

no.

cc Mr Daquid



MANAGEMENT IN CONFIDENCE

PRIME MINISTER

CHARGING FOR CIVIL SERVICE COLLEGE COURSES

I have been considering the question of charging departments for attendance at Civil Service College courses.

Repayment is established policy for HMSO, COI and PSA services and in principle should apply to the College also. But powerful practical arguments in favour of retaining the present arrangements have been deployed by departments and the College Advisory Council as Paul Channon reported in his minute of 18 November last. I do not accept that these arguments are conclusive and I believe we should take a deliberate and significant step towards repayment.

on pt 7 attached

I therefore propose to write to colleagues as in the draft letter attached, proposing a measure of repayment which would be most likely to have the beneficial effect on cost-consciousness and cost-responsiveness sought from repayment and not the perverse effect feared by departments. Non-Exchequer bodies already pay, and this step would extend repayment to some 35-40% of the College. It would be accompanied by full attribution to departments of all College costs. We already attribute costs fully on a rough and ready basis, but this will need to be refined. The necessary system is being introduced. A dummy run in 1982-83 (aligning the College timing with the PSA) is an important part of getting this right.

Do you agree that I should proceed on these lines?

A copy of this minute goes to Sir Derek Rayner.

BH.

BARNEY HAYHOE

31 July 1981





MANAGEMENT IN CONFIDENCE

DRAFT LETTER FROM THE MINISTER OF STATE (CIVIL SERVICE DEPARTMENT) TO THE HOME SECRETARY:

CHARGING FOR CIVIL SERVICE COLLEGE COURSES

Following a Rayner project in 1979 and consultations with departments and with the Civil Service College Advisory Council, I have been considering whether departments should be asked to pay for attendance at Civil Service College courses. The philosophy behind repayment is now well rehearsed, namely that by letting costs fall where they arise needs will be more rationally defined, providing for greater efficiency and economy in the use of resources than when the goods and services are provided free. Repayment is established policy for HMSO, COI and PSA services and should in principle apply also to the Civil Service College.

2. In the particular case of the College, I appreciate that departments have expressed a preference for retaining the present arrangements, fearing that repayment would cause the short-term financial pressures facing hard-pressed programme managers to dominate in an area where the benefits are of a longer-term nature, to the detriment of the investment in training and the long-run efficiency of the Civil Service as a whole, particularly when the interests of the whole are not necessarily equal to the sum of the interests of the parts and to avoid divergence of interests there is a need for a central management role.

3. I do not accept that these fears argue conclusively against repayment. Sir Derek Rayner has suggested that

MANAGEMENT IN CONFIDENCE



MANAGEMENT IN CONFIDENCE

the major difficulties could be met if CSD were to act as a "central customer" for the training which we believe is necessary in the interests of the long run efficiency of the Civil Service as a whole, and I believe that we should take a deliberate and significant step towards repayment and that this idea offers a basis for doing so.

4. I therefore propose that we should introduce repayment, on an appropriate basis of charging, for those courses where repayment is most likely to encourage cost-consciousness and cost-responsiveness, and least likely to have the perverse effects feared by departments. What I have in mind is that CSD would bear on its Vote the fixed overhead costs of the College and the direct cost of those courses whose benefits accrue over time or a wide area. Departments would pay the direct cost of those courses which are "job specific" (the benefits of which are more immediate and can be more easily weighed by individual departmental managers) and for which there are alternatives available outside the College or the training is that which departments ought to consider providing on their own account. Specifically, therefore, I propose departmental repayment of direct costs of courses to train trainers, courses in audit and personnel management, certain management services and computer courses for practitioners, and courses which the College provides for departments or groups too small to sustain training in subjects which departments would normally provide. The CSD would continue to fund other College training: examples would be seminars at senior levels, AT training, multi-disciplinary courses at middle management levels, most of the planned computer training, and courses for line staff in such topics as financial management, economics, statistics, government, staff management and industrial relations.



MANAGEMENT IN CONFIDENCE

5. Non-Exchequer bodies already pay for all College courses. Adding this measure of departmental repayment would extend repayment to some 35-40% of the College. It would be accompanied by full attribution to departments of all College costs. It would not be free of the risks which departments have identified. But it would test the practical consequences of repayment in areas where its effect is most likely to be beneficial. There is bound to be some fuzziness at first about the dividing line between courses to be charged to departments or to the CSD. We shall not get it precisely right from day one. The important thing is to lay the foundations for change on which subsequent discussions between departments, the Civil Service Department and the College can build.

6. I am writing to you and other Ministers in charge of departments because this is a matter in which all departments have a stake. I should be grateful if you would let me know by 3 weeks from issue if you are content with the basic approach. If so, I propose that departments and the College should together work up the details of such a scheme to provide a dry-run for 1982-83, and repayment on this basis from April 1983 onwards.