



10 DOWNING STREET

From the Private Secretary

12 September 1985

I should be grateful for your advice on the letter to me from Sue Vandervord at the Department of the Environment, dated 11 September, on proposals for reorganising the top management structure of the Ordnance Survey.

I am copying this minute, together with Sue Vandervord's, to Sir Robin Ibbs, in case he also wishes to comment.

(Mark Addison)

Richard Hatfield, Esq.,
Cabinet Office.

Copies to Private Secretaries to:

The Rt Hon Leon Brittan QC MP - DTI
The Rt Hon Sir Keith Joseph Bt MP - DfSS
The Rt Hon Peter Walker MBE MP - DfN
The Rt Hon Michael Heseltine MP
The Rt Hon George Younger TD MP
The Rt Hon Nicholas Edwards MP
The Rt Hon Norman Fowler MP
The Rt Hon Norman Tebbit MP
The Rt Hon Nicholas Ridley MP
The Rt Hon Michael Jopling MP
The Rt Hon Lord Hailsham of Saint Marylebone CH
The Rt Hon Nigel Lawson MP
The Rt Hon Timothy Raison MP
Sir Robert Armstrong GCB CVO

DRAFT PARLIAMENTARY QUESTION AND ANSWER TO ANNOUNCE THE
ESTABLISHMENT OF THE ORDNANCE SURVEY MANAGEMENT BOARD

Q: To ask the Secretary of State for the Environment if he will make a statement about future arrangements for the management of Ordnance Survey?

A: Following discussions with the Ordnance Survey Advisory Board I have decided to set up a Management Board for the Ordnance Survey composed of executive and non-executive directors. It will replace the present Advisory Board. The Advisory Board agreed that a Management Board was the most suitable structure for the Ordnance Survey, but recommended that the new Management Board should have an independent chairman. After careful consideration I have concluded that in the case of the Ordnance Survey this would create needless problems of accountability to Ministers and Parliament. I have therefore decided that the Director General, Mr Peter McMaster, should become Chairman of the Management Board. There will be five other executive directors.

I am pleased to announce that X Y and Z have agreed to serve as independent directors of Ordnance Survey. They will bring valuable private sector experience into the management of Ordnance Survey. They will also have direct access to Departmental Minutes as necessary on Ordnance Survey affairs.

The Management Board will be primarily responsible for policy, planning and monitoring of performance in order to ensure that Ordnance Survey:

1. continues to flourish as an efficient and cost-effective organisation, satisfying current and future user needs;

2. meets the financial objectives set by the Secretary of State;

3. reduces Exchequer support by increased involvement in the commercial market place;

4. remains in the forefront of technological change.

In particular, one of the early matters which the Board will consider will be the creation of a sub-committee, composed of independent and Ordnance Survey members, to advise generally on scientific and technical matters, and with particular reference to the needs of digital mapping. Such a group was recommended by the Advisory Board and accepted by Ordnance Survey.

I believe the new arrangements will provide Ordnance Survey with better strategic direction and will contribute to the sound development of the organisation. I would like finally to express my gratitude to the members of the Advisory Board for their good work and advice over the past two and a half years, and to thank them for their services.

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C.P. Unit



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Mark -
Robert Ibbs?

My ref:
Your ref:

// September 1985

Dear Mark

My Secretary of State has been reviewing the top management structure of the Ordnance Survey, and wishes to create a new form of Management Board for it. This is not a major change, but I am drawing your attention to it since it may be regarded as a small alteration to the machinery of government.

Constitutionally the Ordnance Survey (OS) is a Government Department operating under its own legislation which dates back to 1841. It is headed by a Director General at Under Secretary level who is the Accounting Officer and reports direct to the Secretary of State, though in practice a Minister of State here, (Mr Waldegrave) usually deals with most OS matters on a day-to-day basis.

In December 1982 these arrangements were augmented by the creation of an Advisory Board of independent outsiders. The object was to obtain private sector advice for Ministers and the Ordnance Survey on the key strategic and management and financial issues facing Ordnance Survey. Since its inception the Board was chaired by Sir Robert Clayton formerly of GEC, and has had four other members - Lord Chorley, Sir Alan Muir Wood, Sir Derek Barber and Michael Montague. All of these initial appointments have however now expired, and none of the five wish to serve again on the present basis.

The first organisational issue referred to the Board was the suggestion, then current, that the Ordnance Survey might be put onto a Trading Fund basis. (Mr Heseltine had previously made this proposition, but it ran into strong opposition from the geographical lobby in the House of Lords, principally on the grounds that it might lead to too much intervention by DOE in the affairs of the Ordnance Survey). The Board advised in 1983 that in their view the Trading Fund would not necessarily be the best way forward, and that the aim of greater efficiency and cost-effectiveness could best be achieved by retaining the present financial arrangements and developing the discipline of corporate planning, financial targets and published accounts. They also recommended further consideration of the possibility of putting the Ordnance Survey onto a grant-in-aid basis.

Mr Jenkin accepted most of these recommendations in January 1984. He decided not to proceed with the trading fund proposal, and to continue strengthening the existing planning and financial framework on the lines recommended. He gave careful consideration to the possibility of grant-in-aid status for the Ordnance Survey, but decided not to pursue this since it might have created similar tensions between DOE and Ordnance Survey; it would also have required primary legislation.

These decisions were generally welcomed, and my Ministers have no intention of re-opening any of these potentially controversial changes to the basic constitution of the Ordnance Survey. During the last 18 months however they have been reconsidering the role of the present Advisory Board and its relationship to Ministers on the one hand and the Director General on the other, and now wish to make certain changes.

The present arrangements have not been entirely satisfactory. The Advisory Board members felt they did not have sufficient authority or influence to ensure that their suggestions were given due weight by the Ordnance Survey or Ministers. For their part, senior officials of Ordnance Survey felt that the Advisory Board members were not sufficiently close to the day-to-day operations and constraints of the Department to be able to give equally good advice on all matters referred to them.

In the light of this experience, the outgoing Advisory Board and members of the Ordnance Survey senior management are agreed in recommending to Ministers that a better arrangement for the future will be to have an integrated management board with executive functions on which the outside members sit alongside the top management of OS itself. My Ministers consider that this is a sensible proposal. It will overcome the present problems, strengthen the management of OS and improve arrangements for Ministerial oversight.

My Ministers envisage a smallish Board of some 8 or 9 members with 6 executive members drawn from OS senior management and 2 or 3 independent outside non-executive members with relevant business backgrounds. The outgoing Advisory Board thought that the Chairmanship of the new Board should go to one of the independent outsiders so as to bring an external controlling influence to bear at the top level. Ministers have considered this carefully but have concluded that this would prejudice the position of the Director General as Accounting Officer, and confuse relationships between Ministers and Ordnance Survey. They therefore intend that Peter McMaster, the present Director General, in whom they have great confidence, should become the Chairman of the new Management Board. They are however looking for strong and independent-minded outside members to serve on the new Board and intend that they should have direct access to Ministers as necessary in order to ensure that the outside voice is fully heard.

Mr Baker intends to make an announcement about these new arrangements when Parliament reassembles in October. I attach a draft of a Parliamentary Question and Answer for this purpose. I should be grateful if you could let us know whether the Prime Minister is content with the new arrangements by 25 September. I am copying to the Private Secretaries of other Ministers with an interest in Ordnance Survey affairs and would be grateful for any comments from them by the same timetable.

Yours sincerely

cc John M. Hys
Michael Peter

Shanderson

MISS S L VANDERVORD
Private Secretary

Mark Addison Esq