any comments from colleagues, I propose to announce the details of the programme as early as possible in December. This will show Parliament, and the country generally, that we are set to keep on delivering success from our policy of good management.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

Mary Bowne (approved by the Lord Privy Seal and signed in her absence).

BARONESS YOUNG
26 November 1982

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES IN 1983

Most of the work to improve efficiency and effectiveness is done in departments by departments. Departments already have a substantial load of work in hand or in view for 1983, including both the implementation of past and current exercises and new work, not least that arising from the Financial Management Initiative.

2. The following programme is proposed among other things to reinforce the Government's drive for better management, recently confirmed in its White Paper Efficiency and Effectiveness in the Civil Service (Cmd. 8616), by applying the well-tried scrutiny technique* to relevant parts of it.

3. What is envisaged is further work to secure implementation of scrutinies and reviews, up to 30 departmental scrutinies, three multi-department reviews, and a continued programme of effectiveness reviews. The total requirement for new studies in all departments is estimated as no more, and probably rather less, than in 1982.

Implementation work

4. Departments are already engaged in implementing previous years' scrutinies and reviews. The MPO is assisting

* Annex A1, summarises the results as at November 1982; A2 lists the centrally co-ordinated exercises conducted in 1982.

with a central Forms Unit and with follow-up to the 1981, R&D Study. (The CSO provides central assistance on the 1980 Statistics Review). This work will continue into 1983. Additionally, the MPO and Treasury will be involved in assessing departments' financial management plans and in securing practical action to make a reality of the Financial Management Initiative. The MPO will also be heavily concerned with the implementation of the recommendations from the Review of Personnel Work and the Running Costs Review. Resources will also go into the implementation of scrutinies and Resource Control Reviews.

Departmental scrutinies

5. Some departments will already have topics in mind; others may wish to consider the areas suggested in Annex B.

6. The estimated bill for running the government machine (including the Armed Forces) in 1981-82 was about £14 billion compared with total public expenditure of about £105 billion. Greater economies and increases in efficiency have been made in the civil service than in some other parts of the public sector. The Government expects the same cost-consciousness throughout the public services. Departmental Ministers may therefore wish to use the scrutiny technique more widely:

- (1) To review some policies or programme expenditures, either in terms of the methods used in making policies and formulating expenditures or in terms of their feasibility, coherence, results and value for money as shown by the examination of their practical implementation. (This would accord with Sir Derek Rayner's view that scrutinies should render the PAR approach unnecessary and with the fact that some of the most successful scrutinies have tackled policy questions lying behind administrative arrangements.)

- (2) To review the efficiency and value for money of selected Non-Departmental Public Bodies. (Scrutinies would fit well with "Pliatzky" reviews, so bodies due for such reviews in 1983 would be especially strong candidates.)

Multi-department reviews

7. The reviews of Government Statistical Services, Administrative Forms and Support Services for R&D have shown the value of a centrally co-ordinated series of departmental reviews of a single function or topic. We expect similar results from the reviews of departmental running costs and of personnel work this year. We propose that there should be three multi-department reviews in 1983, each in about six departments.

8. The subjects proposed below arise from the findings of studies in particular departments which have suggested that a wider examination would produce good results. Others are intended to promote longer term aims and to provide for the follow-up to other programmes of work, notably the Financial Management Initiative. Where possible the work would build on earlier departmental studies:

(1) Internal Consultancy, Inspection and Review Capabilities (more details in Annex C)

The review stands on its own feet but has been designed with an eye to the follow-up to the FMI. It would cover the quality of the arrangements available to Ministers and top management to encourage and keep a check on the efficiency and effectiveness of line management. The confidence of departments in these arrangements is an important pre-condition for greater delegation of authority.

(2) Support Services for Administrative work (more details in Annex D)

The review would cover the handling of information for selected policies and operations within departments. It would concentrate on existing paper-based arrangements (eg the generation of paper, typing, storage, retrieval) to identify their costs and the scope for streamlining procedures and organisation, improving effectiveness and increasing job satisfaction and commitment. It would also provide an informed basis on which to step up the effective use of information technology.

(3) Procurement and contract procedures,
(more details in Annex E)

The review would cover the procedures for procurement and contracts from the drawing up of the specification to the acceptance, and final payment on the delivered product or service. It would cover both contracts with the private sector and repayment between departments.

Effectiveness reviews

9. The intensive fieldwork on the use of common services carried out jointly by MPO and departmental staff has produced, first, substantial savings and, secondly, four "management guidelines" setting appropriate standards of performance in respect of messenger, transport and typing services and telecommunications. These standards can be used by service managers both directly and in support of the annual scrutiny of departmental running costs. They also enable more senior staff to question and evaluate the performance of their commands.

10. We propose to continue the programme, directly and through the other exercises outlined above as opportunities occur. The work planned for 1983 includes reprographics, micrographics, authorising levels (relevant to the review of contract procedures), stock-taking, productivity schemes and the use made of accommodation.

11. We also propose a small programme of selective review. In order to check on the practical application of the management guidelines already issued and to realise the full value of the methods, we need to find out how they have been put into effect. However, review will be two-way. We wish to know whether departments' managers have been and are applying the guidelines; departments will no doubt wish to feed back their experience and suggest improvements.

Conclusions

12. We propose a programme of efficiency work for 1983 which allows for the implementation of results outstanding from previous years' work and links to the Financial Management Initiative as appropriate. The new work consists of:

- (1) A programme of up to 30 scrutinies significant in terms of the activities and resources of the department, possible including scrutinies of policy questions and of non-departmental public bodies;
- (2) 3 multi-department reviews; and
- (3) a continuing programme of effectiveness reviews.

Management and Personnel Office
19 November 1982

SINGLE AND MULTIDEPARTMENTAL REVIEWS 1979-82

1. 1979-81

	Number of Reviews	Cost	Value of Potential Savings
Rayner projects 1979	29	£0.3m	£67m pa + £28m once-for-all
Scrutiny programme 1980	39	£0.7m	£128m pa
Review of Government Statistical Services 1980	19	£0.3m	£17m pa
Scrutiny programme 1981	40	£1.2m	£64m pa + £2.5m once-for-all
Review of Administrative Forms 1981	9	£0.25m	Quantified saving of £0.3m pa already agreed; further savings in processing forms of many times this will also be achieved
Review of R & D Support Services 1981	7	£0.35m	£15m pa + £7m once-for-all

SUMMARY OF CENTRALLY CO-ORDINATED EXERCISES, 1982

<u>Review</u>	<u>Date of Reports</u>	<u>Departments directly involved</u>
Departmental Scrutinies	By end-1982	Most
Resource Control Reviews	First phase completed by end-1982	MOD, PSA, Trade, HO, SO, Royal Mint
Running Cost Reviews	Departmental reports in by end-1982; central report now well advanced.	FCO, MPO, Trade, DEm, DES, DEn
Review of Personnel Work	Departmental reports by end-1982. Central report Easter 1983	HO, LCD, MAFF, DEm, DHSS, C&E, IR, PSA, SO
Financial Management Initiative	Departments submit programmes of work by end-January 1983	All

POSSIBLE AREAS FOR SCRUTINIES

Departments may wish to consider one or more of the following areas for a scrutiny in 1983. The aim is to pick operations or areas which use substantial resources and which are generally significant in terms of the character and activities of the department. It is also desirable to select subjects, work on which will promote the Government's longer-term aims for management. The evidence of past scrutinies and other studies suggests that areas which might be strong candidates include:

- (1) The question whether the policy processes used by a department are such as to provide Ministers with the right material at the right time on which to take decisions and with adequate information and methods on which to assess the cost-effectiveness of the action taken.
- (2) Large executive operations which are relatively self-contained. This year's "resource control" reviews and the multi-departmental review of R&D support services have demonstrated the value of the technique. (More than one examining officer may be necessary for such scrutinies.)
- (3) Areas of work involving specialist groups (eg assignment staff, lawyers, accountants).

- (4) The arrangements by which advice, information and help are provided to the public and outside bodies (eg the preparation and publication of advice: leaflets, articles, films, advice and information provided by visits).
- (5) Administrative tribunals (eg appeals boards).

INTERNAL CONSULTANCY, INSPECTION AND REVIEW CAPABILITIES

The first element of the proposed programme for next year refers to the central coordination of follow-up work on the Financial Management Initiative, and on the 1982 reviews of running costs control and personnel work. These exercises are already pointing towards changes in the relationship between the central staffs of PEOs and PFOs in Departments, and line managers.

2 A 1983 review of internal consultancy, inspection and review (CIR) capabilities will consider the implications of greater delegation to line managers for such capabilities as they exist now in Departments. These capabilities include management services, staff inspection, organisation and methods, and some aspects of central ADP and specialist advisory functions, such as operational research. It has been estimated that such activities together employ over 3000 officials at present. In addition there are the ad hoc capabilities provided by the Rayner scrutiny approach, and by policy reviews of various kinds.

3 The review will focus on the articulation of these various capabilities, one to another, in relation to meeting each Department's needs for:

- (1) Consultancy services available to help line managers
- (2) Monitoring, inspection and audit capabilities as "arm's length" controls over delegated management for Heads of Departments and PEOs/PFOs
- (3) Reviewing and monitoring the execution of policy and the management of programmes
- (4) Promoting particular managerial practices and developments - as for example in information technology.

4 For each of these needs the review will consider:

- (1) The way in which Departments plan and deploy their various review capabilities together and separately, having regard especially to duplication or gaps in the selection and coverage of subjects for review.

- (2) The way in which action is triggered in relation to particular line management commands and to particular programmes.
- (3) The accountability, mandate and degree of independence appropriate to meeting each need; the process by which decisions are taken on the nature of conclusions and recommendations; to whom results are reported
- (4) The allocation of responsibilities for accepting or rejecting conclusions and recommendations, for securing their implementation, and for communicating general lessons.

5 The review will consider the effectiveness and resourcing of the various capabilities as follows:

- (1) On effectiveness, the review will cover, for example, the quality and levels of assignment undertaken; the scope, perspective and methods of investigation, and the criteria applied in evaluating areas under study; and the success in achieving implementation
- (2) On resourcing, the review will cover, for example, the organisation and internal management of the capability; its staffing, including the means by which staff are selected, trained, career managed and motivated; and in relation particularly to consultancy capabilities, the validity and practicality of repayment.

(Action has recently been taken across the Service to raise the standards of staff inspection in accordance with common criteria and the review will not re-examine that development.)

6 The review will not include the function of internal audit, which is the subject of a separate programme of improvement. It will however consider under paragraph 4(1) above the relationship between internal audit and the capabilities under review.

7 The review will then draw conclusions about:

- (1) The relationships between each capability and line managers; programme managers; the processes of resource allocation (budgeting, complementing etc); senior managers, the Head of Department, and Ministers; and other separate but related CIR capabilities.

- (2) The posture which each capability should look to be in, to accommodate and promote the developments arising from the Financial Management Initiative
- (3) The scope accordingly for merging and/or redefining some or all of what are at present separate capabilities
- (4) The policies to be followed to ensure that retained capabilities are effective and properly resourced, having regard to the Financial Management Initiative, to the policies already being pursued in the case of staff inspection and internal audit, and to the findings of the 1982 multi-department review of personnel work
- (5) The relationships between local and central capabilities within Departments; and between such capabilities in Departments and in the central Departments.

8. The review could cover the following Departments:

DHSS	one of the Chancellor's
PSA	departments (perhaps DNS)
LCD	DIT
MOD	SO
	DEm or MSC

SUPPORTING SERVICES FOR ADMINISTRATIVE WORK

The review of Administrative Forms opened up for examination how the information needed to administer Government policies is collected and disseminated. A review of support services for administrative work would look at the internal handling of information which supports decision-making, either about selected individual policies or about a policy's operational implementation. In practical terms it would cover:

- (1) Need - the generation of paperwork and what is done with it.
- (2) Circulation/communications (including need to copy, but not reprographics), information flows.
- (3) Storage - filing, registries, location in relation to operational need, purpose, duplication; perhaps also archiving and public records.
- (4) Retrieval - indexing, ease of finding.
- (5) Processing - how, for what purpose, the means of changing or adding to the information held.
- (6) Typing/secretarial/junior clerical administrative support.

(7) Control - the allocation of responsibilities, costing and cost accountability, user disciplines, formal control systems.

2. The review would examine the brass tacks of support for administrative work and existing paper-based arrangements. It would identify their cost and the scope for streamlining procedures and organisation, for improving efficiency, and for increasing job satisfaction and commitment among all the staff concerned. It would pay close attention to the views about the work of the non-managerial staff employed there. It would cover for certain operations the manual (paper) procedures supporting automated data processing, looking in particular at duplicated manual/automated data storage. It would be concerned with the handling of information arising from the operation of policies, as opposed to their management; illustrative examples might be the information needs and associated records for the approval of driving instructors, or for grant payments to hill farmers, or for public expenditure survey discussions and decisions by Ministers.

3. The approach would be to trace in such selected areas the flow of information which services decision making, to assess the costs incurred, and to draw conclusions about how well the information itself is managed and how such management could be improved. This should also enable broader lessons to be drawn about the potential application or extension of information technology, and possibly about the wider implications of such technology for management and organisation. It might

also provide useful information about the organisation needed to promote and effect such applications promptly (with special reference to the role of line managers).

4. The review would enable more general lessons to be learned from work that some departments are likely to be undertaking or have undertaken anyway. The recommendations made would be chiefly for departments to apply. But some might also affect central responsibilities, for example concerning the conditions of service for typists and secretaries and clerical staff, training, the introduction of information technology, or auditing requirements.

5. The review would include studies of the support arrangements for at least part of:

- HM Customs & Excise
- Department of Employment
- Department of Environment
- Home Office
- Inland Revenue
- Management and Personnel Office

6. An existing study of information flows in MAFF and Department of Transport (Railways) ^{would} be associated with the review.

7. HM Treasury (CCTA) would be associated with the MPO in the review and central assignment staff would be available to support departments' own teams.

MULTI-DEPARTMENT REVIEW: PROCUREMENT AND CONTRACT PROCEDURES

1. Evidence from the Review of Research and Development Support Services, from a study of MOD Operational Requirements, from the Scrutiny of Publicity Services and from other studies suggests that procurement and contract procedures are not always as flexible, quick, cheap and effective in securing value for money as they should be. While the costs of the goods are often way above the cost of the procedures it is not clear that all aspects of the procedures add value; indeed, a difficult procurement procedure can be wasteful in its own right.

2. The increasing use of the private sector to supply goods and (particularly) services makes it especially important to be sure that the best deals are being made with an economy of effort. The increasing use of repayment between departments also requires that internal "contracts" should be processed cost-effectively.

3. The review would cover the procedures for procurement and contracts from the drawing up of the specification to the acceptance of, and final payment on, the delivered product or service. Where relevant, the review would include the practical procedures required by the investment appraisal method in use. Thus, three distinct but related stages would be examined, namely:

- (1) from the drawing up of the specification to the letting of the contract;

- (2) technical monitoring, including quality control;
- (3) financial monitoring, including staged payments.

The review would not include a detailed examination of the basic legal framework governing procurement and contract procedures, but it might result in some general observations and comment about it.

4. The following departments could take part in this review:

MOD (excluding warlike stores)
HMSO
Department of Transport
DHSS (Supply Division)
PSA Supplies
Home Office

5. In addition the CCTA is already committed to reviewing its functions next year. A study of CCTA procurement and contract procedures would contribute both to the multi-department review and to their own study.

OK

CIVIL SERVICE

2



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

26 November 1982

Tim Flesher Esq
Private Secretary
10 Downing Street
London SW1

Prime Minister:

Dear Tim

MB

To note

DF

38/11

ETHNIC MONITORING IN THE CIVIL SERVICE: A SURVEY IN LEEDS

Following the discussion of the Leeds ethnic survey at H Committee on 1 November and the subsequent correspondence, the Prime Minister might like to have the enclosed advance copy (Volume One) of the Report which will be published on Monday (29 November). A copy of the amended draft of the press release is also enclosed, which takes account of the Prime Minister's comments. The Report on the job applicants part of the survey will be published as Volume Two early in 1983.

wide cover.

Yours ever

Douglas

D R H BOARD
Assistant Private Secretary



Management & Personnel Office

Whitehall SW1

PRESS RELEASE

29 November 1982

REPORT ON ETHNIC SURVEY OF LEEDS CIVIL SERVANTS PUBLISHED

Volume one of a report entitled "Ethnic Monitoring in the Civil Service: A Survey in Leeds" is published today.⁽¹⁾

The report gives details of a survey of the ethnic origins of civil servants in Leeds undertaken by the Management and Personnel Office with the help of other Government Departments and representatives from the Civil Service trade unions. The Commission for Racial Equality was also consulted throughout the conduct of the survey. The decision to undertake the survey was announced by the Home Secretary, the Rt Hon William Whitelaw, in the House of Commons in December 1981.⁽²⁾ Its purpose was to establish a sound statistical method for ethnic monitoring in the Civil Service.

Baroness Young, the Lord Privy Seal and Minister in day-to-day charge of the Management and Personnel Office, told Lord O'Hagan in a written answer today in the House of Lords:

"I am pleased to tell my Noble Friend that Volume 1 of a report entitled 'Ethnic Monitoring in the Civil Service: A Survey in Leeds' is published today. Copies have been placed in the Library. This Volume covers the survey of the ethnic origins of some 3,900 civil servants in Leeds.

(1) HMSO ISBN 0 11 630463 4 £2.00 net

(2) Hansard Vol 14 No 1225 10 December 1981 Col 1006

Of those issued with the questionnaire 92.2% completed the ethnic origin question. Of these, 2.1% were from the ethnic minorities.

The results of the job applicant part of the survey, which was undertaken during the period from 1 May to 30 September will be published as Volume 2 early in 1983. The Government will consider further the implications of the survey once the results of the second part of the survey are known."

Press Office
Management and Personnel Office
Old Admiralty Building
Whitehall
London SW1A 2AZ

(Tel: 01-273 4002 and 273 3283)

NOTES FOR EDITORS

1. It is the policy of the Civil Service that all persons satisfying the nationality rules for appointment shall have equal opportunity for employment and advancement in the Civil Service on the basis of their ability and qualifications and fitness for the work. The Government is and will remain committed to a policy of equal opportunity in the Civil Service.
2. The area chosen for the pilot survey was the Leeds Metropolitan City Council, for the reasons given in paragraph 8 of the Report.
3. The grades covered were, broadly, clerical, secretarial, messengerial and some middle technical and management grades. These grades are those represented by the Civil and Public Services Association, the Inland Revenue Staff Federation, and the Civil Service Union.
4. The survey was carried out by means of a questionnaire in which members of staff were asked, voluntarily, to identify their ethnic origin. The survey took place on 19 May.
5. For a voluntary survey the response was excellent, with 92.2% (including those sent a reminder) completing the ethnic question. Of those, 2.1% were from the ethnic minorities. Leeds now contains 4.1% of persons of working age in households where the head was born in the New Commonwealth or Pakistan. Staff currently in post will have joined the Service at any time during the last 40 years, and thus represent a cross-section of those joining over that period. It is however only since about 1960 that there has been a significant ethnic minority population in the Leeds area, and this has grown steadily over the period. Of the civil servants covered who joined the Service since 1975 2.8% were from the ethnic minorities; for those who joined prior to 1975 the figure was 1.2%; of those who joined prior to 1965 none were from the ethnic minorities.

6. The job applicant part of the survey, which was conducted from 1 May to 30 September, and will be published as Volume 2 of the Report in early 1983, will give an indication of the number and proportion of people from the ethnic minorities who are currently applying to join the Civil Service in Leeds, and of how they fare.



4/2/82

Civil Service

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

The Rt Hon The Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall
LONDON SW1

25 November 1982

D. J. [Signature]

[Handwritten initials] 2/12

PUBLICATION OF REPORT ON CIVIL SERVICE PILOT
ETHNIC SURVEY

Thank you for your letter of 22 November.

I am content with your proposals, and have
no comments of substance. A couple of points
of detail on the Notes for Editors has been
cleared by our officials.

I am copying this letter to recipients of
yours.

[Handwritten signature]

Civil Service, Long Term, Pt 11

3
9
2
12
11
10

25 NOV 1982
254



JV

Civil Service

JD
MSM

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall SW1

25 November 1982

2 Jan,

PUBLICATION OF REPORT ON CIVIL SERVICE PILOT ETHNIC SURVEY

Thank you for copying to me your letter of 22 November to Willie Whitelaw.

I am content with the material enclosed with your letter except for paragraph 3 of the Notes for Editors. In this paragraph I should prefer not to have a specific mention of Inland Revenue middle management grades and I hope you would agree to amend it as follows:

Delete line 2 and first 3 words of line 3, and

Insert "messengerial and some middle technical and management grades".

A copy of this letter goes to the Prime Minister and other members of H Committee and Sir Robert Armstrong.

Law
Leon

LEON BRITTAN

25 NOV 1982

12 1 2
11 10 9
8 7 6



be FM HU

10 DOWNING STREET

From the Private Secretary

23 November 1982

The Prime Minister has now seen the Lord Privy Seal's letter to the Home Secretary of 22 November about the arrangements for the publication of the Pilot Survey of Ethnic Minorities in the Civil Service. The Prime Minister is content with the publicity material but would wish to include a sentence at the end of paragraph 5 of "Notes for Editors" to the effect that the proportion of ethnic minorities amongst those who had joined the Civil Service in recent years was higher than the overall average.

I am copying this letter to the Private Secretaries to the members of H Committee and to Richard Hatfield (Cabinet Office).

Tim Flesher

Mrs. Mary Brown,
Lord Privy Seal's Office.

DRAFT ARRANGED PQ (LORDS AND COMMONS)

To ask Her Majesty's Government [the Minister for the Civil Service] when the report on the pilot ethnic survey of some non-industrial civil servants in Leeds will be published.

ANSWER

debate in Commons.

(I am pleased to tell my Noble [Hon] Friend that Volume 1 of a report entitled "Ethnic Monitoring in the Civil Service: A Survey in Leeds" is published today. Copies of the report have been placed in the Library. This Volume covers the survey of the ethnic origins of some 3,900 civil servants in Leeds. Of those issued with the questionnaire 92.2% completed the ethnic origin question. Of those, 2.1% were from the ethnic minorities.

The results of the job applicant part of the survey, which was undertaken during the period from 1 May to 30 September, will be published as Volume 2 of the report early in 1983. The Government will consider further how to proceed once the results of the second part of the survey are known.

DRAFT PRESS RELEASE

REPORT ON ETHNIC SURVEY OF LEEDS CIVIL SERVANTS PUBLISHED

Volume one of a report entitled "Ethnic Monitoring in the Civil Service: A Survey in Leeds" is published today.¹

The report gives details of a survey of the ethnic origins of civil servants in Leeds undertaken by the Management and Personnel Office with the help of other Government Departments and representatives from the Civil Service trade unions. The Commission for Racial Equality was also consulted throughout the conduct of the survey. The decision to undertake the survey was announced by the Home Secretary, the Rt Hon William Whitelaw, in the House of Commons in December 1981.² Its purpose was to establish a sound statistical method for ethnic monitoring in the Civil Service.

Baroness Young, the Lord Privy Seal and Minister in day-to-day charge of the Management and Personnel Office, told Lord [] in a written answer today in the House of Lords:

"I am pleased to tell my Noble Friend that Volume 1 of a report entitled 'Ethnic Monitoring in the Civil Service: A Survey in Leeds' is published today. Copies of the report have been placed in the Library. This Volume covers the survey of the ethnic origins of some 3,900 civil servants in Leeds. Of those issued with the questionnaire 92.2% completed the ethnic origin question. Of these, 2.1% were from the ethnic minorities.

1. HMSO ISBN 0 11 630463 4 £2.00 net

2. Hansard Vol 14 No 1225 10 December 1981 Col 1006

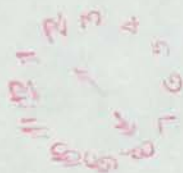
"The results of the job applicant part of the survey, which was undertaken during the period from 1 May to 30 September will be published as Volume 2 of the report early in 1983. The Government will consider further how to proceed once the results of the second part of the survey are known."

NOTES FOR EDITORS

1. It is the policy of the Civil Service that all persons satisfying the nationality rules for appointment shall have equal opportunity for employment and advancement in the Civil Service on the basis of their ability and qualifications and fitness for the work. The Government is and will remain committed to a policy of equal opportunity in the Civil Service.
2. The area chosen for the pilot survey was the Leeds Metropolitan City Council, for the reasons given in paragraph 8 of the Report.
3. The grades covered were, broadly, clerical, secretarial, messengerial, middle technical grades, and middle management in the Inland Revenue (participation was restricted to the grades covered by the Civil and Public Services Association, the Inland Revenue Staff Federation, and the Civil Service Union).
4. The survey was carried out by means of a questionnaire in which members of staff were asked, voluntarily, to identify their ethnic origin. The survey took place on 19 May.
5. For a voluntary survey the response was excellent, with 92.2% (including those sent a reminder) completing the ethnic question. Of those, 2.1% were from the ethnic minorities. Staff currently in post will have joined the Service at any time during the last 40 years, and thus represent a cross-section of those joining over a period during which immigration patterns have fluctuated widely. The general population of Leeds now contains 4.1% of persons of working age in households where the head was born in the New Commonwealth or Pakistan. Over 75% of the members of the ethnic minorities identified in the survey joined the Service since 1975; none joined prior to 1965.
6. The job applicant part of the survey, which was conducted from 1 May to 30 September, and will be published as Volume 2 of

the Report in early 1983, will give an indication of the number and proportion of people from the ethnic minorities who are currently applying to join the Civil Service in Leeds, and of how they fare. The Government will take full account of this part of the survey in considering its next steps.

22 NOV 1982



SE BI

PRIME MINISTER

You will recall that you asked that Lady Young should consult you before the report on the Pilot Survey of Ethnic Minorities in the Civil Service was published. Attached is a draft of the announcement and the accompanying press notice. I have consulted Ferdinand Mount who thinks that the material is acceptable but would like to include a sentence to the effect that the proportion of those ethnic minorities joining the Civil Service in recent years has been rather higher than the overall average, mirroring the age structure of the immigrant population.

Do you agree?

Yes mt [Signature]

22 November, 1982

RESTRICTED

ce JV



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

22 November 1982

The Rt Hon William Whitelaw, CH, MC, MP
Secretary of State for the Home Department
50 Queen Anne's Gate
LONDON SW1H 9AT

Dear Willie,

PUBLICATION OF REPORT ON CIVIL SERVICE PILOT ETHNIC SURVEY

You will recall that at its meeting on 1 November, H Committee approved the publication at the end of November of Volume 1 of the report on the pilot ethnic survey of certain non-industrial Civil Service grades in Leeds.

At that meeting it was agreed that I would circulate to the Committee the draft of the announcement which would accompany the report's publication. I enclose a draft of the Parliamentary Question which I propose to arrange to have answered in both Houses on Monday 29 November, together with a draft Press Notice.

I should be grateful if you and other members of H Committee (to whom this letter is copied) could let me have any comments on the drafts by noon on Thursday 25 November. I am also copying this letter to the Prime Minister and to Sir Robert Armstrong.

Yours ever

Janet

BARONESS YOUNG

RESTRICTED

1982
Civil Service 2

Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

CIVIL SERVICE NUMBERS

You will want to know the latest position on Civil Service numbers. Departmental staff-in-post figures at 1 October 1982 show a total of 655,000. The reduction of 4,300 which we have achieved in the last quarter is made up of 2,100 non-industrials and 2,200 industrials. Savings were made mainly in the Ministry of Defence (1,800), the Department of Employment (600), the Department of the Environment (600), and in my own departments (900). However, we have to set against this increases of just over 500, some 300 of which were in the Inland Revenue, reflecting an upturn in recruitment for work on the taxation of unemployment benefit.

2. The figures show that there has been a reduction of 77,300 (or 10.6 per cent) in the number of civil servants since we came to office.
3. The October figures will be announced by means of a Written Answer within the next day or so.

(G.H.)

12 November 1982

Treasury Chamber - Indian Revenue Dept. 3/11/62

NOV 2 1962

11 12 1
9 4 2
8 7 3
7 6 4

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

8 November 1982

The Prime Minister has seen the minutes of a discussion in H committee about the Lord Privy Seal's memorandum on monitoring equal opportunities in the Civil Service. She has noted that the committee invited the Lord Privy Seal to circulate the draft of the announcement that would accompany publication of the Leeds survey of the ethnic origins of civil servants. The Prime Minister very much hopes that the survey will be presented in such a way as to place its findings in their historical context. In particular, the Prime Minister would like the announcement to stress that fifteen years ago there were virtually no ethnic minorities in the Civil Service and that the survey shows that members of the minorities are gradually making their way into the Service at a reasonable rate. The announcement should also stress that the Government is and will remain a fair employer and that there is no evidence of discrimination against members of the ethnic minorities in the Civil Service. The Government's policy is and will remain to recruit the best qualified and most suitable candidates to the public service regardless of colour or creed.

I should be grateful if you could arrange for the Lord Privy Seal's draft announcement to be sent to the Prime Minister at the same time as it is circulated to members of H committee.

I am sending a copy of this letter to Colin Walters (Home Office).

TIM FLESHER

Mrs Mary Brown
Lord Privy Seal's Office

PRIME MINISTER

Equal Opportunity

H Committee considered at its meeting on 1 November the Lord Privy Seal's paper on equal opportunity in the Civil Service following the survey of ethnic minorities in the Civil Service in Leeds. They turned down the proposal for an announcement of a Civil Service-wide survey in favour of waiting for the second part of the Leeds survey which will cover applications for Civil Service jobs in Leeds.

H(82)
18th Nov,
item 3

— The H minutes are attached at Flag A; also attached at Flag B is a note by Mr. Mount on the implications of monitoring ethnic origins and in particular on the presentation of the publication of the survey.

H Committee invited the Lord Privy Seal to circulate to the Committee in correspondence the draft of the announcement which would accompany the publication of the Leeds survey. Do you agree with Mr. Mount that the opportunity should be taken at the time of publication to stress the positive factors to which he refers in his note?

Yes - very much so.

MB

JH

4 November 1982

PRIME MINISTER

MONITORING ETHNIC ORIGINS

The discussion in H on Monday night was extremely uneasy. Some Ministers were worried about the effect of publishing the Leeds survey on top of our other immigration difficulties. Janet Young and Michael Heseltine believed that the Government was effectively committed not only to publishing the Leeds survey, but also to go on to carry out a nationwide ethnic survey of the Civil Service, now that several large companies are carrying out their own survey. The compromise reached by the Committee, even if accepted by the Government, can be only a holding operation.

We seem to be well advanced down the slippery slope towards positive discrimination. The race relations industry may welcome this. But our supporters will not.

It would be an illusion to suppose that just publishing the Leeds survey and then waffling and delaying constitute a sustainable alternative.

It is the publication of the Leeds survey in its present form which is the crucial step in the wrong direction. For this is likely to enshrine, once for all, in popular mythology, the belief that "there are only half as many immigrants in the Civil Service as there ought to be, because of racial discrimination" - 2.1% in the Leeds area compared with 4.1% of all those of working age.

The figures, thus crudely presented - and they will be crudely presented - are hopelessly misleading. They take no account of the following facts revealed in the survey:

There are no immigrants now in the Leeds Civil Service who joined before 1964 and only a handful who joined before 1974.

If you take those who joined over the last 10 years, however, the proportion of immigrants in the Leeds Civil Service is about 3%.

There are only 6 immigrants over the age of 45 in the Civil Service in the Leeds area.

Thus the sample - already dangerously small - is completely distorted by the fact that so much of the immigrant population is recently arrived.

Even if recruitment were precisely proportionate to racial origin, it would still be 20 years or so before you would expect the racial composition of the Civil Service to mirror the composition of the working population.

What the present figures suggest is that in reality there is a gap of only about 1% between the percentage of immigrants joining the Civil Service in recent years, and the percentage in the working population.

There are more than enough benign explanations for that gap: statistical error; the fact that most immigrants came here in the first place with jobs outside the Civil Service in mind, in some cases being attracted here by specific job offers (Enoch's nurses); shortage of relevant qualifications; lack of information about a Civil Service career; lack of interest in that sort of work.

Many of these problems may be expected to fade naturally with time. More young immigrants will have done secretarial courses and will possess the right O-Levels. A tradition of going into the Civil Service will grow.

There may conceivably be discrimination at present in the Civil Service and other public bodies, but we have no worthwhile evidence for it. And it would be tragic if we published a string of partial and half-baked surveys which gave credence to the belief in widespread or systematic discrimination.

Conclusion

The survey must be properly presented to give it an historical perspective and so prevent newspapers from snatching at the incorrect 2%-4% correlation.

What we want to say is something like:

"Fifteen years ago there were virtually no immigrants in the Civil Service. The new figures show that the immigrant

population is gradually making its way into the Civil Service, at a rate roughly in accordance with reasonable expectations.

"We have at present no evidence of discrimination in the Civil Service against immigrants. There is therefore no justification for discrimination in their favour, which would be unjust and unnecessary.

"The Government is and will remain a fair employer. Our policy is to recruit the most suitable and best-qualified candidates to the public service, regardless of colour or creed."

If we are to undertake future surveys on a wider basis - and this will be difficult to stop if we are not to be accused of suppressing the true facts - we must make sure that these too explain the historical perspective, and take a strongly positive line, instead of passively permitting misinterpretation.

Recommendation

We should not attempt to interfere with the decision of H Committee to publish the Leeds survey at the end of November. But we should express the hope that the Lord Privy Seal's announcement accompanying the report should be positive and comprehensive.

FM

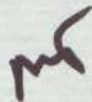
FERDINAND MOUNT

PRIME MINISTER

Civil Service

Equal Opportunity in the Civil Service

You will recall the proposal to carry out a pilot survey of the ethnic origins of civil servants in Leeds. The results are now available and are set out in the attached H paper by Lady Young. The survey produced a response rate of over 92%, much better than expected. Of the respondents, 2.1% identified themselves as coming from the ethnic minorities as compared with 4.1% in the Leeds area generally. Lady Young thinks that we should now make an announcement of the Government's intention to proceed with a service-wide survey as a basis for monitoring equal opportunities for ethnic minorities.

In favour of this are:- 

- i) The recommendation of the Select Committee for Home Affairs and the terms of the announcement by the Home Secretary of the experiment.
- ii) The support of the non-industrial unions and the CRE.
- iii) The increasing acceptance of ethnic monitoring as a means of assessing equal opportunities.

A more cautious approach is indicated by:-

- i) the opposition of the industrial trade unions;
- ii) the likelihood of a lower response rate than at Leeds where considerable efforts were made and an undertaking given that records will be destroyed; and
- iii) the cost of £350,000 in the first year.

I understand that the Home Secretary will be reporting the outcome of the H discussion with you.

27 October 1982





PS/MINISTER OF STATE, TREASURY (C)

cc PS/Prime Minister (Mr Flesher) ✓

PS/Permanent Secretary
PS/2nd Permanent Secretary
Mr Priestley
Mr Stubbs

COMMENTS ABOUT THE CIVIL SERVICE

You asked for examples of public compliments paid to civil servants by the Prime Minister and Lord Privy Seal, which the Minister of State (C) could forward in response to a request (on behalf of a constituent) from Mr Toby Jessel MP. These are attached: I am grateful to Mr Flesher for numerous examples of references by the Prime Minister in the House of Commons to the Civil Service or civil servants. I am also enclosing (and for this I am indebted to Mr Caldon in the Rayner Unit) some words of Sir Derek Rayner's, which might be useful. (You already know that separately Conservative Central Office are preparing a note of references to the Civil Service from the platform at the recent Conservative Party Conference, and in that context you are already familiar with the tribute which the Chancellor of the Exchequer paid there.)

I hope the attached material is helpful. I think the Lord Privy Seal would be interested to see the Minister of State's letter when it has been sent.

Douglas Board
D R H BOARD
Assistant Private Secretary

22 October 1982

THE PRIME MINISTER

On 3 February 1981 the Prime Minister told Mr Bob Dunn MP (col 144)

"As my hon Friend knows, we are putting more effort into increased efficiency in the Civil Service. The Civil Service itself is working with a will towards that end. We have reduced the numbers in the Civil Service by 35,000 since we came to power. I cannot emphasise too strongly that many young and older people in the Civil Service are determined to secure the most efficient administration of any country and they are co-operating fully in that effort."

On 9 June 1981 in response to an invitation to praise the majority of civil servants who were carrying on with their duties during industrial action the Prime Minister said (col 263)

"I gladly take advantage of my hon Friend's offer and praise the vast majority of civil servants who have carried on with their duties in the best traditions of the Service."

On 16 February 1982 when asked about co-ordination between the Department of Employment and Department of Health and Social Security with regard to the prompt payment of unemployment and supplementary benefits the Prime Minister said (col 142)

"I do not believe that there is a failure in co-ordination. The staff in those offices work extremely hard."

THE LORD PRIVY SEAL (THE RT HON BARONESS YOUNG)

On 13 January 1982 Lady Young said in an address to Under Secretaries at the Civil Service College, Sunningdale Park

"[Good management] therefore requires the full commitment of managers at all levels in the Civil Service, for they are people who take most of the decisions and who are directly responsible for controlling resources. ... People are a precious resource and we must take care to motivate staff to carry out effectively their tasks."

On 15 March 1982 Lady Young told a dinner for Mersey industrialists

"Contrary perhaps to the impressions given by some of the Press, a great deal of hard and useful work has been done - and done by civil servants. Savings are being achieved, and not just by cutting services. More often than not, those savings are to be found in modest-sounding areas, behind the scenes and away from the glamour of dramatic political initiatives."

In a Written Answer in the House of Lords on 29 June 1982 announcing the results of a review carried out by civil servants which identified savings including 1,500 posts, Lady Young said

"I am grateful to the staff who, under the guidance of Sir Derek Rayner and the Management and Personnel Office, have produced these excellent results."

On 22 October 1982 Lady Young said in an RIPA Diamond Jubilee Lecture in Belfast

"So we are not focusing our attention on the Civil Service alone in our search for greater efficiency. Nor do we want to "knock" public servants in any unconstructive way. There are many tasks which Government must do and I, for one, fully appreciate the dedication and hard work which goes in to carrying them out."

SIR DEREK RAYNER

In evidence to the Treasury and Civil Service Select Committee of the House of Commons on 15 July 1981, Sir Derek Rayner said

"As you rightly say, they [civil servants] are of a very high calibre indeed and those who have worked for me have been of an exceptionally high standard."

Sir Derek Rayner was quoted by Peter Hennessey in "The Times" in August 1981 as saying

"I have been astounded at the range of talent in Whitehall which, with the odd exception, is available today. The greatest example of waste I found in Government is so much talent at the service of the nation that, for one reason or another, is not being harnessed."



Treasury Chambers, Parliament Street, SW1P 3AG

Mrs M E Brown
 Private Secretary to
 The Rt Hon The Lady Young
 Lord Privy Seal
 Management and Personnel Office
 Whitehall
 London SW1A 2AZ

JD
 20/10

20 October 1982

Dear Mrs

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

My letter of 24th August dealt with changes proposed to the rules governing annual leave, overtime, long hours gratuity, travel and subsistence. These proposals have been generally welcomed by departments and those points which were raised in subsequent correspondence have now been dealt with by officials or in separate Ministerial correspondence.

Treasury officials will, therefore, be opening substantive negotiations with the CCSU on these proposals: they will keep departments in touch with progress.

I am copying this letter to the Private Secretaries of Ministers in charge of departments, to Michael Scholar (No 10) and to Sir Robert Armstrong.

Yours sincerely

John Gieve

JOHN GIEVE

Private Secretary

Civil Service : Long Term Policy (?)
Pt II

10 OCT 1982
0 11 12 1
9 2
8 3
7 4 5 6

DRAFT PRESS NOTICE

MANAGEMENT AND PERSONNEL OFFICE AGREES CONTRACT WITH
READING UNIVERSITY ON GOVERNMENT FORMS

The Prime Minister today announced that a contract had been let by the Management and Personnel Office to Reading University to advise on making Government forms easier to read and fill in.

The Prime Minister made the announcement during a visit to an exhibition on Government forms which is on show to Ministers in the Cabinet Office. The Lord Privy Seal and Minister in day-to-day charge of the Management and Personnel Office, Lady Young, accompanied the Prime Minister and explained the drive which the MPO has been leading to implement last February's White Paper on forms (Cmd 8504). The exhibition includes a new postal claim form for unemployed people who wish to claim supplementary benefit. The introduction of this form and the associated new procedures will save 1,000 staff in the Department of Health and Social Security.

Commenting, Mrs Thatcher said: "Bad forms mean frustration and wasted time for the public and industry, and more civil servants to sort out the mistakes. This contract with Reading University shows that we are determined to continue getting better administration through applying really professional standards and skills to government".

The contract establishes a Forms Information Centre in the Department of Typography and Graphic Communication at Reading University. This Centre will provide guidance to Government Departments on the design of forms and how to obtain information Departments need. The Centre will undertake a study into aspects of forms design and production which will enable common features of good design to be applied.

Press Office
Management and Personnel Office
Old Admiralty Building
Whitehall
LONDON SW1A 2AZ
Tel: 01-273 4002 and 273 3283

*£ 57,000 to
admin on forms?*

Note to Editors

1. This contract is let in recognition of the importance which the Government attaches to the current review of all Government forms. It will run for 3 years at an average annual cost of £19,000. The objective is fewer and better forms, as announced in the White Paper "Administrative Forms in Government" Cmnd. 8504 published last February. The White Paper said that the MPO would report on progress in a year's time.

2. Reading University has already been consulted by Departments in designing particularly important forms. The Forms Information Centre will provide a point of authoritative reference for all Government Departments and will be particularly useful to those Departments the volume of whose work on forms does not justify engaging their own staff with all the necessary specialist skills. The centre is under the direction of Professor Twyman, Head of the Department of Typography and Graphic Communication. A full-time research officer has been appointed who will be able to call upon the full range of information at the University.

3. The exhibition seen by the Prime Minister has been organised by the MPO and publicises to the Civil Service the Government's policy on forms. It has already been seen by several thousand civil servants. It has now been moved for a short while to the Cabinet Office to show Ministers what is being done.

4. The new postal claim form shown in the exhibition and referred to in the Press Notice was announced by the Parliamentary Under Secretary of State (Social Security) - Mr Tony Newton MP - on 25 August and will be introduced on 6 December. The form was designed with the help of the Open University Institute of Education Technology and the Research Institute of Consumer Affairs. Considerable effort was directed to simplifying the language in the form and to making the sequence of questions logical for the people who would complete it. The form has been designed to keep writing to a minimum - a tick is all that is needed in response to many of the questions. A pilot exercise earlier this year suggested that a large majority of claimants positively preferred to fill in a form rather than be interviewed. Tests suggest that about 80% of the forms will be filled in correctly, which contrasts with an earlier version where only 20% were correctly completed. Personal help will continue to be available for anyone who has difficulty filling in the form.

GOVERNMENT POLICY ON FORMS

The Government published a White Paper in February (Administrative Forms in Government - Cmnd. 8504) to announce its policy to achieve fewer and better forms.

Since then all Government Departments have set up programmes to systematically review their forms.

All staff in Departments whose job includes a responsibility for forms are being given advice and training as necessary so that they can effectively review and improve their forms.

The effort during the first year of the review is being directed by each Department to the most important forms which go to the public. Advice and help is being sought from experts outside the Civil Service.

The Inland Revenue has enlisted the help of Reading University in design of a new Income Tax Return. "Money Which" the National Council for One Parent Families and the Plain English Campaign have been invited to comment on the draft. Pre-test trials of the new form are being arranged. The form will be pilot tested in alternative versions next April. The new form will be easier to understand and simpler to complete. It will be shorter - about two-thirds the length of the present form. Savings in public time and to the Department cannot be accurately assessed until the test results have been evaluated.

The Department of Health and Social Security are introducing a new claim form on 6 December for unemployed people who wish to claim supplementary benefit. This form has been designed with help from the Open University Institute of Educational Technology and the Research Institute of Consumer Affairs. Unemployed people who claim supplementary benefit will be able to complete the form without going for an interview at the Unemployment Benefit Office, although personal help will continue to be available. The form was pilot tested earlier this year, and its operation will be closely monitored after its introduction. The new form will lead to a saving of

about 1,000 staff and allow time for staff to visit all claimants with children much earlier than is currently the case.

The Passport Office, with advice and help from COI, have redesigned the Passport Application Form to take account of the changes required under the Nationality Act 1981, which comes into force next January. The form design has been improved to make it easier to follow and simpler to complete. COI have tested the new form with a group of people applying for a passport, and the new form will be monitored closely after its introduction in January.

The Government recognises that this is the most thorough and far-reaching review of Government forms ever undertaken. Both time and skill are needed to produce good forms which are easy to understand and complete, and efficient to process.

The Government sees this as an important part of its strategy to improve the efficiency of the Civil Service and to ensure that the administration gives the best possible value for money.

Air Service

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 7448 (Llinell Union)



Oddi wrth yr Is-Ysgrifennydd Seneddol

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 7448 (Direct Line)
From The Parliamentary Under-Secretary

CT/7106/82

27 September 1982

Dear Douglas,

D
29/9

REPORT BY LARSEN SWEENEY ON INVESTING IN BRITAIN
AND THE CIVIL SERVICE

My Secretary of State is now on an inward investment mission in North America. In his absence, Mr Wyn Roberts has asked me to reply to your letter of 13 September. I have also seen a copy of your letter of 22 September.

In the material available so far, only one verifiable allegation has related to Wales. Mr Sweeney, in support of the claim that the Welsh Development Agency was the subject of "anecdotal amusement", said in the Radio 4 interview that the Agency had issued promotional material in Welsh to a Japanese company. This allegation is completely without factual support. The Managing Director has already denied it in the most categorical terms in a letter sent to Mr Ian Grist MP. I should also add that neither the Welsh Office Industry Department nor the Development Corporation for Wales have sent material in Welsh to Japanese companies.

I am copying this letter to the recipients of yours.

Yours sincerely
Ian Price-Jones

IAN PRICE-JONES
Private Secretary

D.R.H. Board Esq
Assistant Private Secretary to
the Lord Privy Seal
Management and Personnel Office
Whitehall
London SW 1



Prime Minister. ~~2~~ 2

Management and Personnel Office
Whitehall London SW1A 2AZ
Telephone 01-273 4400
GTN 273

To be aware

27 September 1982

Df

27/9

M

The Rt Hon Sir Geoffrey Howe, QC, MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1P 2AG

Dear Geoff,

RESPONSE TO THE TREASURY AND CIVIL SERVICE SELECT COMMITTEE'S
REPORT ON EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE

I am writing to confirm that the Government's Observations on the Treasury and Civil Service Committee's Report on Efficiency and Effectiveness in the Civil Service are to be published as a White Paper tomorrow. An advance copy of the White Paper, which is embargoed until it is presented to both Houses of Parliament at noon tomorrow, is enclosed.

I am sending copies of this letter and the White Paper to the Prime Minister, Ministers in charge of departments and Sir Robert Armstrong.

Yours ever
Baroness

BARONESS YOUNG



C. Sweeney

Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

22 September 1982

Martin Donnelly
Private Secretary to the Financial Secretary
HM Treasury
Parliament Street
LONDON SW1P 3AG

Dear Martin

D
24/9

REPORT BY LARSEN SWEENEY ON INVESTING IN BRITAIN AND THE CIVIL SERVICE

below
My letter of 13 September to your predecessor (David Willetts) drew attention to allegations made by the firm Larsen Sweeney against a number of departments and asked that the Lord Privy Seal be kept informed, and you kindly sent me a copy of the letter from the Inland Revenue Deputy Chairman to Larsen Sweeney asking whether they would make available the specific evidence on which their allegations were based. MPO has also been trying to obtain the abridged report promised in Larsen Sweeney's press release and in the course of doing so I spoke on the telephone at some length with Mr Sweeney this morning. I am circulating this account of his remarks as it may be of interest to other departments concerned.

Sweeney said the full survey amounted to 800 pages of material stored on a computer. It was intended to make this available in 8 volumes, of which volume 1 (about 100 pages) contains among other things the material relevant to the Civil Service (the other 7 volumes would cover particular industries).

Programming the computer to regurgitate this information in a digestible form was taking time but with week-end working Sweeney hoped to have photocopies for Government departments on Monday. There was also demand for this material from universities.

The fieldwork was apparently done last year and the report delivered to the client in March. According to Sweeney, it was the client ("a Government department of a major Far East country") who had pressed them to prepare and issue a press release. However, in view of the Press reaction Larsen Sweeney now felt obliged to make available parallel material on the other countries studied and Sweeney emphasised that the report overall did not conclude against investing in Britain. The client had no objection to the full report being made available to the UK Government. Sweeney hoped very much there would not be a public slanging match between the Government and his firm: he said this would only serve the interest

of his overseas client, which was to obtain maximum exposure for the evidence and allegation.

Finally, he made the obvious point that Larsen Sweeney was not responsible to the UK Government and, in particular, its own standards of evidence and accuracy needed to be no more than sufficient to assure clients that they were paying for a reasonably objective and accurate picture. He indicated they would be replying to the Inland Revenue on these sort of lines shortly.

Copies of this letter go to the others who received my earlier one of 13 September, and also, in view of the particular role apparently played by the unknown foreign Government, to John Holmes (FCO).

Yours sincerely

Douglas Board

D R H BOARD
Assistant Private Secretary



11 12 1 2
10 9 8 7 6 5 4 3

23 SEP 1982



DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Secretary of State for Social Services

John Gieve Esq
Private Secretary to
The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

21 September 1982

Dear John

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

Thank you for sending me a copy of your letter of 24 August to Jim Buckley seeking views on the proposal that the equivalent grade bands used for annual leave purposes should also be applied to the areas of overtime, travel, subsistence etc.

We welcome this initiative and are satisfied that with careful management the net additional cost of something less than £1 M can be absorbed within our public expenditure allocation.

I am copying this letter to recipients of yours.

Yours ever,

David Clark

DAVID CLARK
Private Secretary

cc MR H. Parim (EPLH NEWCASTLE CO)
MR Stopes-Roe
MR Verrill
MR Evans
MR Walden
MS Hsile
Miss Barton
MR Seaman
MR Partridge
MR Bennet
MR McCloud

Carl Samuel, Long Term, PH1

20 SEP 1982

11 12 11
2
3
4
5
6
7
8
9

From: THE PRIVATE SECRETARY

2 PP, *CC 70*



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

21 SEP 1982

Dear Michael

A
21/9

Thank you for your letter of 15th September in response to mine of 9th September about our arrangements for an annual review of performance.

The Home Secretary has asked me to say that the Prime Minister is right in assuming that the arrangements which I described in my letter will be covered in the Home Office response to the Financial Management Initiative. He will arrange for the central Department Ministers and the Prime Minister herself to have a note of our experience with the review after its first year of use.

I am copying this letter to the recipients of yours.

C. J. Walters
C. J. WALTERS

M. Scholar, Esq.

Civil Service, Long Term

#11

20 SEP 1962

11 12 1
0 2
9 3
8 4
7 5 6



10/15

10 DOWNING STREET

From the Private Secretary

15 September 1982

BF

Thank you for your letter to Willie Rickett of 9 September.

The Prime Minister was glad to hear of the progress which is being made in the Home Office towards annual reviews of performance, based on systematic information about functions, objectives and costs and aimed at the setting and achievement of policy objectives. She assumes that these arrangements will be covered in the Home Office response to the Financial Management Initiative and hopes that other departments may profit from information about success in their application. The Prime Minister would be grateful if the Home Secretary would arrange for the central Department Ministers and herself to have a note on experience with the review after the first year of use.

I am copying this letter to Peter Jenkins (HM Treasury), Douglas Board (Lord Privy Seal's Office) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Colin Walters, Esq.,
Home Office.

W



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 { 4400
GTN 273 }

14 September 1982

Michael Scholar Esq
Private Secretary
10 Downing Street
London SW1

See below
See below
Dear Michael

FINANCIAL MANAGEMENT INITIATIVE: MANAGEMENT INFORMATION SYSTEMS:
RESPONSE TO THE TREASURY AND CIVIL SERVICE SELECT COMMITTEE

This is just to confirm, following our telephone conversation today, that we are proceeding with publication of the White Paper on 28 September on the basis of the text circulated by Willie Rickett to Private Secretaries on 2 September.

The Home Secretary is the only Minister to have commented on that text (his Private Secretary's letter of 9 September). You may find the following draft helpful in replying:

A The Prime Minister is delighted to learn of the progress being made in the Home Office towards annual reviews of performance, based on systematic information about functions, objectives and costs and aimed at the setting and achievement of policy objectives. She assumes that these arrangements will be covered in the Home Office response to the Financial Management Initiative and hopes that other departments may profit from information about success in their application. The Prime Minister would be grateful if the Home Secretary would ~~very kindly~~ arrange for the central ^{department} Ministers and herself to have a note on experience with the review after the first year of use.

I am copying this letter to Peter Jenkins (Chancellor of the Exchequer's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely

Douglas Board

D R H BOARD
Assistant Private Secretary

Civil Service

CC 30



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

NBTM

MCS14/9

John Gieve Esq
Private Secretary to Chief Secretary
to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

14 September 1982

Dear John

ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

Thank you for sending me a copy of your letter of 24 August to Jim Buckley.

The main point raised in your letter is whether Departments could find the net additional costs arising from the rationalisation of the rules governing entitlement to annual leave and other conditions of service from their own PES allocations. MAFF could with difficulty do so. But this does not seem to us to be the main issue inherent in these proposals. The prior question is whether the simplification of the rules as applied to particular grades is equitable and avoids management problems. In our case we are not sure that it does and we are in discussion with Treasury officials about particular grades. We would not wish any proposals to be put to the Council of Civil Service Unions until we have seen whether our problems - which I should guess would be reflected in some other departments - can be resolved.

In any event we hope that it will be accepted that if in the end the simplification leads to a reduction in the entitlement of particular grades the existing members of those grades will be allowed to retain their current entitlement on a personal basis.

I am copying this letter to the private secretaries of Ministers in charge of Departments, to Michael Scholar (No. 10) and to Sir Robert Armstrong.

Yours sincerely

Robert Lawson

ROBERT LOWSON
Private Secretary



*With the Compliments
of the
Lord Privy Seal*

BF 22/9

13 September 1982

David Willetts Esq
Private Secretary to the
Financial Secretary
HM Treasury
Parliament Street
London SW1P 3AG

PS/Min of State
PS/2nd Perm Sec
Mr Dave
Mr Stubbs

Dear David

DB

REPORT BY LARSEN SWEENEY ON INVESTING IN BRITAIN AND THE CIVIL SERVICE

We had a word this morning about the extensive Press coverage given to a report by the firm Larsen Sweeney which criticised a number of Government Departments (including the Inland Revenue) for incompetence, indolence, discourtesy, corruption and other improprieties. You (and, I imagine, those to whom I am copying this letter) already have Larsen Sweeney's Press Release; enclosed for information is a transcript of Mr Sweeney's remarks on Radio 4.

Larsen Sweeney's allegations are serious and damaging. The Lord Privy Seal believes that they should be vigorously followed-up or refuted, as appropriate, and would be grateful to be kept informed of Departments' investigations and statements to the Press. It would be particularly helpful to have any preliminary reactions by Thursday 23 September as, on present plans, the Lord Privy Seal will be briefing journalists on the response to the Treasury and Civil Service Select Committee's Report on Efficiency and Effectiveness in the Civil Service at the beginning of the following week.

I am copying this letter to Caroline Varley (Industry), Marie Fahey (Employment), Simon Morris (Welsh Office), John Wilson (Scottish Office), Carole Souter (DHSS) and Chris Harrison (Economic Secretary's Office, for Customs and Excise), and for information without enclosure to Tim Flesher (No 10) and Richard Hatfield (Cabinet Office).

Yours sincerely

Douglas Board

D R H BOARD
Assistant Private Secretary

*MR President
hard - 26.7/9*

From the Private Secretary



Management and Personnel Office
Whitehall London SW1A 2AZ
Telephone 01-273 4400
GTN 273 4400

13 September 1982

John Gieve Esq
Private Secretary to the
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

NBAM

Mus 14/9

Dear John,

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

Thank you for your letter of 24 August on this subject. On general management grounds, the Lord Privy Seal supports the simplification of the rules governing entitlement to certain other conditions of service following the CSAT's award on annual leave. So far as MPO is concerned, she is satisfied that any additional costs involved can be absorbed.

We note that the detailed allocation of grades to leave bands following the CSAT award is still under negotiation with the unions. Extending the use of these bands to other conditions of service could to some extent pre-judge the allocation of grades to pay bands under the Megaw proposals. While this need not delay matters, officials will no doubt have in mind the need to ensure that the allocation of grades to bands under the current exercise will be consistent with what would be likely to emerge from Megaw-type pay bands.

I am copying this letter to Michael Scholar (No 10) and Richard Hatfield (Cabinet Office).

Yours sincerely,
Jim Buckley.

J BUCKLEY

13 SEP 1982

Civil Service, Long Term, A40

11 12 1
10 2
9 4 3
8 4
7 6 5



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

MS PM

MS 13/9

J Gieve Esq
Private Secretary
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

13 September 1982

Dear John

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

The Secretary of State has seen your letter of 24 August and he has asked me to say that he would be content for officials to be authorised to negotiate the details of the new arrangements with the Civil Service Unions. Provided that the final agreement did not depart much from the proposals outlined in the annex to John Tuson's letter of 30 July, the Department would be able to absorb any additional costs. If any changes in the number of staff entitled to Class 1(1) and (2) travel and subsistence rates were proposed it would be more difficult for the Department to absorb costs because of the relatively high expenditure on travelling and subsistence by HM Inspectors of Schools who at present are in the Class 2(1) band.

I am copying this letter to the recipients of yours.

Yours sincerely

Nick Cornwell

N J CORNWELL
Private Secretary

Civil Service, Long Term, Pt 11



13 SEP 1963



JU722

Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

10 September 1982

Rt Hon Leon Brittan QC MP
Chief Secretary
HM Treasury
Parliament Street
London SW1P 3AG

NBPM

ms 14/9

Dear Leon,

I very much welcome the proposals set out in your Private Secretary's letter of 24 August for a major rationalisation and simplification of the rules governing Civil Service annual leave and other conditions of service. As the new arrangements proposed will result in a net cash cost to the Service as a whole I would hope that, in the negotiations with the Unions, concessions will be made in respect of existing allowances, i.e. reserved rights, which would frustrate the simplification which your package of proposals is intended to achieve.

2 I agree that any additional costs which, on the information presently available to the Department, should not be significant should be absorbed within our existing Public Expenditure allocations.

3 I am copying this letter to the Prime Minister, Ministers in charge of Departments and to Sir Robert Armstrong.

Your ever
P
Patel

Civil Service, Long Term, Pt #11

cc JV



CR
pps pl
MS 15/9

Prime Minister

(2)

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

This is the first response
to our letter at flag A.

9 September 1982

Dee will be

MS 10/9

ms

FINANCIAL MANAGEMENT INITIATIVE: MANAGEMENT INFORMATION SYSTEMS

Thank you for your letter of 2 September.

The Home Secretary has asked me to say that he is entirely content with the proposed reply to the Select Committee about the development of management information systems within Departments.

The Home Office has just introduced a new system of annual reviews of performance by the divisions and branches of the Department. The first year's reviews (covering the whole of the office) will be carried out this autumn. These reviews are essentially moving in the same direction as MINIS. Each Division or Branch is required to provide "systematic information about their functions and objectives and their associated costs".

The reviews will go further. They will focus particularly on the setting and achievement of policy objectives, timetables and results, which for the Home Secretary are of crucial political importance. They will also be accompanied by a sharper and more systematic definition of personal responsibilities for senior officials.

The Home Secretary feels sure that these new Home Office arrangements implement the commitment in the reply to the Select Committee. The details can be developed in later years in the light of experience.

The Home Secretary has asked me to mention two other points to be borne in mind in the public presentation of the reply to the Select Committee.

Paragraph 23 deals with the central role of the Treasury and the MPO. This role needs to be seen alongside the fundamental responsibility of individual Ministers to Parliament for all the work of their Departments.

Secondly, on paragraph 30, which is concerned with publication, it should be borne in mind that good management systems will be concerned with the setting and monitoring of policy objectives. Some information will be akin to a policy statement in a White Paper and, if published, could have considerable political significance. It would be wrong to encourage the view that paragraph 30 marks a substantial step towards open government in this sense.

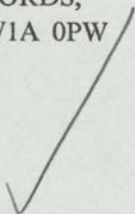
C J Walters
C J WALTERS

W F S Rickett, Esq.

Civil Service, Long Term, Pt 11



HOUSE OF LORDS,
SW1A 0PW



NBPM

*With the Compliments of the
Lord Chancellor's
Private Secretary*

Mus 9/6

GC JV



HOUSE OF LORDS,
SW1A 0PW

RESTRICTED

8th September, 1982

John Gieve Esq.,
Private Secretary to the
Chief Secretary to the Treasury,
Treasury Chambers,
Parliament Street,
London,
SW1P 3AG.

Civil Service Annual Leave and Other Conditions of Service

Thank you for copying to me your letter of 24th August to Jim Buckley.

Although it is difficult, as you say, to quantify the savings of simplifying the "key grade" arrangements, this Department favours the move towards streamlining the present arrangements. We believe the net additional cost of the proposed changes will be small and can be contained within our existing cash allocations.

I am sorry that this reply will not quite reach you within the fortnight you suggested.

I am copying it to Jim Buckley and Michael Scholar, but not more widely.

M.H. Collon

RESTRICTED

Civil Service, Long Term, #11

Carlisma
cc J.V.

MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1
 Telephone 01-~~330 7822~~ 218 2111/3

MO 20/17/6

8th September 1982

NBPM
*MS 8/9**Dear Sir,*CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

In your letter of 24th August to Jim Buckley, you explained that the Chief Secretary thought it right to proceed with the proposed rationalisation of the rules governing annual leave, overtime payments and travel and subsistence only if his colleagues agreed to absorb the extra cash costs accruing from these changed entitlements within their public expenditure allocations.

My Secretary of State, who is aware of the earlier consultation on this matter, welcomes this move to simplify the administrative processes with a view to greater efficiency and economy of effort, and would not wish to make extra costs involved a sticking point.

I am copying this letter to Michael Scholar (No 10), Jim Buckley (MPO) and Richard Hatfield (Cabinet Office).

*Yours sincerely,**Richard Mottram*

(R C MOTTRAM)

J Gieve Esq

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 8545 (Llinell Union)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU



cc J.V. NBPM
WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 8545 (Direct Line)

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

Our Ref: CT 18/82
PM 6/28/2

7 September 1982

Dear John,

I have seen a copy of your letter of 24 August to Jim Buckley at the Management and Personnel Office about Civil Service annual leave and other conditions of service.

My Secretary of State is content in principle with what is proposed but is unable to accommodate any net additional cost for 1982-83 unless there is unexpected slippage on the Welsh Office Vote. For later years the extra charge, which for the Welsh Office is estimated at some £15,000-£20,000 pa, can be planned for.

Copies go as before.

*Yours ever
Adam*

A E PEAT

John Gieve Esq
Private Secretary to Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

19 SEP 1962





cc JV

NBPM

MCS 8/7

MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

7 September 1982

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

Gen Geoffrey

CIVIL SERVICE MANPOWER AND ADMINISTRATIVE EXPENDITURE

Many thanks for your letter of 2 September; I shall look forward to hearing from you when you and your colleagues have had an opportunity to consider your officials' proposals for the future control of manpower and administrative expenditure.

I am very pleased that you regard "management audit" as an appropriate subject for inclusion in a multi-departmental review. The proposals being made by officials here for a programme of centrally co-ordinated exercises in 1983, which will no doubt make their way to the Prime Minister, you and the Lord Privy Seal in the near future, have my firm support. In essence, they comprise another round of departmental scrutinies and three multi-departmental reviews, one of which (the "management audit" one) puts some emphasis on the need to ensure that we are indeed getting the goods promised by earlier scrutinies delivered.

Looking a little ahead, I think will shall want to take stock during 1983 of our intentions for 1984 and subsequent years with regard to centrally co-ordinated exercises. It would be premature to open that question in this letter, but I should say here and now that I am increasingly convinced that - if you are to get the "value for money" principle well and truly established in the main programmes of public expenditure - the scrutiny approach should be applied much more extensively to policy issues. "Policies" are not quite abstract, after all; they involve putting ideas into effect through people and things. Indeed, the modern state consists of multiple enterprises which need good management.

I am copying this to the Prime Minister, the Chief Secretary,
the Lord Privy Seal, the Minister of State (Commons) and
Sir Robert Armstrong.

from [unclear]
[unclear]
Derek Rayner



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

John Gieve Esq
Private Secretary to the Chief
Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

NRBPM

7 September 1982

Dear John,

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

Thank you for sending me a copy of your letter of 24 August to Jim Buckley.

My Secretary of State welcomes the proposal to simplify the rules governing annual leave and other conditions of service. The impact on the Northern Ireland Office itself will be marginal; the only proposal which will lead to an increase in expenditure is the abolition of the Long Hours Gratuity and its replacement by overtime payment. The position for the Northern Ireland Departments will be rather more complicated, but again the simplification is welcome, and the cost is unlikely to be significant. My Secretary of State is therefore prepared to absorb the cost of these proposals within his existing public expenditure allocations.

I am sending copies of this letter to the recipients of yours.

Yours sincerely
Mike Hopkins

M W HOPKINS

Prime Minister

CONFIDENTIAL

PRIME MINISTER

To give you the flavour of the Chief Secretary's proposals, I gather that they amount to savings of £30 million on the PCO Vote in 1983-84, which (excluding British Council and BBC External Services) amounts to £290 million, of which the great majority is the staff of the Diplomatic Service and their related costs.

F.R.B.

The Foreign Secretary took me aside just before the meeting of ODFAF this afternoon to warn me what he is coming to see you about on Wednesday.

He is very bothered about the Treasury's proposals for further cuts in the Diplomatic Service on top of the reductions already scheduled. He has spent some time reviewing the Service this summer, and is quite satisfied that the cuts proposed by the Treasury would be very damaging indeed, and the amounts of money involved are tiny in the overall scale of public expenditure.

Mr. Pym is aware that you may feel that further cuts should be made. He wants a private talk with you, both because he would prefer to settle it this way than in an open argument in Cabinet, and because he wants to impress upon you the importance he attaches to this issue.

F.R.B.

[Handwritten signature]

6 September, 1982.

CONFIDENTIAL



NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

John Gieve Esq
Private Secretary to the
Chief Secretary
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

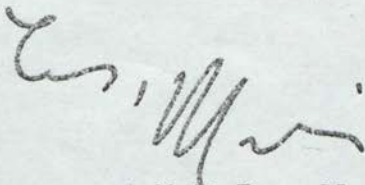
3 September 1982

Dear John,

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

Your letter of 24 August to Jim Buckley asked if Departments were able to absorb within their PES provision the costs of the proposed alignment of entitlement to overtime, subsistence, class of travel etc with the simplified scheme already agreed for annual leave. We welcome the proposals and I can confirm that my Secretary of State will absorb the costs in question. This assumes of course that the PES provision is not significantly reduced below its present level.

I am copying this letter to the Private Secretaries of Ministers in charge of Departments, to Michael Scholar and to Sir Robert Armstrong.


A Muir Russell
Private Secretary

7800112
6444

E 7 SEP 1999



10 DOWNING STREET

From the Private Secretary

2 September 1982

Dear Private Secretary

FINANCIAL MANAGEMENT INITIATIVE: MANAGEMENT INFORMATION SYSTEMS

The Prime Minister is anxious that, in preparing their programmes of work in response to the Financial Management Initiative (launched by her letter of 17 May to colleagues), departments should pay sufficient attention to the need for reliable and useful management information. As part of the drive for improving all aspects of financial management, she is particularly concerned that systems should provide the information that is needed for efficient management at all levels in the department, including Ministers and top officials.

This aspect of improving management was covered in the paper enclosed with the Prime Minister's minute to her colleagues of 17 May, see for example paragraphs 5, 9 and 11 (c)-(e). The Prime Minister considers, however, that it would be right to take the opportunity provided by the proposed White Paper in reply to the Third Report from the Treasury and Civil Service Committee to bring out more clearly what is already implicit in the earlier paper.

The point arises in particular over the passage in the draft White Paper which deals with the Select Committee's references to the MINIS system in the DOE. While the Prime Minister recognises that some variation from MINIS may be necessary to meet differences between departments, she attaches great importance to the principles that underlie it, which apply generally; and thinks that the White Paper should set out the Government's intention to give effect to them.

I attach a revised draft of the passage in question (replacing paragraphs 17-25 of the version circulated with the Lord Privy Seal's letter to the Chancellor of the Exchequer of 19 July). The Prime Minister would like to draw colleagues' particular attention to what is said about the purpose of MINIS in paragraph 27 and to the statement of the Government's intentions in paragraph 29.

The Prime Minister hopes that both the wording and the substance of the revised passage will meet with the approval of her colleagues and that they will ensure that their departments' responses to the financial management initiative will take full account of it.

Yours sincerely
William Rickett

The Private Secretary

*Civil Service
file 8*

*C. Members of the
Cabinet
+ Lab
CWO
CO
Rayner*

5

Management of Programmes - General

17. The Government supports the principles contained in the Committee's Recommendation (xi) that while there should be greater devolution of management, central departments should adopt a stronger and where necessary more prescriptive role in reviewing the effectiveness and efficiency with which management operates.

18. The Government also accepts the suggestion which is commended in Recommendation (i) and set out more fully in paragraphs 50-56 of the main Report, that the evaluation of a programme requires the development of an analytical framework. Provided that fundamental principles are observed, the Government agrees with the Committee's comments that there should be no question of rigidity and that the framework of analysis should be adapted and developed to fit the policy or problems in question, rather than the policy or problem being distorted to fit any particular framework. It may be helpful to the Committee if the Government outlines its approach to these issues.

19. In essence, the Government intends to apply principles to management and management information which have a general strength and robustness in the way which best suits the particular situation. The variety of responsibilities which Ministers have in charge can be illustrated by reference to three departments, DHSS, MOD and the Department of Energy.

20. The responsibilities of DHSS extend to five large and separate businesses which vary greatly in type and span of

control, accountability and methods of working. These include some 86,000 directly employed staff in the social security system, where expenditure is specifically under the direct control of DHSS Ministers; some 2,700 staff working in the special hospitals which are run directly by DHSS; nearly 1m staff employed by the NHS authorities, who are also responsible for the allocation of money provided by DHSS Ministers for which they remain accountable; and the provision of local authority social services by local authority staff out of local authority resources and the rate support grant, where the DHSS responsibility is limited to guidance and advice. MO's direct responsibilities are equally diverse. They include defence policy and the oversight of operations, the administration of more than half a million service and civilian personnel, research and development, the production of equipment and munitions, and the large-scale procurement of equipment. On the other hand, a small department, such as the Department of Energy, with 1,100 staff but an extensive policy range, is trying to develop manpower and running cost controls and methods of policy review fitted for very different circumstances.

21. Such differences mean that the ways in which principles are applied and the form of analytical systems may differ somewhat and that, even within one department, the methods of analysis to be developed in future should be capable of dealing with a wide range of activities.

22. Nonetheless, the Government believes that fundamental principles of good management transcend the differences between departments. Despite differences between functions, scale and organisation, the management of each department can and should be informed by clear and common principles. The position is now as follows.

23. First, as regards the central departments, the Government reaffirms that it is the function of the Treasury and MPO, as of the centre of any large organisation, to promote high standards of administration by a combination of guidance, prescription and scrutiny; to ensure that these standards are reached by all; and to ensure that Parliamentary and other requirements are met. The Government expects the central departments to make full use of the knowledge and experience of other departments; to establish clear principles; to provide information and advice about the practical application of principles; and to check that they are applied in practice. The results should be visible to Parliament and the public; the Government's views on publication of management information are set out in para 30.

24. Secondly, as regards departments generally, a lot of good work has already been done to improve financial management. That is in line with the policy which the Government had on taking office for raising the standard of management in the civil service. The time has now come for a general advance,

to consolidate the work already done and to bring the rest up to the standard of those who are in the lead. The Government has therefore launched the Financial Management Initiative outlined in paragraphs 13-16 above and described more fully in Appendix 3.

25. The Government is looking to the Initiative for the application of three fundamental principles, so as to build upon the work that has already been done by departments, to systematise it and extend it. These are that objectives for policy and administration should be clear; that responsibility for attaining objectives, and for the management of resources in so doing, should be defined; and that the information needed to exercise the responsibility should be provided. These principles apply to managers at all levels, up to and including Ministers. They cover resources of all kinds, manpower, money and other. They relate to both the resources which the Government consumes itself and the resources which it makes available to other agencies.

26. Third, on the question of the resources which the Government consumes itself, Ministers have already done much to reform the management of expenditure on their own manpower and on such related expenditures as accommodation. They have sought to keep in balance the propositions that each of their employees is a cost to the nation and also that each of the jobs they do provides a service to the nation. The Management Information System for Ministers (MINIS) of the Department of the Environment is the best known of the departmental

initiatives that have now led to the general drive for better management of these resources. It has deservedly attracted much attention and comment, at home and abroad, and the Committee has recommended that MINIS or its clear equivalent should be adopted in all departments; that MINIS-type costings be capable of reconciliation with departments' conventionally recorded expenditure; and that MINIS-type documents should be publicly and readily available.

27. MINIS deals with part of the ground covered by the Financial Management Initiative. As an information system for resource allocation it deals with administrative rather than with policy programme resources, placing a strong emphasis on staff costs and numbers. It provides information primarily for Ministers and senior officials. As it develops it will prove of increasing value to line managers in the management of their resources. The purpose of MINIS is to bring together information - including that from other specific information systems - about activities, past performance and future plans for each part of the department, regardless of the nature of the activity or the size of the organisation unit. It shows how the work is organised and who is responsible for doing what. This information enables Ministers and senior officials to review regularly all aspects of the department's work, to compare priorities of the different tasks to be performed and thus to decide how resources can best be allocated between them, and to arrange for particular areas to be examined. MINIS continues to develop in response to the general drive for improvement and

developing Ministerial requirements. Its creation and development have provided the Government with a most valuable new instrument to assist resource allocation.

28. Fourth, the management of policy or programme expenditures which form the great bulk of Government expenditure. The Financial Management Initiative deals with these no less than with administrative expenditure, with the aim of promoting organisations and systems to enable staff at all levels to exercise their responsibilities, whether as advisers on policy with a financial content or managers of financial relationships with other bodies outside their department.

29. To sum up, the Government is working for a general improvement in management and therefore in management information. MINIS is a good example of this. It is one of a number of different systems that different Ministers are adopting or trying out. Such systems should be informed by the principles outlined in para 25 above. The ground they cover should include that covered by MINIS, where they should differ from it only to the extent to which they reflect genuine differences in the roles and responsibilities of different Departments. The Government expects departments generally in response to the Financial Management Initiative to establish management systems which, like MINIS, provide the information needed to make and maintain a proper distribution of resources in order to achieve objectives, in sufficient detail to identify the costs involved in carrying out particular tasks. The Treasury and MPO will examine the

programmes of work to be drawn up by departments in the light of those requirements.

30. The costings used in departments' management information systems will be compatible with their normal methods of recording expenditure, as the Committee recommended. The Government's intention is that departments should disclose as much as possible of the information they derive from their management systems. It attaches importance to making material relating to priorities and the allocation of manpower and other resources available to Select Committees and the public, though not all such material can be disclosed, for example if it concerns measures to combat fraud. The Treasury and MPO expect to receive guidance on the question of disclosure of information from the advisory unit referred to in para 16 above and their report on the Initiative (para 14) will cover it.



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

2 September 1982

Sir Derek Rayner
Management and Personnel Office
Whitehall
LONDON
SW1

A handwritten signature in dark ink, appearing to read 'Sir Derek'.

CIVIL SERVICE MANPOWER AND ADMINISTRATIVE EXPENDITURE

Thank you for your letter of 10 August.

The Treasury is indeed thinking about Civil Service manpower policy after 1984. Work is in hand on an in-house paper. I regard it as important that you and Janet Young should join us in thinking about it. But I think the most suitable time for this would be after Treasury Ministers and I have considered the ideas our officials put to us, but before we circulate them more widely. I will get in touch with you again as soon as we have reached that stage.

I was pleased to have your views on the way control of manpower and administrative expenditure might operate in future. They are close to my own. I too think that the motivation of managers and staff towards the more efficient and economic use of manpower and administrative expenditure should be a feature of any future control arrangements. I should like particularly to discuss this with Janet Young and you when we talk about manpower policy for the future.

I agree that management audit is likely to play an important part in future control arrangements, and is an appropriate subject for multi-departmental review. I understand that your support unit is drawing up proposals for the 1983 efficiency programme in consultation with others, and I look forward to seeking them in due course.

A copy of this letter goes to the other recipients of yours.

A handwritten signature in dark ink, appearing to read 'Geoffrey Howe'.

GEOFFREY HOWE

SEP 2 1982



- 1
1. MR. BUTLER ^{FERS} - you may wish to see
2. PRIME MINISTER

Reply to Treasury and Civil Service Select Committee

Attached is the latest draft of the contentious section of the draft reply to the Select Committee together with a draft minute to Departments commending it. Also attached for comparison is the original draft (Flag B) and the draft which you saw at the beginning of August (Flag A). The present draft, which has been prepared by Mr. Joubert, represents a considerable advance on the earlier versions and incorporates the points which you made on those versions. In particular, it stresses the importance of common principles of management rather than difference of function. I understand that the draft has been prepared in consultation with Michael Heseltine but that he may yet have one or two reservations about it. It is Mr. Joubert's view, however, and that of Sir Derek Rayner, that while the present draft is a very significant improvement it represents the very limit of acceptability to other Ministers and indeed the limit of reasonable movement in the direction of MINIS.

Are you content with this draft and with the draft minute?
If so, publication could take place quite quickly.

*Agree to let it go,
I think we are not going
to get any far with
improved management
throughout. We finish
not.*

27 August 1982

CONFIDENTIAL



cc jr

PRIME MINISTER

REPLY TO TREASURY AND CIVIL SERVICE SELECT COMMITTEE

Following the meeting you had on 2 August with Geoffrey Howe, Leon Brittan and me, MPO and Treasury officials have reviewed paragraphs 17 to 25 of the draft White Paper, and have prepared the attached version, with which Treasury Ministers and I are content. I hope Michael Heseltine, to whom I am copying it, will find it acceptable.

I also enclose a draft of a letter for your private secretary to send to his opposite numbers covering the draft, should you approve it.

The new draft draws a close connection between the principles of the Financial Management Initiative and the purpose of MINIS, and states that the Treasury and MPO will examine the programmes of work drawn up by departments in the light of those requirements. I believe it meets the concerns you expressed at our meeting and provides a suitable basis for the appraisal of departments' responses to the initiative.

Janet Young



BARONESS YOUNG

26 August 1982

CONFIDENTIAL

M Byrne wh 2/9

DRAFT LETTER FROM PS/PRIME MINISTER TO OTHER MINISTERIAL PSs

FINANCIAL MANAGEMENT INITIATIVE: MANAGEMENT INFORMATION SYSTEMS

The Prime Minister is anxious that, in preparing their programmes of work in response to the Financial Management Initiative (launched by her letter of 17 May to colleagues), departments should pay sufficient attention to the need for reliable and useful management information. As part of the drive for improving all aspects of financial management, she is particularly concerned that systems should provide the information that is needed for efficient management at all levels in the department, including Ministers and top officials.

2. This aspect of improving management was covered in the paper enclosed with the Prime Minister's minute to her colleagues of 17 May, see for example paragraphs 5, 9 and 11 (c)-(e). The Prime Minister considers, however, that it would be right to take the opportunity provided by the proposed White Paper in reply to the Third Report from the Treasury and Civil Service Committee to bring out more clearly what is already implicit in the earlier paper.

3. The point arises in particular over the passage in the draft White Paper which deals with the Select Committee's references to the MINIS system in the DOE. While the Prime Minister recognises that some variation from MINIS may be necessary to meet differences between departments, she attaches great importance to the principles that underlie it, which apply generally; and thinks that the White Paper should set out the Government's intention to give effect to them.

4. I attach a revised draft of the passage in question (replacing paragraphs 17-25 of the version circulated with the Lord Privy Seal's letter to the Chancellor of the Exchequer of 19 July). The Prime Minister would like to draw colleagues' particular attention to what is said about the purpose of MINIS in paragraph 27 and to the statement of the Government's intentions in paragraph 29.

*GR
This is attached to the minute above*

CONFIDENTIAL

5. The Prime Minister hopes that both the wording and the substance of the revised passage will meet with the approval of her colleagues and that they will ensure that their departments' responses to the financial management initiative will take full account of it.

CONFIDENTIAL



SECRET

Faint, illegible text, possibly bleed-through from the reverse side of the page.



27 AUG 1952



ce J.V.
Civil Service

R
25/8

Treasury Chambers, Parliament Street, SW1P 3AG

Jim Buckley Esq
Private Secretary to
The Rt Hon The Lady Young
Lord Privy Seal
Management & Personnel Office
Whitehall
London SW1A 2AZ

24 August 1982

Dear Jim

CIVIL SERVICE ANNUAL LEAVE AND OTHER CONDITIONS OF SERVICE

The award on annual leave allowances made by the Civil Service Arbitration Tribunal earlier this year changed the basis of entitlement to particular levels of annual leave from a salary cut-off to one where named Civil Service grades were grouped into leave bands. Given the multiplicity of grades and salary scales in the Civil Service this process (whose detailed application is still under negotiation with the Unions) will lead to a major simplification of the rules governing leave allowances. But many other conditions of service in the Civil Service - for example on overtime, subsistence, class of travel etc - remain tied to the old salary concept. It is clear that rationalisation of the rules governing entitlement on these matters, on the same basis as that now being achieved for leave, would greatly simplify the administrative processes involved and should lead to significant (though unfortunately unquantifiable) cost savings. From soundings we have made we know that departmental personnel managers would welcome the change on both counts. Against this, however, there would be an identifiable net cash cost (because of the changed pattern of entitlements) which is put, for the Civil Service as a whole, at some £5 million a year. In the Treasury's view the simplification of bureaucratic procedures and the potential saving in staff effort justify the proposed changes. But as there is the possibility of some net additional cost falling on departments the Chief Secretary thought it right to proceed only if other colleagues agree to absorb any such costs within their public expenditure allocations. If they do, officials can be authorised to negotiate the details of the new arrangements with the Civil Service Unions. It would be most helpful if the Chief Secretary could know the views of his colleagues within, say, the next fortnight.

RESTRICTED

I am copying this letter to the Private Secretaries of Ministers in charge of Departments, to Michael Scholar (No 10) and to Sir Robert Armstrong.

Yours sincerely

J. Gieve

JOHN GIEVE

Private Secretary

9
8
7
6
5
4
3
2
1

25 AUG 1982



PERSONAL COVERING CONFIDENTIAL

MR FLESHER

MINIS AND THE REPLY TO THE TREASURY AND CIVIL SERVICE SELECT COMMITTEE

1. I have considered the points you put to me on the 'phone on 9 August, after the Prime Minister had seen the draft sent to you on 6 August.
2. I have also spoken to the Secretary of State for the Environment (and am asking Mr Joubert to send you for your file a record of the talk I had with him).
3. As a result I have substantially revised the text. A copy of the new version is enclosed. I am sending it on a personal basis to Mr Edmonds as Mr Heseltine told me yesterday that he would very much wish to see the new version.
4. Mr Heseltine's attitude is reflected in the new text, especially in para 23 which is based closely on a formula he put to me. Para 26 of the text, describing MINIS, is based on a text supplied by his officials. I have told Mr Heseltine, and I think that he accepts, that if we can move the general message of the text as a whole in the direction he wants, I think that he should be prepared to put up with the "flexibility" bit in the hope of securing the agreement of colleagues to the revised text.
5. As you will see, I have tried to re-present the text in such a way as to bring out more clearly and strongly the issue of principle and the secondary consideration that principle should be applied in different ways in different circumstances.
6. The next formal step, which I am taking today, is to consult



PERSONAL COVERING CONFIDENTIAL

Treasury colleagues on the draft. In my absence on leave, which begins tomorrow, Mr Joubert (273 3434) will see the text through the subsequent stages. These consist of consultation with the central Ministers (Chancellor, CST and IPS) and of consultation with the Prime Minister. Mr Joubert will operate on the working assumption that, given all the background, the right thing would be for your office to circulate a revised text to Ministers for approval; the letter from your office should underline the importance the Prime Minister attaches to ensuring, through the Financial Management Initiative, that all departments take management information seriously.

CP

C PRIESTLEY
12 August 1982

ENC: Revised draft

Management of programmes - General

17. The Government supports the principles contained in the Committee's Recommendation (xi) that whilst there should be greater devolution of management, central departments should adopt a stronger and where necessary more prescriptive role in reviewing the effectiveness and efficiency with which management operates.

18. The Government also accepts the suggestion which is commended in Recommendation (i) and set out more fully in paragraphs 50-56 of the main Report, that the evaluation of a programme requires the development of an analytical framework. The Government agrees with the Committee's comments that there should be no question of rigidity and that the framework of analysis should be adapted and developed to fit the policy or problems in question, rather than the policy or problem being distorted to fit any particular framework. It may be helpful to the Committee if the Government outlines its approach to these issues.

19. In essence, the Government intends to apply principles to management and management information

which have a general strength and robustness and to apply them in the way which best suits the particular situation. The variety of responsibilities which Ministers have in charge can be illustrated by reference to just three out of the X departments, DHSS, MOD and the Department of Energy:

- The responsibilities of DHSS extend to five large and separate businesses which vary greatly in type and span of control, accountability and methods of working. These include some 86,000 directly employed staff in the social security system, where expenditure is specifically under the direct control of DHSS Ministers; some 2,700 staff working in the special hospitals which are run directly by DHSS; nearly 1m staff employed by the NHS authorities, who are also responsible for the allocation of money provided by DHSS Ministers for which they remain accountable: and the provision of local authority social services by local authority staff out of local authority resources and the rate support grant, where the DHSS responsibility^{is} limited

to guidance and advice.

- MOD's direct responsibilities are equally diverse. They include defence policy and the oversight of operations, the administration of more than half a million service and and civilian personnel, research and development, the production of equipment and ~~munitions~~, and the large scale procurement of equipment.

- On the other hand a small department, such as the Department of Energy, with no more than 1,100 staff but an extensive policy range, is trying to develop manpower and running cost controls and methods of policy review fitted for very different circumstances.

20. Such differences mean that the ways in which principles are applied and the form of analytical systems adopted may differ widely and that, even within the same department, the methods of analysis to ^{be} developed in future should be capable of dealing with a wide range of activities.

21. Equally, however, the Government believes that fundamental principles of good management transcend the differences between departments. The Government presumes that, despite differences between functions, scale and organisation, the management of each department can and should be informed by clear and common principles. The position is now as follows.

22. First, the Government believes that it is the function of the Treasury and MPO, as of the centre of any large organisation, to promote high standards of administration by a combination of guidance, prescription and scrutiny; to ensure that these standards are reached by all; to compare one departmental programme with another where appropriate; and to ensure that Parliamentary and other requirements are met. The Government expects the central departments to work with and for other departments, so far as is consistent with their responsibility to Ministers collectively. The Government wishes them to make full use of the knowledge and experience of other departments; to establish clear principles; to provide information and advice about the practical application of principles; and to check that they are indeed applied in practice.

23. Secondly, Ministers have for their part put a lot of effort into improving the arrangements for financial management in several departments. That is in line with the policy which the Government had on taking office for raising the standard of management in the civil service. The time has now come for a general advance, to consolidate the good work done in departments and to bring the average up to the standard of those who are in the lead. The Government has therefore launched the Financial Management Initiative outlined in paras 13-16 above and described more fully in Appendix 3.

24. The Government is looking through the Initiative for the application of three fundamental principles, so as to build upon the work that has already been done by departments, to systematise it and extend it. These are clarifying objectives; defining responsibility for attaining objectives; and providing the information needed to make sense of the responsibility. These principles apply to managers at all levels, up to and including Ministers. They cover resources of all kinds, manpower, money and other. They relate to both the resources which the Government consumes itself and the resources which it makes available to

other agencies.

25. Third, on the question of the resources which the Government consumes itself, Ministers have already done much to reform the management of expenditure on their own manpower and on such related expenditures as accommodation. The Government has sought to keep in balance the twin propositions that each post is a cost to the nation and also that each officer is a resource of value, actually or potentially. The Management Information System for Ministers (MINIS) of the Department of the Environment is the best known of the departmental initiatives that have now inspired the general drive for better management. It has deservedly attracted much attention and comment, at home and abroad, and the Committee has recommended that MINIS or its clear equivalent should be adopted in all departments; that MINIS-type costings be capable of reconciliation with departments' conventionally recorded expenditure; and that MINIS-type documents should be publicly and readily available.

26. MINIS covers part of the ground dealt with by the Financial Management Initiative. As a resource-allocation system it deals with administrative rather than with policy programme

resources, placing a strong emphasis on staff costs and numbers. As an information system it provides information primarily for Ministers and senior officials. Other, complementary, systems are being developed by the Department of the Environment to meet the full requirements of line managers at lower levels. The purpose of MINIS is to bring together information - including that from other specific information systems - about activities, past performance and future plans for each part of the department, regardless of the nature of the activity or the size of the organisational unit. It shows how the published expenditure totals for departmental staff and non-staff running costs are divided between the various Directorates and it relates administrative costs to the size of the public expenditure programme being administered. It shows how the work is organised and who is responsible for doing what. This information enables Ministers and senior officials to review regularly all aspects of the department's work, looking at the effectiveness of policies as well as the efficiency with which they are performed. It enables Ministers to compare priorities of the different tasks to be performed and thus to decide how resources can best be allocated between them. MINIS continues to develop in response both to the general drive for improvement and developing

Ministerial requirements.

27. Fourth, the management of policy or programme expenditures which form the great bulk of Government expenditure. The Financial Management Initiative deals with these no less than with administrative expenditure, with the aim of promoting organisations and systems to enable staff at all levels to exercise their responsibilities, whether as advisers on financial matters or managers of financial relationships with other bodies outside their department.

28. To sum up, the Government is working for a general improvement in management and therefore in management information. MINIS is a good example of this. It is one of a number of different systems that different Ministers are adopting or trying out. Such systems are informed by a common theme, consisting of principles outlined in para 24 above. The Government expects departments generally in response to the Financial Management Initiative to establish management systems embodying those principles, much as described in para 26 above, since all departments similarly require a comprehensive system of management information. Accordingly, the

Treasury and MPO will look for the practical expression of those principles in the plans to be made by departments.

30. The costings used in departments' management information systems will be compatible with their normal methods of recording expenditure, as the Committee recommended. The Governemnt's intention is that departments should disclose as much as possible of the information they derive from their management systems. It attaches importance to making material relating on the identification of priorities and the allocation of manpower and other resources available to Select Committee and the public, though not all such material can be disclosed, for example if it concerns measures to combat fraud. The Treasury and MPO expect to receive guidance on the question of disclosure of information from the advisory unit referred to in para 16 above and their central report on the Initiative will cover it.

12 AUG 1982

1
2
3
4
5
6
7
8
9
10

Mr Fesher

RT

12/8

NOTE FOR THE FILE

copy to Mr Priestley ✓

MEETING WITH MR HESELTINE ON 11 AUGUST 1982

Also present:

Sir G Moseley
Mr Priestley
Mrs McDonald
Mr Joubert

Mr Edmonds

1. Mr Heseltine stressed the following key points that had to be met in introducing departmental systems:
 - (1) timing of introduction
 - (2) public availability
 - (3) existence more important than use by Ministers: Parliament et al would exert enough pressure
 - (4) the PM's views on common form: there were no real arguments against common form
 - (5) reduction of emphasis on differences: emphasis in previous draft was breaking point for him.
2. Mr Heseltine wanted PM to endorse draft at same time that it was sent to colleagues. Mr Priestley pointed out that he could not avoid sending it first to LPS and Treasury Ministers. He wished to be able to say that something along those lines was acceptable to the PM and Mr Heseltine. He would let Mr Heseltine see the new draft this week (before he was to go on holiday for two weeks) on a personal basis.
3. Mr Heseltine suggested the following formulations:
 - (1) Everyone represents a cost and must be allocated to a heading. The Minister must know what everyone is doing.
 - (2) MINIS is one of a number of things the Government is doing. The common thread is a certain number of principles. The Government sees advantages in a common form, and is producing a model that meets those principles but is not identical to any of the departmental systems.

CJP

C J P JOUBERT

12 August 1982

Mr. Joubert

Thank you. Please copy to Mr.
Fesher if you have done so already.

SP
12/8

PERSONAL COVERING CONFIDENTIAL



MANAGEMENT AND PERSONNEL OFFICE

Whitehall London SW1A 2AZ

Telephone Direct line 01-273 3434
GTN 273
Switchboard 01-273 3000

17 August 1982

T Flesher Esq,
10 Downing Street,
London SW1.

Dear Tuis,

DRAFT REPLY TO THE REPORT OF THE TREASURY
& CIVIL SERVICE SELECT COMMITTEE

I enclose a copy of the draft text replacing paragraphs 17 to 25 of the original draft, and a draft letter for you to send to other private secretaries, in the form in which MPO and Treasury officials will be presenting them to their Ministers. Could you please telephone me later today to let me know whether or not they are likely to cause any serious difficulties with the Prime Minister? I expect them to be acceptable to Mr Heseltine.

*Yours sincerely,
Christopher*

C J P JOUBERT
Rayner Office

CONFIDENTIAL

DRAFT LETTER FROM PS/PRIME MINISTER TO OTHER MINISTERIAL
PSS

FINANCIAL MANAGEMENT INITIATIVE: MANAGEMENT INFORMATION
SYSTEMS

The Prime Minister is anxious that, in preparing their programmes of work in response to the Financial Management Initiative (launched by her letter of 17 May to colleagues), departments should pay particular attention to the need for reliable and useful management information. It is her particular concern that systems should provide the information that is needed for efficient management at all levels in the department, including Ministers and top officials.

2. This aspect of improving management was covered in the paper enclosed with the Prime Minister's minute to her colleagues of 17 May, see for example paragraphs 5, 9 and 11 (c)-(e). The Prime Minister considers, however, that it would be right to take the opportunity provided by the proposed White Paper in reply to the Third Report from the Treasury and Civil Service Committee to bring out more clearly what is already implicit in the earlier paper.

3. The point arises in particular over the passage in the draft White Paper which deals with the Select Committee's references to the MINIS system in the DOE. The Prime Minister accepts the views of those colleagues who believe that it would be unwise to insist upon the introduction of precisely that system in every department. She attaches great importance however to the principles that underlie it, which apply generally; and thinks that the White Paper should set out the Government's intention to give effect to them.

4. I attach a revised draft of the passage in question (replacing paragraphs 17-25 of the version circulated with the Lord Privy Seal's letter to the Chancellor of the Exchequer of *19 July*). The Prime Minister would like to draw colleagues' particular attention to what is said about the purpose of MINIS in paragraph 27 and to the statement of the Government's intentions in paragraph 29.

CONFIDENTIAL

5. The Prime Minister hopes that both the wording and the substance of the revised passage will meet with the approval of her colleagues and that they will ensure that their departments' responses to the financial management initiative will take full account of it. She would like to receive any comments on the revised draft by [].

Management of programmes - General

17. The Government supports the principles contained in the Committee's Recommendation (xi) that while there should be greater devolution of management, central departments should adopt a stronger and where necessary more prescriptive role in reviewing the effectiveness and efficiency with which management operates.

18. The Government also accepts the suggestion which is commended in Recommendation (i) and set out more fully in paragraphs 50-56 of the main Report, that the evaluation of a programme requires the development of an analytical framework. The Government agrees with the Committee's comments that there should be no question of rigidity and that the framework of analysis should be adapted and developed to fit the policy or problems in question, rather than the policy or problem being distorted to fit any particular framework. It may be helpful to the Committee if the Government outlines its approach to these issues.

19. In essence, the Government intends to apply principles to management and management information

which have a general strength and robustness and to apply them in the way which best suits the particular situation. The variety of responsibilities which Ministers have in charge can be illustrated by reference to three departments, DHSS, MOD and the Department of Energy.

20. The responsibilities of DHSS extend to five large and separate businesses which vary greatly in type and span of control, accountability and methods of working. These include some 86,000 directly employed staff in the social security system, where expenditure is specifically under the direct control of DHSS Ministers; some 2,700 staff working in the special hospitals which are run directly by DHSS; nearly 1m staff employed by the NHS authorities, who are also responsible for the allocation of money provided by DHSS Ministers for which they remain accountable; and the provision of local authority social services by local authority staff out of local authority resources and the rate support grant, where the DHSS responsibility is limited

to guidance and advice. MOD's direct responsibilities are equally diverse. They include defence policy and the oversight of operations, the administration of more than half a million service and civilian personnel, research and development, the production of equipment and munitions, and the large-scale procurement of equipment. On the other hand, a small department, such as the Department of Energy, with 1,100 staff but an extensive policy range, is trying to develop manpower and running cost controls and methods of policy review fitted for very different circumstances.

21. Such differences mean that the ways in which principles are applied and the form of analytical systems may differ and that, even within the same department, the methods of analysis to be developed in future should be capable of dealing with a wide range of activities.

22. Equally, however, the Government believes that fundamental principles of good management transcend the differences between departments. Despite differences between functions, scale and organisation, the management of each department can and should be informed by clear and common principles. The position is now as follows.

23. First, as regards the central departments, the Government believes that it is the function of the Treasury and MPO, as of the centre of any large organisation, to promote high standards of administration by a combination of guidance, prescription and scrutiny; to ensure that these standards are reached by all; to compare one departmental programme with another where appropriate; and to ensure that Parliamentary and other requirements are met. The Government expects the central departments to make full use of the knowledge and experience of other departments; to establish clear principles; to provide information and advice about the practical application of principles; and to check that they are applied in practice.

24. Secondly, as regards departments generally, several departments under the guidance of their Ministers have put a lot of effort into improving their arrangements for financial management. That is in line with the policy which the Government had on taking office for raising the standard of management in the civil service. The time has now come for a general advance, to consolidate the good work already done and to bring the average up to the standard of those who are in the lead. The Government has therefore launched the Financial Management Initiative outlined in paras 13-16 above and described more fully in Appendix 3.

25. The Government is looking to the Initiative for the application of three fundamental principles, so as to build upon the work that has already been done by departments, to systematise it and extend it. These are that objectives should be clear; that responsibility for attaining objectives should be defined; and that the information needed to exercise the responsibility should be provided. These principles apply to managers at all levels, up to and including Ministers. They cover resources of all kinds, manpower, money and other. They relate to both the resources which the Government consumes itself and the resources which it makes available to

other agencies.

26. Third, on the question of the resources which the Government consumes itself, Ministers have already done much to reform the management of expenditure on their own manpower and on such related expenditures as accommodation. They have sought to keep in balance the propositions that each of their employees is a cost to the nation and also that each of the jobs they do provides a service to the nation. The Management Information System for Ministers (MINIS) of the Department of the Environment is the best known of the departmental initiatives that have now inspired the general drive for better management of these resources. It has deservedly attracted much attention and comment, at home and abroad, and the Committee has recommended that MINIS or its clear equivalent should be adopted in all departments; that MINIS-type costings be capable of reconciliation with departments' conventionally recorded expenditure; and that MINIS-type documents should be publicly and readily available.

27. MINIS covers part of the ground dealt with by the Financial Management Initiative. As a resource-allocation system it deals with administrative rather than with policy programme

resources, placing a strong emphasis on staff costs and numbers. As an information system it provides information primarily for Ministers and senior officials. As it develops it will prove of increasing value to line managers in the management of their resources. The purpose of MINIS is to bring together information - including that from other specific information systems - about activities, past performance and future plans for each part of the department, regardless of the nature of the activity or the size of the organisation unit. It shows how the published expenditure totals for departmental staff and non-staff running costs are divided between the various Directorates and it relates administrative costs to the size of the public expenditure programme being administered. It shows how the work is organised and who is responsible for doing what. This information enables Ministers and senior officials to review regularly all aspects of the department's work, to compare priorities of the different tasks to be performed and thus to decide how resources can best be allocated between them. MINIS continues to develop in response to the general drive for improvement and developing

Ministerial requirements.

28. Fourth, the management of policy or programme expenditures which form the great bulk of Government expenditure. The Financial Management Initiative deals with these no less than with administrative expenditure, with the aim of promoting organisations and systems to enable staff at all levels to exercise their responsibilities, whether as advisers on financial matters or managers of financial relationships with other bodies outside their department.

29. To sum up, the Government is working for a general improvement in management and therefore in management information. MINIS is a good example of this. It is one of a number of different systems that different Ministers are adopting or trying out. Such systems are informed by the principles outlined in para 25 above. The Government expects departments generally in response to the Financial Management Initiative to establish management systems which, like MINIS, provide the information needed to make a proper distribution of resources in order to achieve objectives, in sufficient detail to identify the costs involved in carrying out particular tasks. The Treasury and MPO will examine the programmes of work to be drawn up by departments in the light of those requirements.

30. The costings used in departments' management information systems will be compatible with their normal methods of recording expenditure, as the Committee recommended. The Government's intention is that departments should disclose as much as possible of the information they derive from their management systems. It attaches importance to making material relating on the identification of priorities and the allocation of manpower and other resources available to Select Committee and the public, though not all such material can be disclosed, for example if it concerns measures to combat fraud. The Treasury and MPO expect to receive guidance on the question of disclosure of information from the advisory unit referred to in para 16 above and their central report on the Initiative will cover it.



June Monte



Treasury Chambers, Parliament Street, SW1P 3AG ^{12/r}
01-233 3000

PRIME MINISTER



CIVIL SERVICE NUMBERS

Answered
12/8!

Before you depart on holiday, you may like a brief note about the latest position.

2. Departmental staff in post figures at 1 July 1982 show a total of 659,000. The reduction of 7,100 in the last quarter is made up of 4,800 non-industrials and 2,300 industrials. Savings were mainly in Defence (3,000); Inland Revenue (700). There were some small offsetting increases, including about 150 in the Land Registry to deal with the increase in the volume of registration work.

3. The figures show that there has been a reduction of 73,000 in the number of civil servants - just 10% - since we came to office. This means that progress with the rundown of 102,000 - from 732,000 to 630,000 - is well on course. But there will be no let-up in the pressure on departments to seek savings in manpower.

(G.H.)
11 August 1982



MANAGEMENT AND PERSONNEL OFFICE

WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 3508
GTN 273
Switchboard 01-273 3000

Prime Minister

JH

12/8

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
H M Treasury
Parliament Street
LONDON SW1P 3AG

10 August 1982

MS

for Geoff

CONTROL OF CIVIL SERVICE MANPOWER AND ADMINISTRATIVE EXPENDITURE

I was glad to see a copy of your minute of 29 July to John Pestell, thanking the Manpower Divisions for their work in recent years on their integration with the Expenditure Divisions. The praise you gave was well deserved and will, I am sure, have been appreciated. *will request if required*

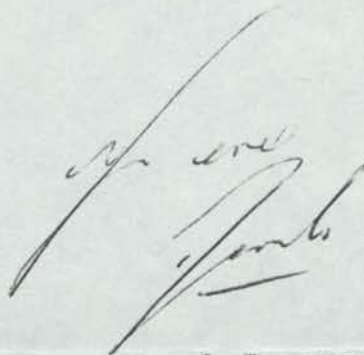
You and your colleagues will no doubt be turning your mind in the not too distant future to the question of how policy for the control of civil service manpower should operate in and after 1984, assuming that the target of 630,000 is achieved. That in itself will be a remarkable attainment but I assume that you and your colleagues will want to keep up the pressure on the size of the civil service and the associated costs, without making a fetish of the "numbers game". I shall be glad to join in thinking about these matters at a stage when I can contribute to their formulation for the future and should be grateful if Leon Brittan or Barney Hayhoe would bring me in.

I am of course conscious that the operation of manpower policy very much affects, sometimes for better, sometimes for worse, the relationship between the Treasury and other departments. Looking beyond the 630,000 target and to the kind of management we want in departments, I can well understand that the central departments will need a subtle blend of clear Ministerial policies, knowledgeable and determined staff in the Expenditure Divisions and assignment staff in the Treasury and MPO capable of providing evidence about how manpower and administrative cost controls are actually working in departments. I think that the general and clearly stated aim should be the improvement of the quality of departmental management and control systems, but the necessary corollary of this is that the central departments should use with vigour and determination the instruments they have in their hands, including the scrutiny of departmental running costs and, as necessary, special scrutinies and reviews by assignment staff.

Obviously, however, the main practical responsibility for good control and management must rest with departments. If Ministers are to get the sort of substantial advance they want in the quality of management, and I think this point very much relates to the Prime Minister's keen interest in MINIS and in the control of manpower and related expenditures, they must be able to rely on their senior officials and their managers to know and control their costs. For the purposes of this letter, I think the most important point is the quality of the "management audit" available to the departmental Minister under the supervision of his Permanent Secretary. The Ministry of Defence did some fascinating work on this in a scrutiny two years ago, with the well-known result of the new Directorate-General of Management Audit. This is a most promising development. I myself would like to see a general advance on that front in 1983 and I would hope that one of the multi-department reviews that officials have in mind for next year would help generalise it across Whitehall. In my view, the central Ministers and their departments have a clear and plain interest in promoting such development and in seeing that the quality of "management audit" staffs and work is brought up to a high level.

To sum up, therefore, I should like to be involved in thinking about manpower policy for the future and I think it very desirable that next year's "efficiency" work should include a substantial uplift for "management audit" across Whitehall.

I am copying this to the Prime Minister, the Chief Secretary, the Lord Privy Seal, the Minister of State (Commons) and the Secretary of the Cabinet.



Derek Rayner

*See various comments, I think
rebuttal efforts, I think
the difficulties are what should
be explained rather
than the
difficulties
not.*

Prime Minister

Attached (flag A)
is the redraft of
the section dealing with
MINIS by Clive Priestley.
Also attached, for comparison
is the original (flag B).
It is, I think, a great
improvement. TF

PERSONAL COVERING CONFIDENTIAL

MR FLESHER

MINIS AND THE REPLY TO THE TREASURY AND CIVIL SERVICE
SELECT COMMITTEE

6/8

I attach a possible revision of the relevant part of the
draft reply to the Select Committee which Mr Joubert and
I have knocked out in response to your letter of 2 August
to Mr Kerr (HM Treasury).

2. I am also showing it on a personal basis to Mr Edmonds
(DOE), for him to show on a "without prejudice" basis to
his Secretary of State.

3. I should be grateful if you would let me know whether
the revised text would have the support of the Prime Minister.
If Mr Heseltine is broadly content with it also, my hand
would be strengthened in negotiating it past Treasury
colleagues, on the basis that "I understand from informal
soundings that the revised text is likely to have the
support of the Prime Minister and the Secretary of State
for the Environment".

4. It may be that we have over-egged the pudding but I
think it better to be generous rather than mean at this
stage so that we have got room for manoeuvre.

Sp

C PRIESTLEY

6 August 1982

ENC: Revised text as indicated.

DRAFT OF 6 AUGUST 1982

CONFIDENTIAL

EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE

GOVERNMENT OBSERVATIONS ON THE THIRD REPORT FROM
THE TREASURY AND CIVIL SERVICE COMMITTEE:
SESSION 1981-82, HC236

☐Delete existing paragraphs 18 - 24 and replace
with the following. Renumber subsequently paragraphs
accordingly⁷.

OLD PARA 18
LESS FINAL
SENTENCE

18. The Treasury and the MPO seek by
prescription and scrutiny to ensure that high
standards are reached by all; to compare one depart-
mental programme with another where appropriate; and
to ensure that Parliamentary and other requirements
are met. It is for the Treasury and the MPO,
making full use of the knowledge and experience of
other departments, to establish clear principles;
to disseminate information and guidance about how
principles can be applied; and to check that they
are applied in practice.

New
19. Ministers have put a lot of effort into
improving the arrangement for financial management
in several departments. That is in line with the
Government's policy for raising the standard of
management in the civil service. The time has
now come for a general advance, to consolidate the
good work done in departments and to bring the

NEW

(for
page
14)

average up to the standard of those who are in the van. The Government has therefore launched the Financial Management Initiative described in Appendix A3.

?

20. The Government intends to up-rate both the systems and the personnel of financial management. It will do so largely through the practical application of three fundamental principles: clarifying objectives, defining responsibility for attaining objectives and providing the information needed to make sense of the responsibility.* These principles apply to managers at all levels, up to and including Ministers. They cover resources of all kinds, manpower, money and other. And they relate to both the money which the Government spends itself and the money which it makes available to other agencies.

d?

?

*Appendix 3 gives the main objective of the Financial Management Initiative as "to promote in each department an organisation and a system in which managers at all levels have

NEW

- (i) a clear view of their objectives; and assess and wherever possible measure output or performance in relation to these objectives;
- (ii) well-defined responsibility for making the best use of their resources including a critical scrutiny of output and value for money;
- (iii) the information (including particularly about costs), training and access to expert advice which they need to exercise their responsibilities effectively."

21. In the course of this Parliament the Government has sought to reform the management of expenditure on its own manpower and on such related expenditures as accommodation. This has rightly attracted much attention. The Committee recommended (Recommendations (iv) and (v)) that the Management Information System for Ministers (MINIS) of the Department of the Environment, or its clear equivalent, should be adopted in all departments; that MINIS-type costings should be capable of reconciliation with departments' conventionally recorded expenditure; and that MINIS-type documents should be publicly and readily available.

22. The same principles are embodied in MINIS and in the Financial Management Initiative. MINIS is the best known of the departmental initiatives that have inspired the general drive for better management and has deservedly attracted much interest and comment, at home and abroad.*

NEW

*MINIS presents summary data ("MINIS statements") about each of the Under Secretary Directorate in the department. This indicates what the Directorate does, its cost and the priority of its activities. Progressively MINIS will reach deeper into the department and use better management information as DOE sets up "cost centres" in the wake of a scrutiny in 1981. The MINIS statement is preliminary to a meeting with the Secretary of State. The statement for each Directorate provides for a backward look, comparing actual with planned performance, and a forward look at planned objectives and at possible alternatives. MINIS enables

the Minister to follow the progress with manpower reductions and to consider budgets for future manpower. The system also requires Directors to use MINIS to review their functions and performance thoroughly and to involve their own line managers in this. The Permanent Secretary discusses his/her own MINIS statement with each Director and reports to the Secretary of State, who decides whether he himself will meet the Director. The norm is for a meeting to take place.

NEW

23. MINIS breaks part of the ground covered by the Financial Management Initiative. As a resource-allocation system it deals with administrative rather than with policy programme resources, placing a strong emphasis on staff costs and numbers. As an information system it provides information primarily for Ministers and senior officials. Other, complementary, systems are being developed by the Department of the Environment to meet the full requirements of line managers at lower levels.

NEW

24. The Financial Management Initiative extends beyond MINIS. It deals equally with programme and administrative resources. It aims to promote organisations and systems to enable managers at all levels to exercise their responsibilities. Nevertheless MINIS continues to develop in response both to the drive for improvement and to developing Ministerial requirements. The Government expects departments generally in their response to the Initiative to establish management systems embodying principles fundamental to good management and exemplified by MINIS. In assessing departmental plans, the Treasury and MPO

will judge variations in the substance as opposed to the format of systems' by stringent criteria.

OLD PARA. 19,
WITH ADDITION
OF WORDS
UNDERLINED

25. The Government also expects the improvement of financial management and the presentation of management information in departments to take account of the fact that the functions and businesses concerned are numerous and diverse. And while some organisations are simple, like that of the Department of Environment, others are complex, like that of the Ministry of Defence. Departments themselves are best placed to develop the practical application of centrally defined principles. The Government accepts the suggestion which is commended in Recommendation (i) and set out more fully in paragraphs 50-56 of the main Report that the evaluation of a programme requires the development of an analytical framework. The Government agrees with the Committee's comments that there should be no question of rigidity, that policies or problems should not be distorted to fit any particular framework but the framework should be adapted and developed to fit the problems, as long as the fundamental principles are observed.

Simple?
local Govt.
Home
Invent
P.S.A

171

I don't think the underlined sentence will please P.S.A. no, do I think it is wise! The point is dealt with in the next para.

SECOND HALF
OF OLD PARA. 21

26. The flexibility that will be needed can be illustrated by reference to the responsibilities of DHSS, which extend to five large and separate businesses that vary greatly in type and span of control, accountability and methods of working. These include some 86,000 directly

employed staff in the social security system, where expenditure is specifically under the direct control of DHSS Ministers; some 2,700 staff working in the special hospitals which are run directly by DHSS; nearly a million staff employed by the NHS authorities, who are also responsible for the allocation of money provided by DHSS Ministers for which they remain accountable; and the provision of local authority social services by local authority staff out of local authority resources and the rate support grant, where the DHSS responsibility is limited to guidance and advice. MOD's direct responsibilities are equally diverse, and include defence and civilian personnel, research and development, the production of equipment and munitions, and the large-scale procurement of equipment. On the other hand, a small department, such as the Department of Energy, with no more than 1,100 staff but an extensive policy range, is developing manpower and running cost controls and methods of policy review fitted to very different circumstances. These differences mean that the form of analytical system will vary widely, and that those that are developed will have to be sufficiently flexible to cover a wide range of activities.



cost and management accounts covering expenditure approaching £4½ billion and widespread staff and travel budgets. It had already conducted a major study of financial accountability in the Department and is now developing a system of responsibility budgets for line managers.

16. A small MPO/Treasury Unit comprising both civil servants and management consultants has been set up to help departments in the preparation and review of their plans. It will work mainly in departments, advising senior management in the light of its experience gained from other departments and from the private sector. It will also help to identify Service-wide issues and to point to useful changes in existing practices and rules.

Management of programmes - general

17. The Government supports the principles contained in the Committee's Recommendation (xi) - that whilst there should be greater devolution of management, central departments should adopt a stronger and where necessary more prescriptive role in reviewing the effectiveness and efficiency with which management operates.

18. The Treasury and the MPO seek by prescription and scrutiny to ensure that high standards are reached by all; to compare one departmental programme with another where appropriate; and to ensure that Parliamentary and other requirements are met. It is for the Treasury and the MPO, making full use of the knowledge and

experience of other departments, to establish clear principles, to disseminate information and guidance about how principles can be applied and to check that they are applied in practice. It is with these considerations in mind that the two departments have initiated the drive to improve financial management set out in Appendix 3.

19. The improvement of financial management and the presentation of management information in departments must, however, take account of the fact that the functions and businesses concerned are numerous and diverse, and must recognise that departments themselves are better placed to develop the practical application of centrally defined principles. The Government accepts the suggestion which is commended in Recommendation (i) and set out more fully in paragraphs 50 to 56 of the main Report, that the evaluation of a programme requires the development of an analytical framework. The Government agrees with the Committee's comments that there should be no question of rigidity, and that policies or problems should not be distorted to fit any particular framework but the framework should be adapted and developed to fit the problems.

20. The flexibility that will be needed can be illustrated by reference to the responsibilities of DHSS which extend to five large and separate businesses which vary greatly in type and span of control, accountability and methods of working. These include some 86,000 directly employed staff in the social security system, where expenditure is specifically under the direct control of DHSS Ministers; some 2,700 staff working in the special hospitals which are run directly by DHSS; nearly a million staff employed by

the NHS authorities, who are also responsible for the allocation of money provided by DHSS Ministers for which they remain accountable; and the provision of local authority social services by local authority staff out of local authority resources and the rate support grant, where the DHSS responsibility is limited to guidance and advice. MOD's direct responsibilities are equally diverse, and include defence policy and the oversight of operations, the administration of more than half a million service and civilian personnel, research and development, the production of equipment and munitions, and the large scale procurement of equipment. On the other hand a small department, such as the Department of Energy with no more than 1,100 staff but an extensive policy range, is developing manpower and running cost controls and methods of policy review fitted to very different circumstances. These differences mean that a wide variety of analytical systems will be needed and that those that are developed will have to be sufficiently flexible to cover a wide range of activities.

21. Government initiatives such as that on financial management described above aim to build on the work that has already been done by departments, to systematise it and extend it. Action on the Department of the Environment's Management Information System for Ministers (MINIS) provides a good example. Indeed the Committee recommended (Recommendations (iv) and (v)) that MINIS, or its clear equivalent, should be adopted in all departments, that MINIS-type costings should be capable of reconciliation with departments' conventionally recorded expenditure, and that MINIS-type documents should be made publicly and readily available.

22. The strength of MINIS is that it provides a comprehensive framework which brings together information about activities, costs,

past performance and future plans for each part of the Department of the Environment. It shows how expenditure on staff and non-staff running costs is divided between Directorates, and relates this information to the size of public expenditure programmes being administered. This information enables Ministers and senior management to review all aspects of the Department's work regularly, and to determine priorities and how internal resources are to be allocated between them.

23. All departments similarly require a comprehensive system of management information. The systems developed by departments in response to the financial management initiative should ensure that it is provided. Indeed, they should go further. In following the criteria outlined in paragraphs 13-15 above and detailed in Appendix 3 they should cover not only internal expenditure but expenditure on programmes directly run by departments and should also provide the information needed to discharge responsibility for funds paid out in grants to other agencies which are themselves directly responsible for spending the money.

24. All departments will consider carefully what they can learn from the MINIS system. The precise form of system they adopt will depend upon the nature of the businesses they run, the method of operation preferred by the Minister and his senior staff and the best way of building up management systems that have been already developed. In this way the principles endorsed by the Committee will be adopted and applied generally.

25. The costings used in departments' management information systems will be compatible with their normal methods of recording expenditure.

as the Committee recommended. The MPO and Treasury intend to encourage departments to disclose as much as possible of the information they derive from their management systems. They attach particular importance to making material relating to the identification of priorities and the allocation of manpower and other resources available to Select Committees and the public, though not all such material can be disclosed, for example if it concerns measures to combat fraud. The MPO and the Treasury expect to receive guidance on the question of disclosure of information from the Unit referred to in paragraph 16, as their central report on the financial management initiative will cover

Presentation and review of programmes

26. The Committee recommended (Recommendation (iii)) that the annual Public Expenditure White Paper should update and bring together statements about programmes, and that the annual Supply Estimates should offer more detail on targets and outputs. There are limits to the amount of information that can manageably be contained in the White Paper and Estimates, but the maximum relevant information will be made available, and the White Paper and Supply Estimates will continue to reflect improvements in the presentation of expenditure and the measurement of output. The style of the Public Expenditure White Paper has changed considerably over the years to match changing interests, and will continue to do so. The Government will also continue to consult Parliament about changes in Supply Estimates to ensure that developments in financial management do not conflict with Parliamentary needs. Departments will continue to extend the practice of publishing information about their programmes, their objectives and their performance in achieving them. The MOD, for example, publishes an annual Statement on Defence Estimates in two volumes.

27. The Committee recommended (Recommendation (vii)) that departments should work out with the MPO an annual programme of reviews to evaluate their programmes, establish the machinery for conducting

them, and report to MPO (and thence to Parliament) the results of the reviews and decisions taken on them. It also suggested (Recommendation (xiii)) that the Treasury should probe the effectiveness of departmental programmes. It has long been the practice for individual departments to subject programmes and policies to review as the need or opportunity has arisen and it is essential for good administration that they should continue to do so. A further stimulus has been applied in recent years: for example "Rayner" scrutinies have often gone well beyond immediate management questions into the policies that underlie programmes. Moreover, there are already arrangements for systematically following up issues identified by Ministers during the Public Expenditure Survey as requiring more detailed review. The scope for more effective probing by the Treasury will be enlarged by the financial management initiative, with its emphasis on evaluating objectives and output as well as measuring costs; and the Treasury will continue to stimulate reviews of expenditure programmes where it perceives the need. The Government believes that the steady development of existing review activity will be more fruitful than the institution of a highly centralised approach.

28. The Government considers that it should be for individual departmental Ministers, not central departments, to decide whether to publish the results of their reviews and, where appropriate, to announce in advance that they are taking place. Ministers have demonstrated increasing readiness to do so, and this policy will be continued.

The role of other bodies in the review of programmes

29. The Committee recommended that departmental Select Committees should be able, via the PAC, to request the C&AG to review the efficiency and effectiveness of government programmes; that the C&AG should report annually on enquiries into government programmes conducted during the last 10 years, on programmes that have not been reviewed in that time, and on planned reviews; and that departmental Select Committees should be able to table substantive motions requiring information or debate on recommendations relating to improved efficiency and effectiveness (Recommendations (viii) - (x)).

30. With regard to the first of these recommendations, the C&AG's powers to examine the files of Government Departments, and comment on his findings, derive from the Exchequer and Audit Departments Acts. Thus, his access to departmental files relates to his audit of the departments' accounts.

31. His reports on efficiency and effectiveness arising out of his audit are considered by the PAC, the terms of reference of which refer specifically to the accounts. Neither the C&AG nor the PAC, unlike the departmental committees, comment on the merits of Government policies; the C&AG's powers of access should not cover such a purpose. In the view of the Government the existing procedure under which the PAC reports and makes recommendations, having considered the C&AG's report and having taken evidence from Accounting Officers, is very effective. For these reasons the Government do not consider that it would be appropriate for the C&AG to use his powers on behalf of other Select Committees.

MANAGEMENT IN CONFORMANCE


Card Service

6 August 1982

Thank you for your letter of 4 August about direct recruitment to the senior administrative grades which the Prime Minister has now seen. The Prime Minister has commented that while she understands the reason for maintaining the principle of direct entry, this is not the year to implement it. Promotion prospects are already very limited and we have a surplus of Principals meriting promotion. The need to maintain their morale in this instance should take precedence over the desirability of bringing in people with relevant experience from outside the Service.

TIM FLESHER

Douglas Board, Esq.,
Lord Privy Seal's Office.





Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

4 August 1982

Tim Flesher Esq
Private Secretary
10 Downing Street
London SW1

I understand the reason for wanting to keep fast stream but this is not the way to do it. Promote - projects are already being done. We have a surplus of Principals. We must keep up their numbers. Not.

Minister:

Lady Young, supported Patrick Jenkin makes a case for a small (10-12) Direct Entry Principal Scheme this year. Against is the point you made when this was last canvassed: that there is already a surplus of talent at Principal level. TF

Dear Tim

DIRECT RECRUITMENT TO SENIOR ADMINISTRATIVE GRADES

The Lord Privy Seal mentioned in passing to the Prime Minister on Monday the possibility of a small Direct Entry Principal Competition. 5/8 Some 18 months ago the then Minister of State, CSD, invited members of the Cabinet to consider recruiting a small number of people directly to the grade of Principal in the Civil Service. The decision was that a competition should not be held, and the Prime Minister commented that she was against direct recruitment at that time, bearing in mind the difficulties of providing the right career prospects for people already in the Service (Mike Pattison's letter of 9 February 1981 to Geoffrey Green). The Lord Privy Seal is very conscious that these points have not lost their force, and on Monday the Prime Minister commented that there would still be problems in having a DEP competition now. Unfortunately, the alternative course also poses difficulties and the Lord Privy Seal has asked me to write setting out the arguments more fully.

In most years since the mid-1950s, a small number of men and women, ranging in age from 28 to 52, have been recruited from outside the Service directly to the grade of Principal. They have brought with them valuable experience of the world outside the Civil Service, and have provided a useful strengthening of the "fast stream" component of the Administration Group. At present, DEPs account for over 20% of the total number of fast stream Principals. About 15% of Assistant Secretaries and 5% of "generalist" Under Secretaries came into the Service as Principals. There has not been a competition since 1978, that of 1979 being cancelled because of the recruitment ban imposed by the Government on taking office. Although most Cabinet Ministers were against a revival of the scheme last year, they were agreed on the importance of the entry and in principle wished to keep it going.

Many of the arguments against a DEP competition now are stronger than they were in 1981. The Open Structure Review will have a major effect on the promotion prospects of those already in the Administration Group, and manpower planning forecasts show that a considerable surplus of Principals worthy of promotion to Assistant Secretary will begin to build up in a year or two, leading to a major promotion blockage around 1989/90.

MANAGEMENT IN CONFIDENCE

Against this, there is the clear need to bring into the Service in mid-career people who have gained relevant experience in industry - a need which is included in one of the objectives of the MPO's Early Tasks document. For instance, the needs of the Department of Industry are set out in the attached letter from the Secretary of State. Particularly in divisions which sponsor nationalised industries, first hand experience can be invaluable.

Moreover the immediate needs of the Service for fast-streamers in the grades of Higher Executive Officer (Development) and Principal are simply not being met. This year it is expected that only about two-thirds of the Administration Trainees that Departments have asked for are expected to be recruited, and over the past decade or so there has been a steady decline in the number of people given the highest markings in the Administration Trainee selection process.

The Lord Privy Seal believes that there may be a case for a small-scale DEP competition, restricted to individuals with industrial experience relevant to the needs of Departments. Industrial experience will not be everything: the personal qualities that will enable people to carry their expertise from their initial posts to other positions in the Service will also count. Allowing for the needs of other Departments similarly placed on top of the six Principals referred to in the attached letter, it may be that the Service might be able to take in perhaps 10-12 in total. However, before testing the market with colleagues generally, the Lord Privy Seal would welcome the Prime Minister's comments.

Yours sincerely

Douglas Board

D R H BOARD

Assistant Private Secretary

MANAGEMENT IN CONFIDENCE

STAFF IN CONFIDENCE



JU600
Secretary of State for Industry



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

4 August 1982

Baroness Young
Management and Personnel Office
Old Admiralty Building
London SW1A 2AZ

Dear Janet,

DIRECT ENTRANT PRINCIPALS

This letter seeks your agreement to a small scale recruitment competition for direct entry Principals (DEPs) for the Department of Industry.

2 As you know, this Department is currently faced with a lot of difficult tasks on the industrial front. Many of these are vital to the completion of the Government's industrial and commercial programme, in particular our commitment to change the borders between the public and the private sector, the development of greater awareness within British industry and commerce of the advantages of modern technologies, and the strengthening of the Government's ability to influence and monitor the financial performance of the nationalised industries. These tasks are placing a severe strain on our resources of adequately qualified staff with relevant experience.

3 In particular I believe we need to recruit a small number of people, perhaps no more than half a dozen, with specific experience and skills firstly on the financial side and secondly with experience in the new high technology industries.

4 On the financial side the Department has responsibility for the expenditure of very large sums of public money and I believe we must develop greater expertise within the Department on the analysis and interpretation of corporate plans, financial forecasting, and performance criteria. This work is particularly important in the case of the nationalised industries which the Department sponsors but is also significant in enabling us to help private sector companies to strengthen their competitive performance and improve their efficiency. Some Civil Servants of course have these skills in abundance, and indeed more and more within this Department are being trained to develop them, but in the short term (and by this I mean over the next two years or so) these skills are still in short supply. The steps we will be taking over the next two years particularly in our moves towards privatisation of parts of the public sector will put even greater

STAFF IN CONFIDENCE



strains on this area. Progress would be significantly enhanced if we could recruit no more than three direct entrant Principals with experience at the right level in company finance, corporate planning, the development of performance criteria and financial control techniques.

5 In addition we do need to strengthen the Department's ability to understand and contribute to the development of our high technology industries. We need perhaps three people with up-to-date experience at the right management level in the development and introduction of modern technologies, particularly in information technology. I would be looking for relatively young people, perhaps in their early 30s, with sound experience in the private sector who would be able to achieve successful careers within the Civil Service.

6 This request is not motivated by a lack of confidence in the Civil Servants within the Department. Indeed I have been impressed by the speed with which they have developed the necessary skills, but our problems are urgent, difficult and need action now. I believe that a small number of direct entrant Principals recruited now could make a significant improvement in our ability to cope with these problems. And I should perhaps add that the limited recruitment I propose would not affect our ability to meet the Department's overall staff targets.

Your ever
Patrol

E4 AUG 1982



SUBJECT



10 DOWNING STREET

From the Private Secretary

2 August 1982

The Prime Minister met the Chancellor of the Exchequer, the Chief Secretary and the Lord Privy Seal at 1030 today to discuss the Government response to the Report of the Treasury and Civil Service Select Committee on efficiency and effectiveness in the Civil Service. The Prime Minister said that she remained concerned that the existing draft allowed too much room for variation between Departments which would result in ineffective systems being established and would inhibit the movement of officials between Departments. The MINIS had demonstrated its effectiveness in the Department of the Environment not only in producing manpower reductions but also in dispersing managerial responsibility to the operational level. While she accepted that there were differences between the activities of the various Departments such differences seemed insufficient to justify the degree of variation envisaged. In discussion it was agreed that it was important that the same principles should be applied in each Department even if MINIS in its original form was not entirely appropriate. Differences in detail between Departments were acceptable; differences in substance would have to be justified by the most stringent of criteria. Each Department was being asked to respond to the Prime Minister's financial management initiative by January 1983. Those responses would have to demonstrate a firm commitment to a proper management information system which should conform to the same principles as MINIS. Consideration would need to be given urgently to the means by which Departmental responses should be appraised; the possibility of outside assistance in that process should not be ruled out. The draft response to the Report of the Select Committee should make it clear that Departments were being required to produce a viable and effective system and that the results of the financial management initiative were to be published.

The Prime Minister noted that the need in the long term was for genuine improvement in managerial skills in the Civil Service which remained generally inadequate. The Lord Privy Seal should consider for example whether recruitment policy could be altered to increase the proportion of science and mathematics graduates and those with business experience.

/The Prime Minister said

The Prime Minister said that the draft response to the Select Committee's Report should now be revised so as to set out clearly the principles on which MINIS was based and commend its effectiveness. The draft should give more emphasis wherever possible to the need for common principles rather than on acceptability of variation. It should also stress the requirement for Departments to respond constructively to the financial management initiative. The response should be published in September.

I am sending copies of this letter to Terry Mathews (Chief Secretary's Office, H.M. Treasury), Jim Buckley (Lord Privy Seal's Office), David Wright (Cabinet Office) and Clive Priestley (The Rayner Unit).

John Kerr, Esq.,
H.M. Treasury.

CONFIDENTIAL

PART 10 ends:-

JULY 1982

PART 11 begins:-

AUGUST 1982

