

PRIME MINISTER



Prime Minister

I think you will want to concentrate on Mr Priestley's "Guide to Proceedings" and especially his paras 12 to 20 on handling the discussion (Part A). We need to avoid giving ministers the impression that they are being told how to run their departments.

PRESENTATION ON CONTROL OF STAFF AND NON-STAFF RUNNING COSTS, LARGE DINING ROOM, 5 OOPM, WEDNESDAY 24 FEBRUARY

BACKGROUND AND PURPOSE

WMC  
23/2

1. The presentation is being made at your request to a larger audience following the one given you by Mr Heseltine and his staff on 11 November last.
2. The purpose of the presentation is not to insist that everyone conducts his/her affairs à la Heseltine but to
  - demonstrate your continued support for "good management" policies;
  - encourage those Ministers and departments now engaged in this year's reviews of Executive Operations (Resource Control) and of Running Costs (see below); and
  - stimulate discussion by means of a "scene-setting" opener by the Chief Secretary on relevant Treasury policies and a longer pitch by the SS/Environment and two of his officers on DOE's experience.

GUIDE TO THE PROCEEDINGS

3. I attach a guide to the proceedings which you may like to use as a brief during the presentation. It offers advice on your own part in opening the presentation and presiding over discussion; outlines the contributions to be made by Mr Brittan and Mr Heseltine; and interleaves some cautionary notes on the undercurrents.

DOCUMENTATION

4. Your private secretary has circulated at Mr Heseltine's request the following papers (your copies are in this folder, flagged as indicated):





1. and 2. Fact sheets on DOE(Central) and the Property Services Agency.
3. A summary of the re-organisation of the Construction Industries Directorate consequent on the use of the MINIS system.
4. Extracts (yellow and blue pages) from the MINIS documentation on the Construction Industries Directorate.
5. Mr Heseltine and his team will refer to the documents at 3. and 4.
6. In case you wish to refer to them, I attach copies of background notes prepared for Lady Young by MPO on the Resource Control and Running Costs reviews (flagged).

ATTENDANCE

7. I attach a list (flagged) showing those present, about 50 in all.
8. The audience consists, apart from Sir Derek Rayner and me, of four groups - the Central Departments, the Presenters (DOE), those taking part in the Review of Executive Operations (Resource Control Reviews)\* and those taking part in the Review of Running Costs.

\* This title is both a mouthful and confusing. The difference between Resource Control and Running Costs is that whereas the latter is indeed about running costs, the former is about the management of big operations like the Prison Service, RAF Support Command and the Meteorological Office. You may think that a better title would be MANAGEMENT REVIEW.





9. I deal with some of the cross-currents in the Guide to the Proceedings (attached) but you may like to be reminded at this point that this year's Government-wide reviews (including Personnel Work, which starts later) are co-ordinated by Mr Cassels, in association with Sir Derek Rayner and with the support of a small "central team" for each review. Mr Beesley (Rayner Unit) and Mr Gurney (MPO) are the central team for Executive Operations; Mrs E Thoms (Rayner Unit) is the leading administrative officer for Running Costs.

CP

C PRIESTLEY

23 February 1982

Encs: Guide to the Proceedings  
DOE Papers  
Background Notes on Resource Control and  
Running Costs Reviews  
List of those attending



PRIME MINISTER

PRESENTATION ON 24 FEBRUARY: GUIDE TO THE PROCEEDINGS IN THE  
LARGE DINING ROOM

SEATING ARRANGEMENTS

1. The dining table will have been taken out. The "presenters" - Mr Brittan, Mr Heseltine, Mr Moseley and Mr Ennals - will sit at a small table. The audience will sit in a semi-circle.
2. You may wish at first to take a seat in the front row, facing the table. You may wish to have the Chancellor of the Duchy near you. Otherwise no seats are "reserved" other than for Mr Brittan (see below).
3. You will probably find it most convenient to stand to start the presentation (see below).
4. Mr Brittan will set the scene from the table and stay there for the DOE presentation. At its end, Mr Brittan will move to a reserved seat in the front row.
5. You may then wish to move forward to the table, which you would probably find more convenient than leading discussion from the front row. The central place at the table will be left vacant for you, unless you indicate otherwise. You may wish to keep Mr Heseltine and his officials at the table to field questions directed to them and join in discussion.

STARTING OFF (5.00 PM)

6. Given the amount of talking to follow from Mr Brittan and others, you may wish to say something fairly short, like this:

- "Welcome Ministers, their Permanent Secretaries and Examining Officers; look forward to their comments in discussion and at the reception to follow."



- "Suggested this presentation not because Michael Heseltine's approach is the only one possible, not by any means, but because I found it very interesting and encouraging. Thought my colleagues would too. And it provides an opportunity for us to share experience and thinking."
  
- "Government can take some pride in the sustained effort it has put into good management. Well aware of what many Ministers are already doing on their own account. Would like to hear what they regard as the main lessons so far and as the way ahead. Therefore very pleased that this year's "efficiency strategy" will consist of over 20 good scrutinies, 6 Resource Control reviews, 6 Running Costs reviews and 7 Personnel Work reviews. A good score. Helps us make a reality of our pledge to strengthen management in Whitehall."
  
- "Leon Brittan will set the scene for us. Then Michael Heseltine, his Permanent Secretary (Mr Moseley) and his Establishment Officer (Mr Ennals) will describe how they control staff and running costs. Then we can ask questions and discuss what we have heard against the wider question of what changes we most want to achieve."

SETTING THE SCENE (c. 5.05 PM)

7. Mr Brittan will say that the two reviews contribute to the improvement of financial management in respect of (1) information on and techniques for cost control and (2) clarifying/strengthening accountability. He will foreshadow a Treasury initiative (ex-Rayner) to develop financial and accounting systems.



8. Mr Brittan will rest his remarks on the proposition that:

- (1) The volume of money/resources at issue is big - up to £14bn including notional costs - but not under proper control.
- (2) Helping Ministers/senior officials to know/control what is going on. (Note: This is a matter of determination as well as systems.)
- (3) Pushing responsibility down the line.

9. Mr Brittan will probably end with remarks about the role of the Treasury and MPO in all this, ie a light hand on the reins of co-ordination, willingness to learn from what is happening in the real world - in sum, an "active but limited" role.

THE MAIN PRESENTATION (c. 5.15 PM)

10. It is still not entirely clear how the parts to be played by Mr Heseltine, Mr Moseley and Mr Ennals have been allotted. But I am reasonably confident that:

- (1) The presentation will draw on the papers circulated beforehand (3 and 4 flagged), but will also project slides of the MINIS forms.
- (2) The presentation will:
  - a. Set the scene: Scale of DOE(Central) and PSA (Documents 1 and 2) in April 1979; Staff reductions since; MINIS; its contribution to staff savings; the new (post-Joubert) system for controlling non-staff costs.



- b. Explain MINIS in more detail: (Documents 3 and 4) use by Ministers and top management; example, the Construction Industries Directorate.
- c. Explain the "cost centre" approach: post Joubert control of non-staff costs; implementation; respective responsibilities of the Central and "spending departments" for standards.

DISCUSSION (c. 5.45 PM)

11. You may wish to move to the table to lead discussion, on which my advice is as follows:

(a) Handling

12. Your general aim is that the occasion should be an encouraging and stimulating one. You will want Ministers and their Departments to leave feeling that they are on the same side and pointing in the same direction. Several of those present are in "big" management and have large resource responsibilities; several of the Permanent Secretaries present take their management duties very seriously (notably Sir B Cubbon, Sir F Cooper and Sir K Barnes - indeed Cooper is a trail blazer in MOD management). So you will want to give such Ministers and Departments a chance to say what they are doing and restrain anyone who might assert (or allege) that there are panaceas.

13. You might open discussion by saying that

- (1) there will no doubt be some questions, mainly to DOE;
- (2) but that you would like to hear about other Ministers' experiences and especially their thinking about progress so far and the way ahead;



- (3) although this is not a "decisions" meeting you will attempt to draw things together just before 6.30; so
- (4) questions first, then general discussion.

(b) Themes which you may like to have in mind

14. This is not an occasion when you need an agenda or a strongly thematic hold over discussion. But you might like to have such points as these in mind and invite Ministers and others to comment in the light of their own thinking and experience:

- (1) The Resource Control and Running Cost Reviews (and that to follow on Personnel Work) are meant to be practical contributions to a lasting reform of Whitehall management. (Deeds speak louder than sermons.) Do Ministers think that they are addressed to the right targets? If not, what do they see as the right targets?

Note: The recent letter to you from the Management Consultants Association, based on assignments in Government, correctly identified some of the basic problems. It counsels avoiding an excessive concentration on 'management tools' and ad hoc exercises at the expense of clarifying the responsibility and accountability of Civil Service managers (ie clear assignments and delegation, linking responsibility for resources with line management responsibility, clear criteria for acceptable performance of responsibility and accountability in planning, reporting and monitoring).

- (2) Mr Heseltine has described one way of controlling costs. It's not the only possible way. What do other Ministers find works best for them?



- (3) What use do Ministers make of the Annual Scrutiny of Departmental Running Costs? (See also below)
- (4) What is the most balanced way of securing co-operation between the Central and the "spending" departments in getting good management? (See also below.)
- (5) Have we got the right people with the right skills in financial and resource management? Could Mr Nott and Sir F Cooper share some of their thinking on this with us?

Note: The right answer to this is 'NO'.  
 Sir F Cooper is doing some good work on both financial management and managers, but in general you might look for an opportunity to say that we need a radical change in the training and deployment of financial managers: some work is in hand, but it needs a boost.

(c) Some undercurrents

15. You may wish to be on your guard for the following, most of which can probably be best turned aside by such a response as that suggested:

<u>Possible complaint</u>	<u>Possible response</u>
Don't <u>tell</u> us how to run our own show.	That's not what this afternoon is about.  As a Government we're breaking a lot of new ground in trying to get better management.  We are here to learn from each other's experience.



<u>Possible complaint</u>	<u>Possible response</u>
<p>Fed up with Environment getting all the <u>limelight</u>. Some of us have bigger budgets and more complex operations. Most of us are doing our best in our own way. MINIS and Joubert are bureaucratic - lots of paper - and mechanistic.</p>	<ul style="list-style-type: none"> <li>- Yes, to bigger budgets and harder/more complex operations [eg Defence, Home Office, DHSS].</li> <li>- No-one is saying that what suits Michael Heseltine is right for everyone.</li> <li>- What we must all do is look for the common denominators of good management. What do you [complainant] suggest?</li> </ul>
<p>Fed up with <u>Scrutiny of Running Costs</u>. Won't stand for spurious comparisons between different departments.</p>	<ul style="list-style-type: none"> <li>- Would like to hear Ministers' views on the Scrutiny.</li> <li>- Costs are still rising (+ 13% in 1981-82) so main need is <u>ACTION</u>.</li> <li>- Figures are important but we should not get bogged down in them. Officials will continue to refine and simplify the method.</li> </ul>
<p>Fed up with Treasury/MPO: what do they know about management? Won't stand for heavy-footed co-ordination.</p>	<ul style="list-style-type: none"> <li>- Centre is being reformed too: scrutiny of role of Expenditure Divisions in train.</li> <li>- But we all have a long way to go and it has to be a matter of centre-department collaboration.</li> <li>- <u>My policy</u>: Whitehall management will be good/effective only if it's strong and effective in <u>DEPARTMENTS</u>. So as in any</li> </ul>



<u>Possible complaint</u>	<u>Possible response</u>
<p>Can't go on scrutinising/ reviewing for ever. And don't forget that we have to put effort into achieving the results of earlier reviews.</p>	<p>organisation which is well managed, we need a combination of <u>DELEGATION</u> from the centre to departments and - in return - reasonable <u>AUDITING</u> of depart- mental arrangements.</p> <ul style="list-style-type: none"> <li>- Ministers need not fear heavy- handed co-ordination. It's not what I want.</li>   <li>- But I do expect the Treasury and MPO to contribute, not least assignment staff many of whom - after all - come from departments.</li>   <li>- Government has a good record so far. Very creditable that, on top of past effort, we have an "efficiency strategy" for this year.</li>   <li>- But no well managed organisa- tion can afford to rest on its oars. We have to go on with <u>selective</u> review work. Hence the choice this year and I don't doubt that we shall have a new strategy for 1983.</li>   <li>- Recognise that there is still much to achieve and grateful for what is being done - an unprecedented effort.</li> </ul>



<u>Possible complaint</u>	<u>Possible response</u>
What can we do when many of the prices are not under our control (electricity etc)?	- Don't use as much.

16. If technical questions are raised, and you think that a response is needed then and there, you might look to Mr Brittan and his officials (Sir A Rawlinson and Mr Wilding) for an answer.

(d) Chancellor of the Duchy; Sir Derek Rayner; Mr J S Cassels

17. This is an occasion for Ministers to have their say but you might like to ask Sir Derek Rayner towards the end whether he has any comments.

18. You might like to ask Mr Cassels to identify himself as co-ordinator of the reviews and to introduce Mr Beesley, Mr Gurney and Mrs Thoms as members of the central teams.

19. You might like to ask the Chancellor of the Duchy towards the end whether she would like to comment on the points emerging from discussion.

#### SUMMING UP

20. This is not an occasion for decisions and, unless we are very unlucky, no profound differences should have opened up. So you might say in summing up that your thoughts are chiefly ones of GRATITUDE and DETERMINATION:

- "Grateful to the presenters."



- "Grateful to my colleagues: (1) the scrutiny programme and the two Government-wide reviews cover some £1½bn worth of costs and upwards of 65,000 posts; (2) each Government-wide review consists of 6 sizeable projects in 11 Departments, including the Prison Service, RAF Support Command, the Meteorological Office. And you are coping with other things in train, like repayment for property services."
  
- "Ministers' responsibilities very different, of course. No one regime suits everyone. Co-ordination will not be heavy-handed."
  
- "But must search for the common denominators: What makes for good management in differing circumstances?:
  - (1) Knowing the costs is not enough. That can simply mean watching with interest as they float upwards. Correct response is action, which means setting targets and seeing that they are achieved.
  
  - (2) Ministers must not count the petty cash. But must be able to get answers to questions on the composition and movement of costs.
  
  - (3) All Ministers rely on the Civil Service. Grateful for the effort put in by many departments to improve management. But determined that general standards should be raised.
  
  - (4) This means defining what people in charge of resources are meant to achieve at what price; a sound balance between delegation and audit; and the progressive introduction of sound information.



- (5) Recognise that people deep in departments may genuinely have little opportunity to affect the cost of their operations (eg local office managers, even though they can do their bit). Throws all the more responsibility on higher managers who, with the central departments, have greater chance of doing so."

9  
C PRIESTLEY  
23 February 1982



and send  
55

LIST OF GUESTS ATTENDING THE PRESENTATION ON COST CONTROL ON WEDNESDAY,  
24 FEBRUARY 1982 AT 1700 HOURS FOLLOWED BY DRINKS

Home Office

Rt. Hon. William Whitelaw, MP

Sir Brian Cubbon

Mr. Michael Butler

Examining Officer

FCO

Sir Michael Palliser

Mr. A.F. Green

Examining Officer

M/Defence

Rt. Hon. John Nott, MP

Sir Frank Cooper

Air Marshal Sir Alan Davies

Head of Resource Control Team

Dr. John Miles

" " " "

D/Education and Science

Rt. Hon. Sir Keith Joseph, MP

Sir James Hamilton

Miss A.M.J. Benham

Scottish Office

Mr. Malcolm Rifkind, MP

Mr. A.L. Rennie

Secretary, Scottish Home and Health  
Department

Department of Employment

Rt. Hon. Michael Alison, MP

Sir Kenneth Barnes

Mr. Steven Cook

Examining Officer

Department of Trade

Rt. Hon. John Biffen, MP

Mr. Reginald Eyre, MP

Mr. Michael Franklin

Mr. Julian Mackenny

Examining Officer

Mr. Blundell

" "



Department of Energy

Rt. Hon. Nigel Lawson, MP

Sir Donald Maitland

Dr. J.M. Bird

MPO

Rt. Hon. Baroness Young

Sir Robert Armstrong

Mr. J.S. Cassels

Mr. N.B.J. Gurney

Member of central team for resource control review

Miss J.M.E. Buchan

Examining Officer

Mr. Russell

Mr. Robin Bunce

Principal, Treasury

Sir Derek Rayner

Mr. Clive Priestley

Mr. I.B. Beesley

Member of central team for resource control review

Mrs. E. Thoms

Treasury

Rt. Hon. Leon Brittan, MP

Sir Anthony Rawlinson

Mr. R.W.L. Wilding

Mr. Barney Hayhoe, MP

Dr. Gerhard

Royal Mint

Department of the Environment

Rt. Hon. Michael Heseltine, MP

Mr. G.W. Moseley

Mr. P.J. Harrop

Mr. David Edmonds

Mr. Joubert

Mr. Alfred

Mr. Ennals

Mr. Chipperfield

Mr. Routh

Mrs. McDonald

Miss Booth



10 Downing Street

Mr. Willie Rickett

Mr. Andrew Duguid

Mr. Alan Davies-Jones

CONQUEROR



Civil Service  
Running Costs

<sup>Civil Service</sup>  
Prime Minister

I am sure X is right

wh  
MS 2/3

PRIME MINISTER

RUNNING COSTS PRESENTATION & RECEPTION,  
24 FEBRUARY

The staff of the Rayner unit have asked me to thank you for your very kind hospitality at the reception last Wednesday and I add my thanks to theirs.

2 The presentation itself may have got a generally disappointing response from most of those who spoke up, but the examining officers have carried back to their departments a clear impression of how much you yourself care about the good service of the Crown and the people. That will do a power of good down the line, where it marches with the best instincts of the Service. So may we also thank you for your sustained and determined leadership?

CP  
C Priestley  
1 March 1982



CONTROL OF STAFF AND NON-STAFF RUNNING COSTS

PRESENTATION ON 24 FEBRUARY 1982

Background material from the Department of the Environment

1. DOE(Central) fact sheet
2. PSA fact sheet
3. Construction Industries Directorate - MINIS reorganisation
4. Extracts from CID MINIS 3 forms

(3 and 4 will be referred to in the presentation)



DOE(Central) FACT SHEET

<u>A. Vote responsibilities (81/82)</u>	<u>Net Provision</u>
	<u>£m</u>
Housing	2,360
Local Environmental Services	38
Central Environmental Services (Water, etc)	85
Local Planning Services	38
Royal Parks, Palaces, Historic Buildings, etc	47
Central Administration and Environmental Research	151
Urban Programme Grants	90
Urban Development Corporations	70
Rate Support Grant	9,027
National Parks Supplementary Grants	4
Rate Rebates, etc	<u>230</u>
<b>Total DOE(Central)</b>	<b>12,140</b>

<u>B. Departmental Running Costs (81/82)</u>	<u>Estimated Gross Expenditure</u>
	<u>£m</u>
Wages and Salaries	106.9
Accommodation	23.2
Personnel Overheads	6.3
Office Services	20.9
Other Services	<u>8.1</u>
<b>Total DOE(Central)</b>	<b>165.4</b>

<u>C. Manpower</u>			
	<u>1.4.79</u>	<u>1.1.82</u>	<u>% change</u>
Non-industrials	9,591	8,155.5	-15
Industrials	<u>2,002</u>	<u>1,541</u>	<u>-23</u>
<b>Total DOE(Central)</b>	<b>11,593</b>	<b>9,696.5</b>	<b>-16.4</b>



PSA FACT SHEETS

A. Expenditure by client (81/82)

	<u>£m</u>
Defence (including NATO)	700
USAF (repayment)	70
Home Civil	490
Diplomatic overseas	30
Other clients	190

Total construction,  
maintenance and rent 1480

Supplies (a)	200	(a) including £13m staff and over- heads cost
PSA costs (b)	190	(b) excluding Directly Employed Labour costs and PSA accommodation costs which are included in construction, maintenance and rent costs

Consultants 50

Total PSA - gross 1920

B. Expenditure by type of work (81/82) £m

Part I (Projects over £100K)	450
Part II (Projects less than £100K)	110
Part III (Maintenance)	570
Rent and other purchases	350

Total construction,  
maintenance and rent 1480

Supplies 200

PSA Costs 190

Consultants 50

1920



C. Labour Force

	<u>1.4.79</u>	<u>1.1.82</u>	<u>% change</u>
Non-Industrial - Prof & Technical	10982	9711	-12
- Exec/clerical support	7937	6518	-18
	<u>          </u>	<u>          </u>	<u>          </u>
Total Non-Industrial	18919	16229	-14
Industrial	19900	14840	-25
	<u>          </u>	<u>          </u>	<u>          </u>
Total PSA	38819	31069	-20
	<u>          </u>	<u>          </u>	<u>          </u>

D. PSA Overheads Structure (80/81)

Operational costs (a)	84	(a) Prof & tech staff, salaries & emp NI cont & imputed superannuation
Local overheads(b)	47	(b) Local mgmt and support staff accomm. at market rents, travel & subs. etc.
Central overheads	38	
	<u>169</u>	
Consultancy fees:		
Internal	4	
Private sector	39	
	<u>43</u>	
	<u>212</u>	

Conclusion

The ratio of operational costs : total costs is 84 : 169  
ie 50% which is very close to typical private sector ratios



# CONSTRUCTION INDUSTRIES DIRECTORATE: MINIS REORGANISATION

MINIS 1  
1.4.80.

MINIS 2  
1.4.81.

MINIS 3  
1.4.82.

NO. OF STAFF

85

73 (-14%)

66 (-22%)

CONSTRUCTION  
INDUSTRY

CID1.

CID2

CID3

CID1

SPONSORSHIP

CID2

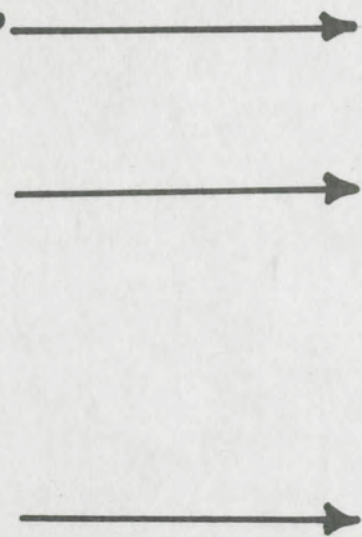
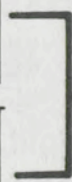
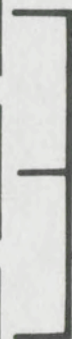
GENERAL

BUILDING  
REGS

BR  
ADMIN

BR  
PROF

BUILDING  
REGS





RESULTS OF MINIS

1. Five divisions reduced to three
2. Building Regulations - administrative and professional divisions combined
3. Organisation rationalised to reflect Ministerial priorities
4. Small research unit set up within Directorate (DOE research previously handled by a central Research Administration Directorate, now bedded out)
5. Staff numbers greatly reduced



DIRECTORATE..... CONSTRUCTION INDUSTRY

DIRECTOR ..... D T ROUTH

LOCATION(S) ..... 2 Marsham St LONDON SW1

.....

.....



Divisions; heads & grades	Mr D T Routh (Under Sec)											
	<u>Construction Division 1</u> (Performance) (CID1) Mr A G Balls (Asst Sec)		<u>Construction Division 2</u> (General) (CID2) Mr B Strong (Asst Sec)		<u>Building Regulations Division</u> (CID(BR)) Mr A G Watson (Asst Sec)							
Main activities of divi- sions (with refs)	← ----- ← = = = = = <u>Construction Research Unit</u> ----- → (CIRU)											
	A <u>Policy towards the construction industry</u> A.1 Dialogue with the construction industry A.2 Performance of the construction industry A.3 Construction exports		A.4 The construction industry professions A.5 Sponsorship of the building materials industry B. <u>Building standards inc building control</u> B.5 Technical sponsorship B.6 Energy conservation		C. <u>Research and development</u> Mr I Macpherson (Dir B) [The Unit's role is to co-ordinate the Divisions' research needs, and to monitor the Directorate's building and construction research programme.]		B <u>Building standards inc. building control</u> B.1 Future of building control B.2 Operation of the Building Regulations B.3 Building Regulations: interpretation and advice B.4 Building failures B.7 Building control and standards: other functions					
Divisions SIP, grades & numbers (1 4 82 projected)	1 Asst Sec 3 Prins 2 HECs 1 AT 1 EO 1 CO 1 CA 1 Pers Sec		1 Asst Sec 1 Supt Arch 2 Prins 1 PPTC 2 HEOs 2 EOs 1 CA 1 Pers Sec		1 Dir B 1 PPTO 1 HEC 1 Pers Sec		1 Asst Sec 1 Sen Prin 1 Supt Arch 1 Supt CE 4 Prins 7 PPTOs 4 PT01s 1 SEO 1 HEO(A) 3 HECs 5 EOs 4 COs 1 CAs 4 Pers Secs					
Totals	Director & staff 2		11		11		4		38			
SIP 1 4 80	85		SIP 1 4 81 78		SIP (Jan '82) 71		Agreed allocation 1 4 82 66		Probable position 1 4 82 66		Guideline 1 4 83 62	







A. ALLOCATION 1 4 82 66		B. PROBABLE SIP 1 4 82 66		C. GUIDELINE FOR 1 4 83 62			
CHANGES TO FUNCTIONS/LEVELS OF ACTIVITY				MANPOWER CONSEQUENCES			
(1) To remedy any overbearing on the 1 4 82 allocation (ie B to A)				Grade(s)	Numbers (see note opposite)	Division/ Location	Timing
(2) To reach 1 4 83 guideline (ie A to C)							
REF							
B.2.1	Continuing review of the requirements and effects of the Building Regulations and control arrangements			PPTO	- $\frac{1}{4}$	CID(BR)	Start run-down now; complete by mid-1982.
B.3.2	Responding to enquiries about the Regulations from the general public, professional institutions and local authorities			PPTO	- $\frac{1}{2}$	CID(BR)	Start run-down now; complete by mid-1982.
B.3.5	Advice to other Directorates and other Government Departments, including participation in interdepartmental committees, on matters connected with the Building Regulations			PPTO	- $\frac{1}{4}$	CID(BR)	Start run-down now; complete by mid-1982.
Total C/F				(PPTO)	-1		



NOTE: Staff redeployed within the Directorate as a result of function changes (ie which do not contribute to overall savings) are shown in square brackets.

## PROPOSED KEY OBJECTIVES FOR 1982/1983

## COMMENTS

1. To ensure that standards of safety in buildings are maintained, and to develop legislation for a new system of control which will be simpler in operation and will allow for more self-regulation by the construction industry.

2. To help improve the performance of the construction industry at home and abroad.

3. To provide a channel for communication between Ministers and the construction industry, and to advise on the impact of policies on that industry.

4. To sponsor DOE research into construction.

5. To advise on matters affecting the construction industry professions, on codes and standards in the construction industry and on matters affecting the building materials industry.

6. To co-ordinate DOE policy on energy conservation in buildings.

## REF

- B.2.1 The proposed move away from detailed Regulations may help to reduce detailed involvement - but there are active lobbies in the industry and professional institutions whom we cannot ignore. We need to be ready to respond to any signs that the Regulations are becoming unnecessarily burdensome.
- B.3.2 Reduce commitment to answering technical enquiries - deal with MPs, local authorities, trade associations, professional institutions only - refer all others to their local building control authority. Reduction in informal advice service may cause some increase in number of formal cases seeking statutory determinations or relaxations of the Regulations, or in numbers seeking advice via MPs, but net savings are possible, at some cost of goodwill with industry and design professions.
- B.3.5 Reduce service to other Departments and Divisions. Restrict co-operation to matters of direct concern to Regulations. Some (slight) risk that other Divisions and Departments might fall out of step with the Regulations and each other (water byelaws, housing standards, school building codes, hospital standards etc). CID(BR)'s withdrawal might throw more weight on BRE as the Government's experts on construction - especially in the field of structural engineering, where CID(BR) is the only other source of advice within Government.



A. ALLOCATION 1 4 82 66		B. PROBABLE SIP 1 4 82 66		C. GUIDELINE FOR 1 4 83 62			
CHANGES TO FUNCTIONS/LEVELS OF ACTIVITY				MANPOWER CONSEQUENCES			
(1) To remedy any overbearing on the 1 4 82 allocation (ie B to A)				Grade(s)	Numbers (see note opposite)	Division/ Location	Timing
(2) To reach 1 4 83 guideline (ie A to C)							
REF							
B.7.2	Participation in professional and industrial committees concerned with building.			PPTO	-2	CID(BR)	Start run-down now; complete by mid-1982.
	<p><u>Note</u> The above identifies 3 of the 4 savings required from CID. One more post will be found from CID1 through good housekeeping in the course of the year.</p>						
	Total			(PPTO)	-3		



NOTE: Staff redeployed within the Directorate as a result of function changes (ie which do not contribute to overall savings) are shown in square brackets.		PROPOSED KEY OBJECTIVES FOR 1982/1983
COMMENTS		
REF		
B.7.2	<p>Reduce involvement with the British Standards Institution (BSI) to essential committees only. The Departmental representatives on BSI committees are often the only counterbalance to the weight of manufacturers' interests, and must therefore stay on the main committees dealing with matters of direct concern to the Regulations (those whose Standards might need to be quoted in "deemed-to-satisfy" provisions). There is, however, scope for withdrawal from some committees, and for reducing overlap of representation (with BRE and PSA) on others - a saving of perhaps one PPTC post. The Secretary of State's drive for quality, and the proposal to give BSI the power to approve its own documents under the new building regulations system, will mean continuing substantial Departmental involvement.</p> <p>Withdraw from active participation in EC Commission's committees developing EUROCODES. This would save a further PPTO post, but at the cost of embarrassment in the EEC, and the risk later of having an unpalatable Directive forced on us. Mr Stanley has earlier considered this possibility and at the time rejected it. (Some of this work also done under item B.5.3).</p>	



DIRECTORATE'S  
FUNCTIONS AND PERFORMANCE



1 Ref	2 Apr-Sept 81: Functions/Tasks	3 Code/ Rating	4 Apr-Sept Costs £k	5 1981/82 Vote/Expenditure Responsibilities £k	6 Apr-Sept 81: Performance Assessment
A.4	<u>The construction industry professions</u> (UK) Policy and advice on:				
A.4.1	- EC measures (particularly Architects' Directive (AD))	P(E)/2	0.7		Attempts to achieve an acceptable compromise for the AD continued in Brussels; discussions held with Commission officials and links maintained with profession.
A.4.2	- Monopolies Commission report on professional fees	P/3	0.5		Minister's views, taking into account those of the professions, made known during inter-departmental consultations.
A.4.3	- Formation of Engineering Council	P/2	0.5		Interdepartmental discussions held on formation of Council and its membership.
A.4.4	- Matters affecting professional bodies	P/2	1.4		Briefing provided as required on ad hoc issues. Other work routine, eg on amendment to charters of chartered bodies.
A.5	<u>Sponsorship of the building materials industry</u> (GB)				
A.5.1	Policy and advice on Government relations with the industry, including meetings of the Standing Consultative Committee on Building Materials	P/4	14.9		Continuing activity. Communications maintained: 13 visits to firms; 29 meetings with firms, trade associations, etc. SCC on Building Materials met on 7 April.
A.5.2	Industrial studies	AE/3	0.4		Participated in study of chalk supplies for cement industry in SE.
A.5.3	Provision of financial assistance under section 8 of Industry Act.	R/2	3.9	Class VIII.1 Subhead E.1 £100k	4 applications in hand on 1 April (all cleared by 30 June); 29 received during period; 22 decided.
	Total C/F		80.6		



7 Ref	8 Oct 81 - Mar 82: Planned Performance (and proposed new Functions/Tasks)	9 Apr 82 - Mar 83: Planned Performance (and proposed new Functions/Tasks)
A.4		
A.4.1	Continue to work for a satisfactory solution for the AD, keeping Ministers and the profession in touch with developments. Maintain a watching brief on relevant Directives where other Departments are in the lead (eg Engineers' Directive).	Dependent on events in Brussels.
A.4.2	Advise Ministers on factors involved in decisions on this issue. Ministerial announcement expected in December.	As necessary.
A.4.3	First 18 Council members to be appointed (Dept of Industry in lead).	As necessary - possibly including second round of appointments to Council.
A.4.4	Respond to issues as they arise.	Respond to issues as they arise.
A.5		
A.5.1	Respond to and launch initiatives as appropriate. Further visits planned. Further meetings of SCC on Building Materials to maintain effective dialogue.	Respond to, and launch, initiatives as appropriate. Visits as necessary. Further meetings of SCC on Building Materials to maintain effective dialogue.
A.5.2	Continue to participate in study.	Report on study. Maintain liaison with industry as required.
A.5.3	Clear all outstanding cases by 31 December; clear all new cases within 13 weeks.	Clear all new cases within 13 weeks.



1 Ref	2 Apr-Sept 81: Functions/Tasks	3 Code/ Rating	4 Apr-Sept Costs £k	5 1981/82 Vote/Expenditure Responsibilities £k	6 Apr-Sept 81: Performance Assessment
B.2.5	Liaison with other standard-setting bodies.	AE/2	4.9		Discussions with Agreement Board; consideration of documents produced by industry and trade associations.
B.3	<u>Building Regulations: interpretation and advice</u> (EW)				
B.3.1	Preparation of guidance documents.	AE/2	1.9		Task completed.
B.3.2	Responding to enquiries about the Regulations from the general public, professional institutions and local authorities.	AE/2	37.0		About 230 written enquiries (including 125 PSO's) and 4500 telephone enquiries on technical matters.
B.3.3	Casework: issue of determinations, dispensations, and relaxations; appeals against local authorities' refusals to relax.	Q/3(S)	75.3		Some 1300 cases dealt with; advice to Welsh Office on 50 cases.
B.3.4	Input to Private Bills and Local Government (Miscellaneous Provisions) Bill.	L/2	9.8		Consideration and assessment of 10 Private Bills and Local Government (Miscellaneous Provisions) Bill.
B.3.5	Advice to other Directorates and other Government Departments, including participation in interdepartmental committees, on matters connected with the Regulations.	AE/2	22.4		Advice to and liaison with other Directorates and Departments as called for.
	Total C/F		265.6		



7 Ref	8 Oct 81 - Mar 82: Planned Performance (and proposed new Functions/Tasks)	9 Apr 82 - Mar 83: Planned Performance (and proposed new Functions/Tasks)
B.2.5	Commitment expected to continue at present tempo.	Continuing.
B.3		
B.3.1	Nil	Nil
B.3.2	Possible increase due to revision of fees scheme and Second Amendment.	Probably continuing at approximately the same level. Reduction in staff effort to be sought by referring some enquiries to local building control authorities.
B.3.3	Further delegation to local authorities from 1 December 1981 should almost eliminate work on relaxations; possibly a tendency for the number of appeals to increase at least in the short term.	Continuing activity at December 1981 - March 1982 levels. In the long term some reduction in staff effort may be achieved from delegation to local authorities at the end of 1981.
B.3.4	Work continuing on 7 Private Bills and Local Government (Miscellaneous Provisions) Bill.	As need arises.
B.3.5	Continuing as need arises.	Continuing as need arises. Reduction in staff effort on this item to be sought.



1 Ref	2 Apr-Sept 81: Functions/Tasks	3 Code/ Rating	4 Apr-Sept Costs £k	5 1981/82 Vote/Expenditure Responsibilities £k	6 Apr-Sept 81: Performance Assessment
C.	<u>Research and Development</u>				
C.1	Participation in annual review of construction research programme, in line with new arrangements approved by Ministers; co-ordination of Directorate input (GB)	RD/3	26.1		Preparation of draft submission to Ministers for approval of research programme for 1982/83 (submission scheduled for late October) incorporating advice obtained from committees below (see item C.6).
C.2	Monitoring individual studies placed with or through BRP where Directorate is the main customer (EW)	RD/2	3.4		Currently main customer for about 60 research items containing about 250 individual projects and costing about £6m/year. Identification of these projects and their targets for incorporation into submission for 1982/83.
C.3	Management of research projects placed directly (EW)	RD/2	1.7	Class VIII.5 Subhead D6(6) £616k	Programme Officer for five projects.
C.4	Assessment of results of research for publication (EW)	RD/2	2.4		About 45 draft research papers assessed; about 15 executive summaries assessed and submitted to Minister for final approval.
C.5	Sponsorship of Construction Industry Research Associations (CIRIA, BSRIA, TRADA) (UK) (a) Assessment and approval of RA proposals for DCE support funding (b) Representation of DCE interests in RA business and monitoring of DCE-funded work (c) Implementing new procedures for DCE sponsorship of Ras via contract rather than grant support	RD/3 RD/2 RD/3	5.6		RAs' proposals also being submitted to Minister for approval; proposals for work to be funded in 1982/83 submitted to EDC for advice (see item C.6). Attended RA council and committee meetings as necessary. Scrutiny of invoices for work carried out in accordance with contract, for onward transmission to FECD Division.
	Total C/F		39.2		



7 Ref	8 Oct 81 - Mar 82: Planned Performance (and proposed new Functions/Tasks)	9 Apr 82 - Mar 83: Planned Performance (and proposed new Functions/Tasks)
C.		
C.1	Complete submission on 1982/83 programme for consideration by Ministers late October. Begin preparation of submission for 1983/84 programme in January.	Submit 1983/84 programme to Ministers for consideration and approval (October 1982). Begin preparation of 1984/85 programme (programme subject to annual review).
C.2	Initiate procedures for monitoring progress of agreed 1981/82 programme (October-December). Use information from monitoring to inform brief for Advisory Committees and policy divisions in preparing submission for 1983/84 programme (from January).	Monitor progress and use information in preparing 1983/84 programme and commencing to prepare 1984/85 programme.
C.3	Continuing.	Submission for 1982/83 contains about six projects to be placed directly.
C.4	Continuing; expected to be at a similar level to previous period.	Continuing.
C.5	(a) Incorporation of proposals for 1982/83 in submission to Ministers on construction research programme.  (b) Attend RA council and committee meetings as necessary.  (c) Continued monitoring of sponsorship contract.	(a) Monitoring of projects in 1982/83 agreed programme. Collection of proposals for 1983/84 for submission to external advisory bodies and ultimately Ministers.  (b) Attend RA council and committee meetings as necessary.  (c) Continued monitoring of sponsorship contract.



## BACKGROUND NOTES

### Programme of Resource Control Reviews

#### Purpose

Each resource control review will examine the use and control of all resources in a major block of executive operations or organisational unit. The aim is not only to identify specific changes which improve efficiency, including cost reductions, but also to point to an improved management regime for the operations - generally through clarifying and strengthening the authority and accountability of individual managers (eg Governors of prisons, district works officers, of PSA, RAF station commanders). By adopting a broadly consistent approach to reviews, it is hoped that lessons can be learned which will be of help both in the effective conduct of the reviews themselves and for setting the right general framework within which individual managers down the line have clear authority to manage and have an incentive to do so. I attach a copy of the central study plan for the resource control review programme.

#### Reviews in 1982

There will be at least six reviews in 1982 as follows :

<u>Subject of Review</u>	<u>Review Team</u>	<u>Timetable</u>
a) Prison Service in England and Wales and the separate Service in Scotland	Joint Home Office/ Scottish Office team, led by a Home Office Assistant Secretary. MPO Principal participating	Study plan being prepared. Fieldwork for first stage due to start in March. Stages 1 and 2 will last until October. Consideration then to see whether further stages required.
b) District Works Offices of the Public Services Agency	PSA study team led by an Assistant Secretary with professional support. MPO assignment Principal participating.	Study plan in preparation and fieldwork due to begin next month. Should be completed by about July/August.
c) All aspects of support for the RAF. This includes virtually all RAF activities short of actual flight operations, eg it includes aircraft	RAF study team led by an Air Marshal with support from two Wing Commanders and an Administrative Principal. No MPO	Already well under way and the report is to be made by <i>July</i> Consideration to be given to extension



servicing and maintenance; procurement and storage of supplies and spare parts; training as well as the more traditional support activities - transport, accounts, personnel, secretarial and so on.

assignment Officer will be on the Team but extensive use of MPO assignment resources will be made.

if field not covered properly by then.

d) The whole of the Met. Office, study team led by an MOD Principal (this is Mr Miles, who was the MOD team leader on the R & D support services review).

Due to start soon but timetable not yet fixed.

e) Coastguard service, Department of Trade

Team will be led by a Principal in the Department of Trade. An MPO assignment Principal will participate.

Will start at the end of April and should be completed by the Autumn.

f) The Royal Mint (a separate trading fund reporting directly to Treasury Ministers)

A Principal from the Royal Mint will lead their study team, considering whether we can offer some accountancy support.

Timetable yet to be fixed but start should be made by Easter.

#### Central Team

The central team consists of Mr Gurney, FP1 and Mr Ian Beesley, Rayner Unit. It is hoped to associate someone on loan from Coopers and Lybrand.

#### Further Reviews

It is hoped that there will be at least one further review in Ministry of Defence, and it is possible that others may begin towards the end of the year. The intention is that the resource control review programme should roll forward into 1983 when further discrete operational activities should be examined.



## RUNNING COSTS REVIEW

### Background

1. Running costs across government are very big business (about £14 billion a year), but scrutinies have shown that managers at all levels rarely have the systems and incentives they need to control them effectively.
2. Cost awareness and cost control come about when managers know what costs they are responsible for, know what they amount to, and are allowed and encouraged to influence them.

### Scope and Aims of the Review

3. Six departments are taking part:

- Foreign and Commonwealth Office
- Department of Energy
- Department of Employment
- Department of Education and Science
- Department of Trade
- Management and Personnel Office

Draft terms of reference are attached.

4. The departmental teams have been appointed and start work next month. They are expected to produce their reports by the end of August and the central team will draft a final report to go to the Prime Minister and the Chancellor of the Duchy in the Autumn. The central team will include Mrs Elizabeth Thoms from the Rayner Unit, a management consultant on secondment to MPO and a member from a department (probably MOD). AFA Division will be closely associated with the team.



## Approach

5. The review has its origins in the Joubert report conducted in DOE but the teams will be discouraged from taking this as a model. The approach will be bottom up rather than top down. Financial information must support whatever management statistics staff need to do their jobs so the teams must start by looking in detail at what their departments do, where costs arise, and which costs matter. They will be encouraged to conduct "mini scrutinies" to provide solid evidence of what happens when financial control is lacking.

6. The teams will also be expected to bear in mind that the best can be the enemy of the good. It is better to have reliable and relevant information which is actually used (even if some costs slip, for a while, through the net) than pages of sophisticated, computerised data which cover everything at the expense of concealing what matters.



LIST OF THOSE ATTENDING

(1) THE CENTRAL DEPARTMENTS

Treasury: The Chief Secretary, who will set the scene  
The Minister of State (Commons)(Mr Hayhoe), whom  
you had recently asked to take a particular interest  
on your behalf in the Annual Scrutiny of Departmental  
Running Costs and to designate a senior official to  
lead for him.

Sir A. Rawlinson; Mr R W L Wilding; Mr R Bunce  
(member of the central team for the Running Costs  
Review).

MPO: The Chancellor of the Duchy of Lancaster\*

Sir R. Armstrong, Joint Head of the Civil Service;  
Mr J S Cassels. /

\* Responsible to you for the "efficiency strategy".  
Also a participant in the Review of Running Costs  
(for which Miss Buchan is her Examining Officer).

/ Responsible for co-ordinating the Reviews of  
Executive Operations, Running Costs and Personnel  
Work (not represented on this occasion).  
Assisted by Mr Gurney (MPO) and two of the Rayner  
Unit, Mr Beesley and Mrs Thoms.

(2) THE PRESENTERS

Speakers: The Secretary of State for the Environment  
Mr G W Moseley, Permanent Secretary, and  
Mr K F J Ennals, Principal Establishment Officer.  
You have heard all three before.



Supporters: There is a large troupe of these: two Second Permanent Secretaries, Mr P J Harrop and Mr A M Alfred,\* the new (ex-private sector) boss of the PSA; Mr Heseltine's private secretary, Mr Edmonds; a Principal Finance Officer, Mr G H Chipperfield and Mr D T Routh, formerly Regional Director, East and West Midlands, now in HQ, both of whom contributed to the November presentation; Mr C J P Joubert,/ Economic Adviser, author of last year's scrutiny report on "cost centres"; Mrs M McDonald and Miss S Booth, implementing Joubert recommendations.

\* You may like to be warned that Mr Alfred is talkative.

/ Joins Rayner unit in succession to Mr Allen on 15 March.

(3) THOSE TAKING PART IN THE REVIEW OF EXECUTIVE OPERATIONS  
(RESOURCE CONTROL REVIEWS)

Prison Service: Home Secretary, Sir B Cubbon, Mr M Butler  
(Examining Officer)

Minister for Home Affairs and the  
Environment, Scotland (Mr Rifkind),  
Mr A L Rennie, Secretary, Scottish  
Home and Health Department.

RAF Support Defence Secretary, Sir F Cooper,  
Command, Air Marshal Sir A Davies (Examining  
Meteorological Officer, Support Command), Dr J Miles  
Office: (Examining Officer, Met Office).



Coastguards Service: SS/Trade; Mr Eyre, MP, Parliamentary Secretary; Mr M D M Franklin, Permanent Secretary; Mr MacKenny and Mr Blundall (Examining Officers)

Royal Mint: Deputy Master (Dr J Gerhard)\*

\* The Mint is included to show what might be learnt from the example of a Trading Fund. The Mint has been achieving very good trading results.

District Works Service, PSA Mr A M Alfred, Chief Executive, see above.

(4) THOSE TAKING PART IN THE REVIEW OF RUNNING COSTS

FCO: Sir M Palliser, Mr A F Green (Examining Officer) (All FCO Ministers are engaged.)

DES: SS/Education and Science; Sir J Hamilton; MissAMJ Benham (Examining Officer)

Dept. of Trade Mr Biffen and others (as above).

MPO: Lady Young and others (as above).

Dept. of Employment: Mr M Alison, MP, Minister of State; Sir K Barnes; and Mr S Cook, (Examining Officer).

Dept. of Energy: SS/Energy; Sir D Maitland; Dr J M Bird (Examining Officer).



f 14 billion → This year  
70% - wages - salaries

Told rising above rate of inflation

Spending by type - Manpower  
Smaller

Manager - does not know cost of his activity.

What each department plans to do.

11,700 by 29% by fx.

↓  
8,272.

Reductions. Now 16.4%.

(17%)

Michael Brown

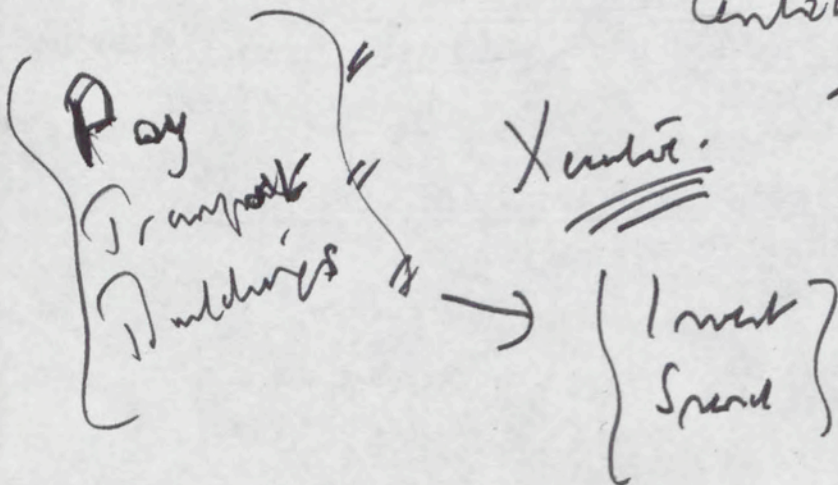
- Product

W. U.

Centralized basis

Centrally →

Member



X-center





Wh  
22/2

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

19 February 1982

Terry Mathews Esq  
Private Secretary to the  
Chief Secretary to the Treasury

*Dear Terry,*

PRESENTATION ON STAFF AND NON-STAFF RUNNING COSTS, 24 FEBRUARY

I have already sent you a copy of a letter from Mavis McDonald of DOE(Central) on the probable shape on content of her Secretary of State's contribution next Wednesday and have spoken to your assistant about the seating arrangements. You may find it helpful to have the enclosed note which confirms the lay-out of seating as the arrangements stand at the moment. If Mr Brittan is unhappy with what is in mind, please let me know by 6 00 pm on Monday.

2. Willie Rickett will probably circulate today the papers sent over by Mavis McDonald. I would let you have yours now, but DOE are probably going to alter one page.

3. This letter and the enclosure are copied to Willie Rickett, Jim Buckley and Eleanor Goodison (MPO) and Richard Wilding (HM Treasury).

*Yours sincerely,*  
*C. Priestley*  
C PRIESTLEY

Enc: As indicated



PRESENTATION ON STAFF AND NON-STAFF RUNNING COSTS, 24 FEBRUARY 1982

Note on certain arrangements

1. The presentation will be held in the Large Dining Room. The dining table will be removed. The "presenters" - the Chief Secretary, the Secretary of State for the Environment and his lead officials - will sit at a small table. The audience will sit in a semi-circle, with the Prime Minister in the front row.
2. The Prime Minister will probably stand to start the presentation. The Chief Secretary will set the scene from the table and remain there for the main presentation by DOE. Mrs McDonald (DOE, 212 8219) is responsible for setting the logistical arrangements with No. 10.
3. At the end of the presentation, the Chief Secretary will move to a seat in the front row, which will be marked by a card bearing his title. The Prime Minister will move forward to the table, which will be more convenient than trying to lead discussion from the front row; the central place at the table should be left vacant for her. The Secretary of State for the Environment and his lead officials will stay at the table to field questions directed to them.
4. The expectation is that Ministers attending will sit in the front row, but no seats (other than the Prime Minister's and Mr Brittan's) are allocated.
5. Ministers known to be attending are Mr Whitelaw, Sir Keith Joseph, Mr Nott, Mr Biffen, Lady Young, Mr Lawson, Mr Alison and Mr Rifkind.





10 DOWNING STREET

From the Private Secretary

19 February 1982

Dear John

CONTROL OF STAFF AND NON-STAFF RUNNING COSTS

I wrote to you on 29 January about the presentation to be held here at 1700 next Wednesday, 24 February.

The Secretary of State for the Environment believes that his colleagues and their officials attending the presentation and taking part in discussion might find it helpful to have beforehand the enclosed documents, to some of which (3 and 4) reference will be made during the course of the presentation. They are:

- 1 and 2. Fact sheets on DOE (Central) and the Property Services Agency
- 3. A summary of the re-organisation of the Construction Industries Directorate consequent on the use of the MINIS system
- 4. Extracts (yellow pages) from the MINIS documentation on the Construction Industries Directorate

I am sending copies of this letter to Brian Fall (Foreign and Commonwealth Office), John Kerr, Terry Mathews, Adrian Carter and Jeremy Colman (H.M. Treasury), David Omand (Ministry of Defence), Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Muir Russell (Scottish Office), Barnaby Shaw (Department of Employment), John Rhodes (Department of Trade), Julian West (Department of Energy), Jim Buckley and Eleanor Goodison (Management & Personnel Office) and David Wright and Clive Priestley (Cabinet Office).

J. F. Halliday, Esq.,  
Home Office.

Yours ever

Willie Ricketts

File

CDL  
ce: FCO  
HMT (x4)  
MOI  
DES  
DOE  
SO

MPO (x2)  
CO (x2)

LPO

JM  
DOT  
O/N

WJR



CONTROL OF STAFF AND NON-STAFF RUNNING COSTS

PRESENTATION ON 24 FEBRUARY 1982

Background material from the Department of the Environment

1. DOE(Central) fact sheet
  2. PSA fact sheet
  3. Construction Industries Directorate - MINIS reorganisation
  4. Extracts from CID MINIS 3 forms
- (3 and 4 will be referred to in the presentation)



DOE(Central) FACT SHEET

<u>A. Vote responsibilities (81/82)</u>	<u>Net Provision</u>
	<u>£m</u>
Housing	2,360
Local Environmental Services	38
Central Environmental Services (Water, etc)	85
Local Planning Services	38
Royal Parks, Palaces, Historic Buildings, etc	47
Central Administration and Environmental Research	151
Urban Programme Grants	90
Urban Development Corporations	70
Rate Support Grant	9,027
National Parks Supplementary Grants	4
Rate Rebates, etc	<u>230</u>
<b>Total DOE(Central)</b>	<b>12,140</b>

<u>B. Departmental Running Costs (81/82)</u>	<u>Estimated Gross Expenditure</u>
	<u>£m</u>
Wages and Salaries	106.9
Accommodation	23.2
Personnel Overheads	6.3
Office Services	20.9
Other Services	<u>8.1</u>
<b>Total DOE(Central)</b>	<b>165.4</b>

<u>C. Manpower</u>	<u>1.4.79</u>	<u>1.1.82</u>	<u>% change</u>
Non-industrials	9,591	8,155.5	-15
Industrials	<u>2,002</u>	<u>1,541</u>	<u>-23</u>
<b>Total DOE(Central)</b>	<b>11,593</b>	<b>9,696.5</b>	<b>-16.4</b>



PSA FACT SHEETS

A. Expenditure by client (81/82)

	<u>£m</u>
Defence (including NATO)	700
USAF (repayment)	70
Home Civil	490
Diplomatic overseas	30
Other clients	190

Total construction,  
maintenance and rent 1480

Supplies (a) 200 (a) including £13m staff and over-  
heads cost

PSA costs (b) 190 (b) excluding Directly Employed  
Labour costs and PSA accommodation  
costs which are included in  
construction, maintenance and rent  
costs

Consultants 50

Total PSA - gross 1920

B. Expenditure by type of work (81/82) £m

Part I (Projects over £100K)	450
Part II (Projects less than £100K)	110
Part III (Maintenance)	570
Rent and other purchases	350

Total construction,  
maintenance and rent 1480

Supplies 200

PSA Costs 190

Consultants 50

1920



C. Labour Force

	<u>1.4.79</u>	<u>1.1.82</u>	<u>% change</u>
Non-Industrial - Prof & Technical	10982	9711	-12
- Exec/clerical support	7937	6518	-18
Total Non-Industrial	18919	16229	-14
Industrial	19900	14840	-25
Total PSA	38819	31069	-20

D. PSA Overheads Structure (80/81)

Operational costs (a)	84	(a) Prof & tech staff, salaries & emp NI cont & imputed superannuation
Local overheads(b)	47	(b) Local mgmt and support staff accomm. at market rents, travel & subs. etc.
Central overheads	38	
	<u>169</u>	
Consultancy fees:		
Internal	4	
Private sector	39	
	<u>43</u>	
	<u>212</u>	

Conclusion

The ratio of operational costs : total costs is 84 : 169  
ie 50% which is very close to typical private sector ratios



# CONSTRUCTION INDUSTRIES DIRECTORATE: MINIS REORGANISATION

MINIS 1  
1.4.80.

MINIS 2  
1.4.81.

MINIS 3  
1.4.82.

NO. OF STAFF	85	73 (-14%)	66 (-22%)
--------------	----	-----------	-----------

CONSTRUCTION  
INDUSTRY

CID1.

CID2

CID3

BUILDING  
REGS

BR  
ADMIN

BR  
PROF

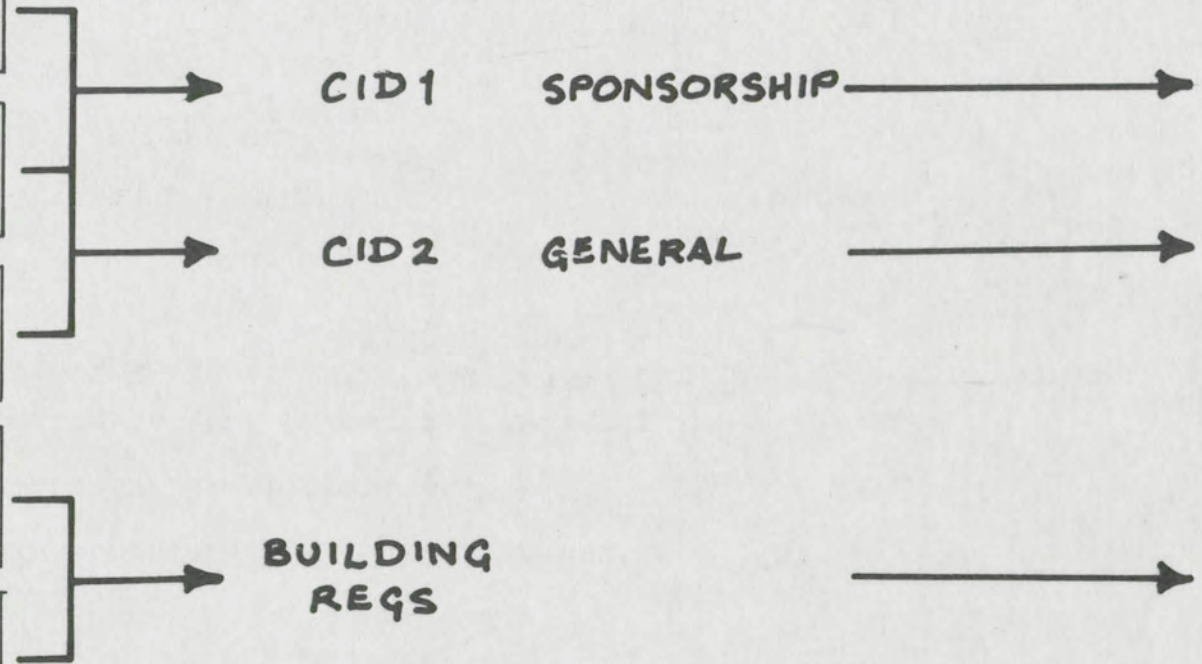
CID1

SPONSORSHIP

CID2

GENERAL

BUILDING  
REGS





RESULTS OF MINIS

1. Five divisions reduced to three
2. Building Regulations - administrative and professional divisions combined
3. Organisation rationalised to reflect Ministerial priorities
4. Small research unit set up within Directorate (DOE research previously handled by a central Research Administration Directorate, now bedded out)
5. Staff numbers greatly reduced



DIRECTORATE..... CONSTRUCTION INDUSTRY

DIRECTOR ..... D T ROUTH

LOCATION(S) ..... 2 Marsham St LONDON SW1

.....

.....



Divisions; heads & grades	Mr D T Routh (Under Sec)										
	<u>Construction Division 1</u> (Performance) (CID1) Mr A G Balls (Asst Sec)		<u>Construction Division 2</u> (General) (CID2) Mr B Strong (Asst Sec)		<u>Building Regulations Division</u> (CID(BR)) Mr A G Watson (Asst Sec)						
Main activities of divisions (with refs)	← ----- ← = = = = = <u>Construction Research Unit</u> ----- → (CIRU)										
	A <u>Policy towards the construction industry</u> A.1 Dialogue with the construction industry A.2 Performance of the construction industry A.3 Construction exports		A.4 The construction industry professions A.5 Sponsorship of the building materials industry B. <u>Building standards inc building control</u> B.5 Technical sponsorship B.6 Energy conservation		C. <u>Research and development</u> [The Unit's role is to co-ordinate the Divisions' research needs, and to monitor the Directorate's building and construction research programme.]						
Divisions SIP, grades & numbers (1 4 82 projected)	1 Asst Sec 3 Prins 2 HECs 1 AT 1 EO 1 CO 1 CA 1 Pers Sec		1 Asst Sec 1 Supt Arch 2 Prins 1 PPTO 2 HEOs 2 EOs 1 CA 1 Pers Sec		1 Dir B 1 PPTO 1 HEO 1 Pers Sec						
	1 Asst Sec 1 Sen Prin 1 Supt Arch 1 Supt CE 4 Prins 7 PPTOs 4 PTOs 1 SEO		1 HEO(A) 3 HECs 5 EOs 4 COs 1 CAS 4 Pers Secs								
Totals	Director & staff	2	11	11	4	38					
SIP 1 4 80	85	SIP 1 4 81	78	SIP (Jan '82)	71	Agreed allocation 1 4 82	66	Probable position 1 4 82	66	Guideline 1 4 83	62







A. ALLOCATION 1 4 82 66		B. PROBABLE SIP 1 4 82 66		C. GUIDELINE FOR 1 4 83 62			
CHANGES TO FUNCTIONS/LEVELS OF ACTIVITY				MANPOWER CONSEQUENCES			
(1) To remedy any overbearing on the 1 4 82 allocation (ie B to A)				Grade(s)	Numbers (see note opposite)	Division/ Location	Timing
(2) To reach 1 4 83 guideline (ie A to C)							
REF							
B.2.1	Continuing review of the requirements and effects of the Building Regulations and control arrangements			PPTO	- $\frac{1}{4}$	CID(BR)	Start run-down now; complete by mid-1982.
B.3.2	Responding to enquiries about the Regulations from the general public, professional institutions and local authorities			PPTO	- $\frac{1}{2}$	CID(BR)	Start run-down now; complete by mid-1982.
B.3.5	Advice to other Directorates and other Government Departments, including participation in interdepartmental committees, on matters connected with the Building Regulations			PPTO	- $\frac{1}{4}$	CID(BR)	Start run-down now; complete by mid-1982.
Total C/F				(PPTO)	-1		



NOTE: Staff redeployed within the Directorate as a result of function changes (ie which do not contribute to overall savings) are shown in square brackets.		PROPOSED KEY OBJECTIVES FOR 1982/1983
COMMENTS		
REF		
B.2.1	The proposed move away from detailed Regulations may help to reduce detailed involvement - but there are active lobbies in the industry and professional institutions whom we cannot ignore. We need to be ready to respond to any signs that the Regulations are becoming unnecessarily burdensome.	1. To ensure that standards of safety in buildings are maintained, and to develop legislation for a new system of control which will be simpler in operation and will allow for more self-regulation by the construction industry.
B.3.2	Reduce commitment to answering technical enquiries - deal with MPs, local authorities, trade associations, professional institutions only - refer all others to their local building control authority. Reduction in informal advice service may cause some increase in number of formal cases seeking statutory determinations or relaxations of the Regulations, or in numbers seeking advice via MPs, but net savings are possible, at some cost of goodwill with industry and design professions.	2. To help improve the performance of the construction industry at home and abroad. 3. To provide a channel for communication between Ministers and the construction industry, and to advise on the impact of policies on that industry.
B.3.5	Reduce service to other Departments and Divisions. Restrict co-operation to matters of direct concern to Regulations. Some (slight) risk that other Divisions and Departments might fall out of step with the Regulations and each other (water byelaws, housing standards, school building codes, hospital standards etc). CID(BR)'s withdrawal might throw more weight on BRE as the Government's experts on construction - especially in the field of structural engineering, where CID(BR) is the only other source of advice within Government.	4. To sponsor DOE research into construction. 5. To advise on matters affecting the construction industry professions, on codes and standards in the construction industry and on matters affecting the building materials industry. 6. To co-ordinate DOE policy on energy conservation in buildings.



A. ALLOCATION 1 4 82 66		B. PROBABLE SIP 1 4 82 66		C. GUIDELINE FOR 1 4 83 62			
CHANGES TO FUNCTIONS/LEVELS OF ACTIVITY				MANPOWER CONSEQUENCES			
(1) To remedy any overbearing on the 1 4 82 allocation (ie B to A)				Grade(s)	Numbers (see note opposite)	Division/ Location	Timing
(2) To reach 1 4 83 guideline (ie A to C)							
REF							
B.7.2	Participation in professional and industrial committees concerned with building.			PPT0	-2	CID(BR)	Start run-down now; complete by mid-1982.
	<p><u>Note</u> The above identifies 3 of the 4 savings required from CID. One more post will be found from CID1 through good housekeeping in the course of the year.</p>						
	Total			(PPT0)	-3		



NOTE: Staff redeployed within the Directorate as a result of function changes (ie which do not contribute to overall savings) are shown in square brackets.		PROPOSED KEY OBJECTIVES FOR 1982/1983
COMMENTS		
REF		
B.7.2	<p>Reduce involvement with the British Standards Institution (BSI) to essential committees only. The Departmental representatives on BSI committees are often the only counterbalance to the weight of manufacturers' interests, and must therefore stay on the main committees dealing with matters of direct concern to the Regulations (those whose Standards might need to be quoted in "deemed-to-satisfy" provisions). There is, however, scope for withdrawal from some committees, and for reducing overlap of representation (with BRE and PSA) on others - a saving of perhaps one PPTO post. The Secretary of State's drive for quality, and the proposal to give BSI the power to approve its own documents under the new building regulations system, will mean continuing substantial Departmental involvement.</p> <p>Withdraw from active participation in EC Commission's committees developing EUROCODES. This would save a further PPTO post, but at the cost of embarrassment in the EEC, and the risk later of having an unpalatable Directive forced on us. Mr Stanley has earlier considered this possibility and at the time rejected it. (Some of this work also done under item B.5.3).</p>	



DIRECTORATE'S  
FUNCTIONS AND PERFORMANCE



1 Ref	2 Apr-Sept 81: Functions/Tasks	3 Code/ Rating	4 Apr-Sept Costs £k	5 1981/82 Vote/Expenditure Responsibilities £k	6 Apr-Sept 81: Performance Assessment
A.4	<u>The construction industry professions</u> (UK) Policy and advice on:				
A.4.1	- EC measures (particularly Architects' Directive (AD))	P(E)/2	0.7		Attempts to achieve an acceptable compromise for the AD continued in Brussels; discussions held with Commission officials and links maintained with profession.
A.4.2	- Monopolies Commission report on professional fees	P/3	0.5		Minister's views, taking into account those of the professions, made known during inter-departmental consultations.
A.4.3	- Formation of Engineering Council	P/2	0.5		Interdepartmental discussions held on formation of Council and its membership.
A.4.4	- Matters affecting professional bodies	P/2	1.4		Briefing provided as required on ad hoc issues. Other work routine, eg on amendment to charters of chartered bodies.
A.5	<u>Sponsorship of the building materials industry</u> (GB)				
A.5.1	Policy and advice on Government relations with the industry, including meetings of the Standing Consultative Committee on Building Materials	P/4	14.9		Continuing activity. Communications maintained: 13 visits to firms; 29 meetings with firms, trade associations, etc. SCC on Building Materials met on 7 April.
A.5.2	Industrial studies	AE/3	0.4		Participated in study of chalk supplies for cement industry in SE.
A.5.3	Provision of financial assistance under section 8 of Industry Act.	R/2	3.9	Class VIII.1 Subhead E.1 £100k	4 applications in hand on 1 April (all cleared by 30 June); 29 received during period; 22 decided.
	Total G/F		80.6		



7 Ref	8 Oct 81 - Mar 82: Planned Performance (and proposed new Functions/Tasks)	9 Apr 82 - Mar 83: Planned Performance (and proposed new Functions/Tasks)
A.4		
A.4.1	Continue to work for a satisfactory solution for the AD, keeping Ministers and the profession in touch with developments. Maintain a watching brief on relevant Directives where other Departments are in the lead (eg Engineers' Directive).	Dependent on events in Brussels.
A.4.2	Advise Ministers on factors involved in decisions on this issue. Ministerial announcement expected in December.	As necessary.
A.4.3	First 18 Council members to be appointed (Dept of Industry in lead).	As necessary - possibly including second round of appointments to Council.
A.4.4	Respond to issues as they arise.	Respond to issues as they arise.
A.5		
A.5.1	Respond to and launch initiatives as appropriate. Further visits planned. Further meetings of SCC on Building Materials to maintain effective dialogue.	Respond to, and launch, initiatives as appropriate. Visits as necessary. Further meetings of SCC on Building Materials to maintain effective dialogue.
A.5.2	Continue to participate in study.	Report on study. Maintain liaison with industry as required.
A.5.3	Clear all outstanding cases by 31 December; clear all new cases within 13 weeks.	Clear all new cases within 13 weeks.



1 Ref	2 Apr-Sept 81: Functions/Tasks	3 Code/ Rating	4 Apr-Sept Costs £k	5 1981/82 Vote/Expenditure Responsibilities £k	6 Apr-Sept 81: Performance Assessment
B.2.5	Liaison with other standard-setting bodies.	AE/2	4.9		Discussions with Agreement Board; consideration of documents produced by industry and trade associations.
B.3	<u>Building Regulations: interpretation and advice</u> (EW)				
B.3.1	Preparation of guidance documents.	AE/2	1.9		Task completed.
B.3.2	Responding to enquiries about the Regulations from the general public, professional institutions and local authorities.	AE/2	37.0		About 230 written enquiries (including 125 PSO's) and 4500 telephone enquiries on technical matters.
B.3.3	Casework: issue of determinations, dispensations, and relaxations; appeals against local authorities' refusals to relax.	Q/3(S)	75.3		Some 1300 cases dealt with; advice to Welsh Office on 50 cases.
B.3.4	Input to Private Bills and Local Government (Miscellaneous Provisions) Bill.	L/2	9.8		Consideration and assessment of 10 Private Bills and Local Government (Miscellaneous Provisions) Bill.
B.3.5	Advice to other Directorates and other Government Departments, including participation in interdepartmental committees, on matters connected with the Regulations.	AE/2	22.4		Advice to and liaison with other Directorates and Departments as called for.
	Total C/F		265.6		



7 Ref	8 Oct 81 - Mar 82: Planned Performance (and proposed new Functions/Tasks)	9 Apr 82 - Mar 83: Planned Performance (and proposed new Functions/Tasks)
B.2.5	Commitment expected to continue at present tempo.	Continuing.
B.3		
B.3.1	Nil	Nil
B.3.2	Possible increase due to revision of fees scheme and Second Amendment.	Probably continuing at approximately the same level. Reduction in staff effort to be sought by referring some enquiries to local building control authorities.
B.3.3	Further delegation to local authorities from 1 December 1981 should almost eliminate work on relaxations; possibly a tendency for the number of appeals to increase at least in the short term.	Continuing activity at December 1981 - March 1982 levels. In the long term some reduction in staff effort may be achieved from delegation to local authorities at the end of 1981.
B.3.4	Work continuing on 7 Private Bills and Local Government (Miscellaneous Provisions) Bill.	As need arises.
B.3.5	Continuing as need arises.	Continuing as need arises. Reduction in staff effort on this item to be sought.



1 Ref	2 Apr-Sept 81: Functions/Tasks	3 Code/ Rating	4 Apr-Sept Costs £k	5 1981/82 Vote/Expenditure Responsibilities £k	6 Apr-Sept 81: Performance Assessment
C.	<u>Research and Development</u>				
C.1	Participation in annual review of construction research programme, in line with new arrangements approved by Ministers; co-ordination of Directorate input (GB)	RD/3	26.1		Preparation of draft submission to Ministers for approval of research programme for 1982/83 (submission scheduled for late October) incorporating advice obtained from committees below (see item C.6).
C.2	Monitoring individual studies placed with or through BRF where Directorate is the main customer (EW)	RD/2	3.4		Currently main customer for about 60 research items containing about 250 individual projects and costing about £6m/year. Identification of these projects and their targets for incorporation into submission for 1982/83.
C.3	Management of research projects placed directly (EW)	RD/2	1.7	Class VIII.5 Subhead D6(6) £616k	Programme Officer for five projects.
C.4	Assessment of results of research for publication (EW)	RD/2	2.4		About 45 draft research papers assessed; about 15 executive summaries assessed and submitted to Minister for final approval.
C.5	Sponsorship of Construction Industry Research Associations (CIRIA, BSRIA, TRADA) (UK)				
	(a) Assessment and approval of RA proposals for DOE support funding	RD/3	} 5.6		RAs' proposals also being submitted to Minister for approval; proposals for work to be funded in 1982/83 submitted to EDC for advice (see item C.6). Attended RA council and committee meetings as necessary. Scrutiny of invoices for work carried out in accordance with contract, for onward transmission to PECD Division.
	(b) Representation of DOE interests in RA business and monitoring of DOE-funded work	RD/2			
	(c) Implementing new procedures for DOE sponsorship of Ras via contract rather than grant support	RD/3			
	Total C/F		39.2		



7 Ref	8 Oct 81 - Mar 82: Planned Performance (and proposed new Functions/Tasks)	9 Apr 82 - Mar 83: Planned Performance (and proposed new Functions/Tasks)
C.		
C.1	Complete submission on 1982/83 programme for consideration by Ministers late October. Begin preparation of submission for 1983/84 programme in January.	Submit 1983/84 programme to Ministers for consideration and approval (October 1982). Begin preparation of 1984/85 programme (programme subject to annual review).
C.2	Initiate procedures for monitoring progress of agreed 1981/82 programme (October-December). Use information from monitoring to inform brief for Advisory Committees and policy divisions in preparing submission for 1983/84 programme (from January).	Monitor progress and use information in preparing 1983/84 programme and commencing to prepare 1984/85 programme.
C.3	Continuing.	Submission for 1982/83 contains about six projects to be placed directly.
C.4	Continuing; expected to be at a similar level to previous period.	Continuing.
C.5	(a) Incorporation of proposals for 1982/83 in submission to Ministers on construction research programme.  (b) Attend RA council and committee meetings as necessary.  (c) Continued monitoring of sponsorship contract.	(a) Monitoring of projects in 1982/83 agreed programme. Collection of proposals for 1983/84 for submission to external advisory bodies and ultimately Ministers.  (b) Attend RA council and committee meetings as necessary.  (c) Continued monitoring of sponsorship contract.



Mr RICKETT

*PL type.  
I have sufficient  
copies of the envelopes and  
a list showing ~~what~~ how many  
should go to each department.  
WM  
19/2*

PRESENTATION ON STAFF & NON-STAFF COSTS, 24 FEBRUARY

I attach a copy letter from Mrs McDonald, which is self-explanatory; a bundle of documents for circulation (I have kept two sets for us); and a draft letter for you to send to the private secretaries of the Ministers involved.

2 I will leave you to deal with the DOE end of the arrangements for Wednesday as suggested by Mrs McDonald, but I will aim to come through myself about 30 minutes before the presentation starts. On the DOE party - which I think excessive - you were going to have a word with Mr Edmonds.

3 I shall prepare a brief for the Prime Minister as already agreed. Perhaps you will kindly let me have today the following:

(1) The time by when the brief should be in your hands ✓

*I have told him  
and you on 23/2  
WM  
19/2*

(2) An example of an earlier brief for me to follow. ✓

*I have spoken to  
Clive about this.  
WM  
19/2*

(3) A list of those attending. ✓

*I answered this to Clive*

*WM  
19/2*

4 I intend to have a word with the Chief Secretary's private secretary to make sure that Mr Brittan understands the logistics - where he sits, how long for etc.

CP

C Priestley  
19 February 1982

ENCS; As indicated



DRAFT OF 19 FEBRUARY 1982

J F Halliday Esq  
Home Office

CONTROL OF STAFF AND NON-STAFF RUNNING COSTS

*I write to you on*  
~~I refer to my letter of 29 January~~ *about* ~~of~~ the presentation to  
be held here at 5.00 pm next Wednesday, 24 February.

The Secretary of State for the Environment believes that his colleagues and their officials attending the presentation and taking part in di\_scussion might find it helpful to have beforehand the enclosed documents, to some of which (3 and 4) reference will be made during the course of the presentation. They are:

- 1 and 2      Fact sheets on DOE(Central) and the Property Services Agency
- 3            A summary of the re-organisation of the Construction Industries Directorate consequent on the use of the MINIS system
- 4            Extracts (yellow pages) from the MINIS documentation on the Construction Industries Directorate

~~Sufficient copies are enclosed for each Department.~~

~~It would be helpful if those attending the presentation could arrive in good time to enable the presentation to start promptly at 5.00 pm.~~

I am sending copies of this letter to Brian Fall (FCO), John Kerr, Terry Mathews, Adrian Carter and Jeremy Colman (HM Treasury), David Omand (MOD), Imogen Wilde (DES), David Edmonds (DOE), Muir Russell (Scottish Office), Barnaby Shaw (DE), John





Rhodes (Department of Trade), Julian West (DEn), Jim Buckley and Eleanor Goodison (MPO) and David Wright and Clive Priestley (Cabinet Office).

W F S Rickett

CONQUEROR





cc Mr. Matthews }  
Mr. Wilding }  
Mr. Cunniff }  
Mr. Rumbold } MAB

Department of the Environment  
Room N.8/08  
2 Marsham Street London SW1P 3EB  
Direct line 01-212 8219  
Switchboard 01-212 3434

Clive Priestley  
Cabinet Office  
Whitehall  
London SW1

18 February 1982

Dear Clive,

CONTROL OF STAFF AND NON-STAFF RUNNING COSTS: PRESENTATION ON  
24 FEBRUARY

1. I enclose 50 copies of the material for advance circulation as we agreed.
2. I also explained to you that the Secretary of State has not yet decided who will speak with him or on the final form of the presentation. However, there will be no more than five speakers at most, including the Secretary of State, and there may be only three. I will let you have the details as soon as I can.
3. The present draft of the text falls into three parts. Firstly, a broad introduction which sets the scene by describing the scale of the Department (both DOE(C) and the PSA) when the Secretary of State came into office in May 1979; what has been achieved in terms of staff reductions; the introduction and use of the MINIS system; what the system has contributed, inter alia, in the achievement of staff savings so far; leading into the reasons for the adoption of the new system of control of non-staff costs. This part will almost certainly be covered by the Secretary of State.
4. The second part will provide more detailed discussion of the MINIS system including its use by senior management, as well as Ministers, and a look at its application to one illustrative Directorate - Construction Industries. Use will be made here of the material circulated beforehand but we shall also have slides of the MINIS forms.
5. The final part will cover what we expect to achieve from the introduction of the cost centre approach to the control of non-staff costs, how it is to be implemented and the questions it raises on the respective responsibilities of central departments and functional departments for standards.
6. I must repeat that we have not yet got the final approval of the Secretary of State to this format. I will let you know as soon as I can whether there are to be any substantial changes.





7. In the meantime you might like to know who will be included in the full DOE party:-

Secretary of State

Mr G W Moseley

Permanent Secretary

Mr P J Harrop

Second Permanent Secretary

Mr A M Alfred

Chief Executive, Property Services Agency

Mr K F J Ennals

Director General, Organisation and Establishments

Mr G H Chipperfield

Director, Central Policy and Resources

Mr D T Routh

Director, Construction Industries

Mrs M McDonald

Head of Central Policy Planning Unit. Responsible for MINIS.

Ms S Booth

Public Expenditure Co-ordinating Division. Responsible for the implementation of the cost centre system of control of non-staff costs.

*Mr. C. Joubert*

*Scrutiny Officer Rayner Report on Non Staff Running Costs*

8. Sally and I will need to come over to No 10 on the 24th about an hour or so beforehand to set up the projector and screen but we can make arrangements directly with Willie Ricketts for this. We will also provide name plates for the table and bring them with us.

*Yours*

*Stavis*

MRS M McDONALD



Civil Service  
Applicants

CONFIDENTIAL *ma.*

Mr RICKETT ✓ *wm*  
*19/2*



✓ *Sue Goodchild*

PRESENTATION ON STAFF AND NON-STAFF COSTS, 24 FEBRUARY

I hope to let you have in the next day or so a draft letter to send to the private secretaries of Ministers attending the presentation, outlining the programme and circulating a few papers which Mr Heseltine would like his colleagues to have beforehand and to which he will refer during the presentation. I would have done so before now, but we are still hung up awaiting Mr Heseltine's decision on how to construct his part of the presentation.

2. So the main purpose of this minute is to consult you on points concerning the shape and logistics of the presentation.

Shape

3. It is already established that the opening and main presentation will be as follows:

- (1) Very brief opening remarks/welcome by the Prime Minister.
- (2) Scene-setting by the Chief Secretary (5 minutes): the volume of expenditure at issue, the underlying management issues and (briefly) the role of the Treasury and MPO.
- (3) Presentation by Mr Heseltine, assisted probably by Mr G W Moseley (Permanent Secretary) and Mr K F J Ennals (PEO): MINIS, Joubert ("cost-centre" approach to the control of running costs) and the control of staff numbers. About 30 minutes.
- (4) General discussion: we shall arm the Prime Minister with some points for this. About 40 minutes.
- (5) Conclusion and rounding-off. About 5-10 minutes.





4. MPO private office have raised the question of the part to be played by the CDL, Lady Young. My advise, privately, was that the CDL should not seek a part of any formality, but should be content to contribute to discussion, although Mr Cassels - as the co-ordinator of the two Government-wide reviews represented at the meeting - might be called upon to sum up and say where things stood. But the private office have now been instructed to raise the question whether the CDL should be invited beforehand to bring things together at the end and also "provide an MPO point of view".

5. I need not labour over ground with which you are already familiar. Suffice it to say that I believe that to announce beforehand a programme of "lectures" by the Chief Secretary, the SS/Environment and the CDL would tend to inflame the sensitivities of the senior and "big management" Ministers invited to attend, including the Home, Foreign and Defence Secretaries among others. My advice would therefore be as follows:

- (1) The PM should briefly sum up herself at the end of the presentation. If she agrees, we will cover this in the brief.
- (2) So that the CDL and MPO have more than a walk-on part, the CDL should be invited beforehand to offer her observations during discussion. In case the PM agrees, I attach a draft letter to Mr Buckley.

Logistics

6. Perhaps we could have a word about some points which have arisen, as follows:

(1) Seating arrangements

We have already agreed that there is a broad semi-circle of chairs facing a table, occupied





by Mr Heseltine and his team (para. 3(3) above).  
May we now settle these points, please?

- a. Front row seating order: I assume that the PM will sit in the centre. The CDL wants to sit next to her. Is this right or should we go for and indicate (perhaps by a seating plan on display or circulated beforehand) that seating is by order of Cabinet precedence, ie to some degree reproducing Cabinet table order?
- b. Chief Secretary: Mr Brittan should sit somewhere near the middle of the front row so that he can step forward a pace or two to deliver his scene-setting pitch.
- c. Officials: Probably simplest to let officials seat themselves at will rather than (for example) to seat the Home Secretary's Permanent Secretary and examining officer immediately behind him in the second and third rows?

(2) Seating arrangements for discussion

Once Mr Heseltine and his group have finished, the focus will shift to and scatter among the audience, especially if the PM remains where she began in the middle of the front row. Would it therefore be sensible for the DOE group to relinquish the table to the PM so that she moves to it and leads discussion from it? If so, should she be alone or flanked by a couple of grandees (including Mr Whitelaw) or by Mr Brittan and Lady Young?





Other points

7. I should be grateful if you would let me have a list of those taking part as indicated by responses to your letter of 29 January to Mr Halliday (Home Office).
  
8. Unless you indicate otherwise, Mr Beesley, Mrs Thoms and I will attend from here with Sir Derek Rayner (my minute of 5 February refers).
  
9. I believe that the PM may have received the long threatened letter from the Management Consultants' Association and that its content may be relevant to the presentation. May I have a copy, please? And if you want advice, I shall be glad to supply it.

GP

C PRIESTLEY  
16 February 1982

Enc: Draft letter to Mr Buckley



J Buckley Esq  
Private Secretary to the  
Chancellor of the Duchy of Lancaster

CONTROL OF STAFF AND NON-STAFF RUNNING COSTS

I refer to my letter of 29 January to John Halliday (Home Office) about the presentation here on 24 February.

It is probable that the Chief Secretary will deal briefly with the role of the central departments in the course of his scene-setting comments. The Prime Minister does not want to overdo the role of the centre on this occasion, as it will be important to devote a good part of the available time to discussion, but she would be grateful if the Chancellor of the Duchy of Lancaster would be prepared to say a few words during discussion about the help available from the MPO and the Treasury and about the way in which it will co-ordinate the reviews of self-contained executive operations ("Resource Control") and of Running Costs.

I am copying this to David Edmonds (DOE), Terry Mathews (Treasury), David Wright and Clive Priestley (Cabinet Office).

W F S RICKETT



17 FEB 1982





SC C Priestley

LIST OF GUESTS ATTENDING THE PRESENTATION ON COST CONTROL ON WEDNESDAY,  
24 FEBRUARY 1982 AT 1700 HOURS FOLLOWED BY DRINKS

Home Office

Rt. Hon. William Whitelaw, MP

Sir Brian Cubbon

3 Mr. Michael Butler

Examining Officer

FCO

Sir Michael Palliser

2 Mr. A.F. Green

Examining Officer

M/Defence

Rt. Hon. John Nott, MP

Sir Frank Cooper

Air Marshal Sir Alan Davies

Head of Resource Control Team

4 Dr. John Miles

" " " "

D/Education and Science

Rt. Hon. Sir Keith Joseph, MP

Sir James Hamilton

3 Miss A.M.J. Benham

Scottish Office

Mr. Malcolm Rifkind, MP

2 Mr. A.L. Rennie

Secretary, Scottish Home and Health  
Department

Department of Employment

Rt. Hon. Michael Alison, MP

Sir Kenneth Barnes

3 Mr. Steven Cook

Examining Officer

Department of Trade

Rt. Hon. John Biffen, MP

Mr. Reginald Eyre, MP

Mr. Michael Franklin

Mr. Julian Mackenny

Examining Officer

Mr. Blundell

" "



Department of Energy

Hon. Nigel Lawson, MP

Sir Donald Maitland

Dr. J.M. Bird

MPO

Rt. Hon. Baroness Young

Sir Robert Armstrong

Mr. J.S. Cassels

Mr. N.B.J. Gurney

Member of central team for resource control review

Miss J.M.E. Buchan

Examining Officer

Sir Derek Rayner

Mr. Clive Priestley

Mr. I.B. Beesley

Member of central team for resource control review

Mrs. E. Thoms

Treasury

Rt. Hon. Leon Brittan, MP

Sir Anthony Rawlinson

Mr. R.W.L. Wilding

Mr. Barney Hayhoe, MP

Dr. Gerhard - Deputy Master of the Royal Mint

Department of the Environment

Rt. Hon. Michael Heseltine, MP

Mr. G.W. Moseley

Mr. P.J. Harrop

Mr. David Edmonds

Mr. Joubert

Mr. Alfred

Mr. Ennals

Mr. Chipperfield

Mr. Routh

Mrs. McDonald

Miss Booth



Dr Gerhard Pagel Mus



Dr Gerhard Pagel Mus