PREM 19/1430

33/98

Confidential Filing

Scrutiny of Overseas Development Administration following a letter from MR. C. Gerard a principal in ODA

CIVIL SERVICE

February 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~23.2.82~~							
~~8.3.82~~							
~~25.3.82~~							
~~14.4.82~~							
~~15.10.82~~							
~~29.11.82~~							
~~10.3.83~~							
~~23.5.84~~							
~~10.5.84~~							
~~19.11.85~~							
3.12.85							

Dd 533270 5M 2/78 8362633 JET

GA

10 DOWNING STREET

From the Private Secretary

3 December 1985

The Prime Minister has asked me to thank you for your letter of 29 October, the contents of which have been noted.

I very much hope that you have a happy retirement.

(Mark Addison)

C. T. Gerard, Esq.

BM

CF File

1. Mr Wieles - to see
2. GR to type for my sig.

Ref. A085/3098

MR ADDISON

Letter to the Prime Minister from Mr Christopher Gerard

Your minute of 19 November to Michael Stark sought advice and, if appropriate, a draft reply to the letter to the Prime Minister from Mr Christopher Gerard dated 29 October.

2. I attach a draft reply for your signature and a copy of the ODA's advice to Michael Stark which gives further background information.

Ros Mulligan

ROSALIND MULLIGAN

2 December 1985

DRAFT LETTER FROM MR WICKS TO MR C T GERARD,
18 SCOTTS LANE, SHORTLANDS, BROMLEY, KENT BR2 0LH

The Prime Minister has asked me to thank you for your letter of 29 October, the contents of which have been noted.

I ~~take this opportunity of sending you~~ my ~~best wishes on your retirement from the Public Service~~.

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH
Telephone 01-213 4819

Sir Crispin Tickell KCVO
Permanent Secretary

27 November 1985

Mr M Stark
PS/Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
LONDON
SW1

Dear Michael

MR CHRISTOPHER GERARD

In your manuscript note of 22 November you asked for advice and a draft reply to the letter the Prime Minister received on 29 October from Mr Christopher Gerard. As you know this case has a long history.

The main point of Mr Gerard's letter to the Prime Minister was to make a number of allegations about the way in which ODA management had handled the affairs of the ODA Scientific Units, notably the Tropical Development and Research Institute. Mr Gerard wrote a similar letter to the Prime Minister, covering much the same ground, on 12 February 1982. The Prime Minister had a meeting with Mr Gerard on 4 March 1982, and subsequently discussed the points of issue with the then Foreign and Commonwealth Secretary and the then Permanent Secretary of the ODA. In his letter of 19 April 1982 Mr Whitmore said that the Prime Minister regarded the matter as closed, but asked to be kept informed of the results of the further review of the Unit's then proposed. Mr Neil Marten, then Minister for Overseas Development, wrote to Sir Derek Rayner on 18 August 1982 to explain that a number of important changes were proposed in the relationship between the ODA and the Units, including a more formal customer/contractor relationship. A copy of Mr Marten's letter went to the Prime Minister. The proposed changes have now been put into effect.

Mr Gerard's latest letter adds nothing of significance to the earlier one. He has not been officially involved with the Scientific Units for several years, and appears not to be aware of the changes which have taken place. There is nothing in the point he makes about a possible alternative site for relocation of the Scientific Units at Stockwell. The recent

/decision

decision to relocate the Tropical Development and Research Institute and the Land Resources Development Centre at the former naval dockyard site in Chatham was taken following a detailed investigation of a number of possible options and full inter-departmental consultation. Mr Gerard has made vague allegations in the past about financial mismanagement in the ODA, but when pressed to provide evidence has always failed to do so.

I suggest a brief Private Secretary reply on the lines of the attached draft.

Yours sincerely

Jonathan Lingham
PS/Sir Crispin Tickell

1. Mr. Wicks
2. Michael Stark

Draft letter pl
NLW
19.11

CHRISTOPHER GERARD

The Prime Minister has received a letter from Christopher Gerard, dated 29 October, which we have acknowledged. I am sorry for the delay in forwarding this to you for advice but it took us a little while to track down the earlier correspondence on our files.

You will see, from your own papers, that this story goes back a long way, to 1982, when Mr Gerard first wrote to the Prime Minister. The last report from Sir William Ryrie in a letter to Robin Butler of 10 May 1984, copied to Sir Robert Armstrong, indicated that Mr Gerard was unwell and that consideration might be given to retiring him on medical grounds.

I should be grateful for your advice on Mr Gerard's most recent letter, and if you think it appropriate, a draft Private Secretary reply.

BF

MEA

19 November, 1985.

~~160?~~

OVERSEAS DEVELOPMENT ADMINISTRATION
Eland House Stag Place London SW1E 5DH

Telephone 01-213: 4507
or Switchboard 01-213:3000

Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1

Your reference

Our reference

Date 29 October 1985

Dear Mrs. Thatcher,

POLICY RESPECT BY CIVIL SERVANTS?

On 12 February 1982 I sent a brief letter to you about the way in which objectives of your Administration have, or have not, been implemented by the Civil Service. I hope that this also may be of interest.

2. At that time you then arranged a generous meeting at 10 Downing Street, when we discussed issues of policy, and practical implementation inter alia in the Overseas Development Administration (often known as the ODA). Although the world has changed in various ways since then, I would like personally to write to you on certain issues now. In part this is because I am being discharged from the Civil Service, and in part because attending a public school in Dulwich (known as Dulwich College), I am glad to learn of your decision to purchase housing in Dulwich!

3. What makes the present institution interesting is that, despite what you were informed, there has been little change about the implementation of your preferred policies. In the ODA some decisions about operations remain as they were when we spoke. All that can be said about some of the marginal changes that have taken place is that they probably would have happened anyway, and that certain of your wishes have not been respected, despite their practical feasibility etc.

4. In what follows there is an attempt to give a comment and explanation on some cases. However, I should state that they are not inspired by my own political values: I can genuinely say that I have none. I do not vote for the Conservative Party, the Labour Party, or the Alliance. As a matter of principle all I believe is that the Administration of the day should be srupulously followed by Civil Servants, who should only do what the Administration wishes and expresses. That I should write in this way is not based on any political point of view: it is mainly based on personal and other experience.

5. In my letter of 12 February 1982 it was clear that the then four Civil Service institutes of Research and Development (R and D) of the ODA tended to have little contact with either proper needs of ultimate customers - governments, firms, universities, individual citizens etc in the developing countries - or with British industry, or British commercial or political interests. They were extremely expensive; they shared great scope for privatisation.

6. Later, two of the principal institutions became TDRI and the last was attached to Ordnance Survey etc work. However, in the context of even 1982 it was clear that your political issue of privatisation (also attached to "geographicalisation" - meaning such bodies wouldbe independent, and would function in response to specific demands), was not exactly treated with respect. As long ago as late 1981, when I was

/responsible

ponsible for general ODA issues of R and D, I had written notes expressing your Administration's policy priorities and desires for privatisation. Early in 1982, after the time we met, a "Review of Functional Technical Cooperation" in ODA started. A few months later it was complete. To my utter astonishment it then devoted a whole Annex to "Research and Development - (R and D) - the Gerard proposals."

7. Although much of the above-named paper was clear and sensible enough, this was not so about the so-called "Gerard proposals". In the first case, ideas about privatisation are not, and were not, mine but yours. All I was ever trying to do was bring the attention of the ODA management to what you wanted. Since coverage of issues like geographicalisation, and use of aid in the trade and total environment, was yours, not mine, to reject that was also interesting. In late May 1982 the then Deputy Secretary of the ODA, and Chief Economist, minuted to the Permanent Secretary various suggestions about evaluation of ODA's R and D, but actually even wrote: "14. [The report author] draws attention to certain fallacies in this approach [ie the so-called "Gerard proposals"], which I fully endorse and would indeed go further than he does." Much that followed was about the need for no such privatisation, and the evaluation of the ODA's R and D - but nowhere did it deal with the issue of what your Administration wanted, whether it was feasible or not, and what if anything could be done about it in terms of presentation to Ministers. Subsequently I was to be put in the strange political position of evaluating the ODA's R and D. What all this meant was that ODA senior management was, quite apart from the "Gerard position", quietly opposing your views about privatisation at all levels...

8. Much of what the ODA has done in a minor way about eg privatisation of a canteen or travel service has been at rather low level. That which could have been done about R and D would have been profitable, and feasible, for all concerned. However, ODA management decisions also in 1982 about a Management Information System (MIS) seemed to be in conflict with your ideas. Certainly the proposal was uniquely costing more public funds, and was never probably in 1982 ever assessed even financially, let alone economically, by the ODA Chief Economist. It was then agreed by the Permanent Secretary: already it is of great interest to the National Audit Office. Even now it is far from settled.

9. In 1982/3 my further references to your political ideas (not mine - I have none) were extremely controversial. The management of the ODA frequently indicated that it hated them. Furthermore, I was even accused by various senior officials of having "leaked" things! Since "The Economist" of 15 January 1983 had a "Memo to Alan Walters" about aspects of privatisation in ODA, involving privatisation of certain parts of ODA, I was (nearly) prosecuted with a leakage of information about ODA policy. Not true of course, since if I had ever leaked anything I would at least get the details right! However, to blame something which fitted in with your policy was very strange indeed.

10. While it is not for me to judge in any way the decision by Mr Raison for the transfer of the TDRI - the ODA R and D institution - to Chatham, in premises which in the past have been part of the Ministry of Defence (there was a suitable Parliamentary announcement etc), it is of interest that this decision should have taken place. There were other alternatives which were cheaper than that: indeed, on simple financial grounds it would have been much cheaper to rent or obtain certain premises in Stockwell in the London Borough of Lambeth, which would not only have been cheaper, would have given an excellent basis should it be decided that the TDRI were to be privatised, would have been close to the ODA centre, would have marginal sociological advantages, etc. It is understood that those alternatives presented by ODA officials to Mr Raison did not cover this, or other, points. Mr Raison therefore perhaps had to make a different choice.

11. Apart from the many cases of privatisation etc - there are dozens more - it ought also to be understood that Civil Servants do quietly hide their opinions about other policies of the current Administration in at least the ODA: other points about

/the

the GCHQ etc have occasionally been used in terms of representation, but they do not have the same power. Recently after returning to work in ODA following sick leave, I became aware that military issues can, in one way or another, affect aid and development too. Suddenly realising that, while the Diplomatic Wing of the FCO was not equalled, or linked, by the ODA, I pointed out that some kind of ODA guidance on defence issues that related to aid was rather necessary. The reaction amongst my colleagues can best be described as fierce. Since important decisions about certain sales of armaments in various parts of the Third World, in which you have a part, are important and very substantial, what certain ODA colleagues meant was that no ODA support even indirectly should ever take place. No ODA involvement even on political grounds should happen.

12. It is true that at various times Sir Robert Armstrong has provided circulars about the relationships between Civil Servants and Ministers. However, even on the basis of those excellent circulars, it seems to me that once again there may be a case for ensuring that there are political "mini-Cabinets" for Ministers. Such institutions would enable Ministers to know more of what is going on, whether or not Civil Servants are truly doing what they say they promise in relation to the Administration, etc. Political presence or appointees would make it harder for high Civil Servants to get away with what they want, and to crush the policy desire of the Administration of the day. The argument whether members of such "mini-Cabinets" would include Civil Servants chosen on a political basis is one that has never been fully settled. All I would say, based on my own personal experience, would be that without even such an experiment, at least ODA senior Civil Servants manage to get away quite well with avoiding your politices and political choice...And this is even if other institutional changes do take place....

13. Finally, I apologise for writing at length. That I do so is because of my own experience: I have been much disliked by certain colleagues in terms of my attempts to be loyal to your Administration. I have received strange, and nearly lethal, physical attack which indeed caused me to end up in hospital for months in 1984. The reports on me have, not surprisingly, been rather heavy. Off and on it was made clear to me years ago that unless I stopped talking so much about the need to do what the Administration wants to do about privatisation, I would be expelled from the Civil Service. More recently I was sent away to the Civil Service Medical Advisory Board etc so that I could be removed. Following the political case was only one of the reasons - it is also true that I happened to discover some interesting unorthodox financial management by certain ODA personnel - but I am not surprised that I be put outside on medical grounds, with slashed etc pension and other points too (also a range of interesting "mistakes" of various natures).

14. Despite all the above points, I would once more stress that I hope in future all your political wishes are respected by Civil Servants...

Yours sincerely

Chris. Gerard.

C T Gerard

10 DOWNING STREET

CONFIDENTIAL FILING ✓ att.

Please could you have another look on the PM's 1982 diary to see if you can find out anything about this meeting.

Thanks.

Garden Rooms
18 November 1985

MEA — pp's attached.
Sorry for delay.
JB 18/11

FILE

DA

10 DOWNING STREET

From the Private Secretary

15 November 1985

I am writing on behalf of the Prime Minister to acknowledge your letter of 29 October.

This is receiving attention and a reply will be sent to you as soon as possible.

(Mark Addison)

CONFIDENTIAL

C.T. Gerard, Esq.

SM

10 DOWNING STREET

GR/CF.
Can we ack now pl.
Then can we look at the
meeting ppts at X if we
can. If not, pl spk. MEA 11/11

MEA

The author of this letter has clearly had some unhappy experiences, as a result of being identified with policies unpopular with colleagues. I don't imagine he is alone.

Did you want advice from us on its content, or handling?

M.O.
14/11

OVERSEAS DEVELOPMENT ADMINISTRATION
Eland House Stag Place London SW1E 5DH

Telephone 01-213: 4507
or Switchboard 01-213:3000

Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1

Your reference

Our reference

Date 29 October 1985

Dear Mrs. Thatcher,

POLICY RESPECT BY CIVIL SERVANTS?

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Yours sincerely

Chris. Gerard.

C T Gerard

CIVIL SERVICE: ODA scrutiny/Gerard: Feb. 1982.

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Letter Ryrie to Butler dated 10 May 1984	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 G. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

10 DOWNING STREET

From the Principal Private Secretary 23 March, 1984

Dear Bill,

The Prime Minister has seen your letter of 20 March about Mr. C. T. Gerard. Sir Robert Armstrong has also minuted that he supports the recommendation that you should proceed as you propose and that he is advising you to take legal advice at every stage.

On this basis, the Prime Minister agrees with the proposed course of action in your minute.

I am copying this letter to Sir Robert Armstrong.

Yours ever,

Robin Butler

Sir William Ryrie, K.C.B.

6

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Minute Butler to PM dated 22 March 1984	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
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DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Letter Reynie to Butler dated 20 March 1984	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Minute Armstrong to Butler dated 8 March 1984	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

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10 DOWNING STREET

From the Principal Private Secretary 10 March 1983

STAFF IN CONFIDENCE

Dear Bill,

Thank you for your letter of 9 March about Mr C T Gerard.

I have shown your letter to the Prime Minister, who has agreed that you should proceed as you propose and has noted that, if necessary, you may have in due course to seek her approval to institute dismissal proceedings.

I am copying this letter to Sir Robert Armstrong.

Yours ever,

Robin Butler

Sir William Ryrie KCB

AH

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Letter Ryrie to Butler dated 9 March 1983	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Minute Butler to PM dated 9 March 1983 with enclosure	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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Civil Service

10 DOWNING STREET

From the Principal Private Secretary

STAFF IN CONFIDENCE

SIR ROBERT ARMSTRONG

The Prime Minister has seen and noted your minute of 26 November (A082/0312) to me about the plans for Mr C T Gerard.

F.E.R.B.

29 November 1982

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Minute Armstrong to Butler dated 26 November 1982	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
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MISSING	
NUMBER NOT USED	

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1430 (one piece/item number)	Date and sign
Extract/Item details: Letter Armstrong to Ryrie dated 15 October 1982	
CLOSED FOR 60 YEARS UNDER FOI EXEMPTION	12/11/13 J. Gray
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
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NUMBER NOT USED	

Civil Service
2ue AH
u FCO

10 DOWNING STREET

From the Principal Private Secretary

19 April 1982

STRICTLY PERSONAL

STAFF IN CONFIDENCE

Dear Peter,

Thank you for your letter of 2 April 1982 about Mr Gerard's allegations about the management of the ODA.

I have shown this to the Prime Minister who has now had time to consider it. She was grateful to you for responding so comprehensively to Mr Gerard's allegations and she now regards the matter as closed. She would, however, like to know, in due course, the outcome of the review of the case for the TPI and the COPR continuing as research establishments under the direct control of the ODA. She would also like to know what plans you have for Mr Gerard's future.

I am sending a copy of this letter to Brian Fall.

Yours ever,

Clive Whitmore.

Sir Peter Preston KCB

AH

STRICTLY PERSONAL

STAFF IN CONFIDENCE

Prime Minister.

This is defensive, as one would expect. But I am sure Sir Peter Preston is in no doubt about your views, following your meeting with him and Lord Carrington. With everything else you have on your plate at present, I suggest that we now regard this matter as closed. Agree?

AT
16.IV.82.

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH
Telephone 01-213 4819

Sir Peter Preston KCB
Permanent Secretary

Subject to the study on TPI and COPR - and I should like to know about proposals for Mr. Gerard's future role

2 April 1982

Mr C Whitmore
No 10 Downing Street

Dear Clive,

I refer to your letter to Brian Fall of 25 March and the enclosed letter to the Prime Minister by Mr Gerard. As agreed, I submit a note dealing with the main allegations contained in that letter.

2. It is worth recording that Mr Gerard has not been employed in the section dealing with the Units for the past eighteen months and may not be fully aware of the changes in the management of the Units introduced following the Management Review or of decisions relating to them covered in the attached note. It would have been prudent (but, I fear, uncharacteristic) of him to have checked these points before troubling the Prime Minister. I hope that the Prime Minister will accept that the implications in his letter cast an unwarranted slur on the competence and integrity of ODA management in carrying out Government policies which, for my part, I deeply resent and totally reject.

3. I do not imagine that the Prime Minister will wish to concern herself with the detailed allegations made by Mr Gerard about harassment and unfair treatment of him personally. As I understand that he is shortly to exercise a right of appeal to me on some of these points, I am anxious not to prejudge them but I am quite clear that significant criticisms of his performance arose long before he began to advocate what he believes to be unpopular policies in relation to the Scientific Units. If, as he suggests, his career is now at risk, that would be solely due to his performance over a number of years and would be dealt with strictly in accordance with the normal procedures without any reference to the present correspondence or to his advocacy of particular policies. It might, however, be in his best interests for him to be transferred to some other Department to see if they can be more successful than we have been in harnessing his undoubted intellectual gifts and directing them into useful channels. This is a question I propose to discuss with Sir Robert Armstrong.

/4.

STRICTLY PERSONAL

STAFF IN CONFIDENCE

4. The wider question raised at the Prime Minister's meeting whether it was appropriate for TPI and COPR to continue to operate as research establishments under the direct control of ODA will be pursued on the lines agreed and in the light of both the present scrutiny of the two Units and the service-wide review by Sir Derek Rayner. The problem is, of course, in no sense peculiar to ODA as I understand that there are some 70 establishments in a similar situation. I have, however, asked ODA management to make a radical review of the case for continuing research at TPI and COPR and they will take into account conclusions from Sir Derek Rayner's wider study.

5. I am copying this letter to Brian Fall but I am ensuring that the correspondence is not seen by anyone else in ODA.

Yours ever

Peter

Peter Preston

MANAGEMENT OF ODA SCIENTIFIC UNITS

1. It is suggested that Mr Gerard was alone instrumental in stopping the expensive relocation of the Units

The facts

The proposal to relocate the 4 Units at Bramley was approved by the previous Administration. In the light of the increased costs put forward by PSA in July 1979 the Economic Staff of ODA reappraised the proposal and senior management recommended to the Minister in January 1980 that the project be dropped. Mr Marten agreed.

2. It is suggested that the possibility of privatising the Units was not even put to the Minister or considered interdepartmentally in any way

The facts

Privatisation of DOS was considered by a 1980 Rayner Scrutiny which recommended that about one-third present capacity be retained in the public sector but most routine work contracted out. We are implementing the recommendations. An internal ODA review in 1980 found no significant difference between costs of project management by LRDC or private sector consultants but that funds for support of LRDC projects were likely to decrease by about 50%. Recognising that some overseas governments prefer dealing with official bodies even for work sub-contracted to private sector, we expect to reduce LRDC by at least 50%. Following the Scrutiny of Support Services in TPI and COPR a Rayner exercise is now comparing costs, for selected activities, with those of non-government analogues. Scope for privatisation of TPI and COPR was considered in a general review of privatisation by Mr Marshall (as Parliamentary Under Secretary, DOI) in 1981. He favoured contracting-out and contracting-in rather than privatisation. Two submissions were made to Mr Marten in this connection.

3. It is suggested that ODA are not carrying out the required manpower and financial savings in respect of the Units and that in a particular year the allocation for the Units was artificially increased by 40%

The facts

a. The complement of the Units has been reduced by some 21% from April this year, and by April 1984 the fall from April 1979 will not be less than 27% - a reduction of 260 posts. In

/practice

practice it is likely that the figure will be reduced even further following, for example, the implementation of the current Rayner scrutiny of TPI/COPR and the outcome of the review of the LRDC. By April 1985 the DOS will have been disbanded (with the residual staff of about 100 transferred to the Ordnance Survey) and the complement in ODA's remaining Units will be down to around 400 - 450 (compared with 960 for all Units in April 1979).

b. The Units were seriously under strength in 1979 owing to difficulties in recruitment and after an initial freeze some small increases were approved by the Minister in 1981/82. Even so the actual numbers in post have already fallen from 854 in May 1979 to 757 in March 1982.

c. The Estimates provision and outturn for the Units (as a block) was as follows:-

	Estimate	Outturn
1979/80	£9.74m	£9.39m
1980/81	£11.82m	£10.76m
1981/82	£12.51m	£12.05m (provisional)
1982/83	£11.66m	

These figures are all in cash

The increase in 1980/81 was due to the Civil Service pay increase in that year and was almost exactly proportionate to the increase in Civil Service wages and salaries generally in that year. It was not in any sense artificially inflated,

d. ODA management has already decided that the cash limits for all Units should be reduced by at least 10% in real terms from 1980/81 to 1983/84. The actual reduction is likely to be greater.

e. There was no requirement on ODA to make any specific cut in the financing of the Units in particular. They were considered in relation to the overall cuts in the aid programme. Because the costs of the Units is largely in manpower, the reduction could only be carried out gradually to avoid high redundancy costs. There will, however, be redundancies as a result of decisions on DOS and LRDC.

/f.

f. The reductions in staffing at the Units fully meet the manpower targets set for ODA. The progress in meeting the targets is reported to Mr Marten monthly.

4. It is suggested that ODA management are too restrictive in allowing the Units to accept outside contracts, and particularly from the EC

The facts

Units were asked by Management Committees to seek contracts to pay for 10% of their activities. This would reduce costs to the public purse, employ staff released by possible decreases in RTC, and help claw back British contributions to multilateral bodies. One Unit (TPI) has been rather successful with expected earnings of £800,000 from contracts in 1981-82.

Units have been encouraged to win contracts from the European Community and the Chief Natural Resources Adviser has led a delegation to Brussels on this subject. TPI has not been discouraged from seeking EC contracts except in one case where we thought it better that they should not take the lead but be available to support British private consultants, and another in which we thought management better carried out by the Crown Agents. Mr Marten was fully informed about this.

ODA have, however, taken the view that it would not be right for establishments consisting of permanent civil servants to become too dependent on external funds.

5. It is suggested that independent research financed by ODA has been cut more sharply than finance for the Units

The facts

Funds for independent research have not been hit harder than funds for the Units. ODA provision for independent (contracted) research under FTC rose from £4.85m in 1980-81 to £5.5m in 1982-83 (£4.759m in real prices). This 2% decrease compares with an 8% decrease in the estimates for the Units over the same period.

6. It is generally implied that decisions involving the Units are not referred to the Minister or discussed interdepartmentally

The facts

The notes on points 1 to 4 above deal in part with this and show that the Minister was fully consulted. Allocations within the aid programme are discussed each year with FCO Ministers and Ministers and officials of other departments. Because of the cuts

/in the

in the programme all items come under critical scrutiny. Ministers have been fully involved in the Management Review which established new methods of control over the Units and in the Rayner scrutinies of DOS, TPI and COPR as well as the internal review of LRDC.

7. It is suggested that ODA research does not involve training of local scientists

The facts

All R & D projects done overseas have some training element - either counterparts are trained or at least some technique or new methodology is passed on. In the UK much of the R & D is done at universities and overseas scientists are brought for training from the country with the problem which is being studied, eg CTVM at Edinburgh University uses the R & D which ODA commissions as background for its tropical veterinary courses. ODA's Scientific Units devote about 8% of their resources to training - courses both in the UK and overseas.

8. It is generally implied that ODA management is failing to carry out Government policies

The facts

In addition to the points already made in relation to the Units, ODA has, since May 1979:-

a. reduced the staff complement at HQ (including East Kilbride and the overseas posts) by over 15%. By April 1984, there will have been a fall of over 21% - a reduction of 314 posts;

b. reduced the number of posts in the open structure by 27%, from 15 to 11;

c. reduced the staff of statistics department, following a Rayner scrutiny, by over 43%;

d. carried out and implemented a full-scale Management Review, approved by Ministers and in consultation with Sir Derek Rayner;

e. virtually alone of London Departments, carried out a dispersal of 430 posts (about one-third of HQ staff) to East Kilbride.

Sir Derek Rayner has more than once expressed his satisfaction at the execution and speedy implementation of scrutinies involving ODA.

STRICTLY PERSONAL AND STAFF-IN CONFIDENCE

RM

SUBJECT

FILE

cc: Sir D. Rayner
Sir P. Preston

10 DOWNING STREET

cc Mrs Thatcher

From the Principal Private Secretary

25 March, 1982

Cir Serv

MANAGEMENT OF THE ODA

The Prime Minister saw the Foreign and Commonwealth Secretary and Sir Peter Preston this morning to discuss the meeting which she and Sir Derek Rayner had had with Mr Christopher Gerard, a Principal serving in the ODA, on 4 March.

The Prime Minister said that Mr Gerard had shown himself at her meeting with him to be intelligent and articulate. He had argued convincingly that the ODA's R & D organisation had become self-perpetuating and inward looking. It had a large budget but nobody was questioning the purpose of its programme. Mr Gerard had suggested that overseas governments should be allowed to put forward proposals for R & D which, if accepted by the ODA, would then be contracted out to suitable outside bodies like the Medical Research Council and the universities. Many of Mr Gerard's criticisms had chimed with her own experience of R & D organisations which all too often came to believe that they had a right to exist permanently without any regard for the value and relevance of the work they were doing. She was quering whether the ODA should maintain any R & D units of its own at all. She believed that there was a strong prima facie case for R & D work carried out as part of the aid programme to be contracted out to non-governmental organisations like the universities.

The Foreign and Commonwealth Secretary said that he wondered whether the Prime Minister was looking at the aid programme in an entirely commercial light. The United Kingdom had run its aid programme for years not in order to make money but to help the very poor countries. Part of that help had been in the R & D field. He had himself seen recently when he was in Manila how immensely useful well directed R & D in the aid field could be. Perhaps we should be doing less; or perhaps we should be doing in a different way what we were doing now. The ODA already had a Rayner Study in progress which was addressing precisely these questions. Mr Gerard had suggested

/in his

BIC

in his letter that the ODA had been doing nothing to improve the management of its R & D programme, and that simply was not true. Sir Peter Preston had only been shown Mr Gerard's letter and had not had a copy of it. He should now be given a copy so that he could answer properly the allegations it contained.

Sir Peter Preston said that he did not accept what Mr Gerard had said to the Prime Minister. His letter was inaccurate and slanted. He was, as the Prime Minister had herself said, an intelligent and articulate man but he was also incapable of working effectively as a member of a team and within a structured organisation. Much of his work was directed more by personal whim than by the requirements of the department. He had had a series of fairly indifferent confidential reports from a considerable number of senior officials covering a wide range of posts he had held in the past. His suggestion that the ODA did not control its R & D programme was completely unfounded. Following a management review which was completed eighteen months ago and with which Sir Derek Rayner had been associated, the system for controlling the department's R & D units had been overhauled. All the R & D programmes were subjected to regular review by both internal management committees and by bodies with outside membership to ensure that they were cost effective and producing an output to maximum value to the developing countries. He was not keeping staff in business for the sake of it, and the R & D units were in fact already being run down at a rather faster rate than the rest of the ODA. He had, for example, conducted an internal review of the Land Resources Development Centre, as a result of which its staff was run down from 100 - 40. The Directorate of Overseas Surveys was being cut drastically and would become part of the Ordnance Survey. The remaining two units, the Tropical Products Institute and the Centre for Overeseas Pests Research, were the subject of the Rayner Scrutiny which the Foreign and Commonwealth Secretary had mentioned. These units were recognised internationally as centres of excellence and they had done very valuable work in the past. Until now nobody had ever suggested that they should be completely abolished. There was no evidence at present to show that this would be the right course. But he was not saying that they should go on for ever doing their present job and at their present size. It was a perfectly legitimate question to ask whether the units should be maintained as they were, and this was what the scrutiny was looking at. This review had been put in hand long before Mr Gerard had written to the Prime Minister. He had noted the Prime Minister's strong view that, in principle, the ODA should not be doing itself the kind of work now being undertaken by its R & D units but that it should be contracted out to external bodies. He would accept the Prime Minister's view as a directive within which to continue the scrutiny now under way.

The Prime Minister said that she would be grateful if Sir Peter Preston would proceed as he proposed. She would let him have a copy of Mr Gerard's letter so that he could comment on it. No further copies should be made and it should not be allowed out of his keeping.

/I am

STRICTLY PERSONAL AND STAFF

IN CONFIDENCE

I am sending a copy of this letter to Peter Preston, together with the copy of Mr Gerard's letter. A copy of this letter also goes to Derek Rayner.

C. A. WHITMORE

Brian Fall, Esq
Foreign and Commonwealth Office

Civil Service.

10 DOWNING STREET

From the Private Secretary

Thank you.

AWL.

Mr Dilthorne

Management of DA.

The only time I could find was 0930 on Thursday 25th. The KCS diary was even worse than the PM's.

C.S.

8f
15/3

10 DOWNING STREET

Thank you.
KA
11/3

Management of
ODA

Rearranged for
Tuesday 16th
March at 1800.

CJ.

11/3

B/L Civil Service

10 DOWNING STREET

MR. WHITMORE

Good show

I have set up the attached meeting for 1800 on Wednesday 10 March.

I have made the Prime Minister's other meetings that afternoon at the House because of the Budget Debate but I have arranged for this meeting to be back at No. 10.

C.S.

8 March 1982

CLIVE

?? copy Robert Armstrong

No, I don't [illegible] [illegible] [illegible] [illegible]

We seem to have lost your minute of 19 Feb to which RTA refers in his of 23 Feb.

I don't have it. W may have [illegible] MS.

2 cc AH
cc Sir D Rayner
Sir P. Preston

10 DOWNING STREET

From the Principal Private Secretary

5 March 1982

STRICTLY PERSONAL
STAFF IN CONFIDENCE

Dear Brian,

MANAGEMENT OF THE ODA

I let you have a copy of the letter which Mr Christopher Gerard, a Principal in the ODA, had sent to the Prime Minister criticising the management of his department, and Lord Carrington discussed this with the Prime Minister when he came to see her last week.

As they agreed, I have shown the letter to Sir Peter Preston, and the Prime Minister, accompanied by Sir Derek Rayner, has now seen Mr Gerard. What he had to say was essentially an elaboration of the points he had made in his letter. He emphasised his belief that the R and D units of the ODA were self-perpetuating organisations which did not seek to establish what the requirements of overseas countries were for R and D projects but which decided themselves, without any external consultation, what their effort should concentrate on. Moreover, their output was not put to any practical use in the countries where the ODA had aid programmes. He believed that the present system of managing R and D in the ODA should be swept away and replaced with arrangements which both took much more account of local overseas requirements and got much of the R and D work out of government in this country and into non-governmental hands. He had in mind that the ODA would tell their overseas clients each year how much R and D expenditure it was prepared to devote to each of them and invite them to submit bids in the form of R and D projects. These would then be scrutinised by a small staff of specialists in the ODA who would discuss them with the countries putting them forward and, in the light of those consultations, settle the R and D programme. This would then be put out, in its different elements, to universities, research councils and private industry in this country to carry out. Mr Gerard maintained that, with a system of this kind, the ODA's R and D programme would be customer orientated and its staff substantially reduced.

STRICTLY PERSONAL
STAFF IN CONFIDENCE

He also criticised heavily the way in which the ODA's programme for providing training to people from overseas was organised. He said that it was spread in a diffuse way over several Under Secretaries' commands in the department. If it were brought together in a coherent whole it could be administered with much greater efficiency and with many fewer staff.

The Prime Minister and Sir Derek Rayner both reminded Mr Gerard of the considerable run-down of staff in the ODA's specialist units which had already taken place and of the reviews which were now going on. Sir Derek Rayner especially commended the scrutiny of the Directorate of Overseas Surveys which Mr Armstrong had carried out. Nonetheless, the Prime Minister said that she wished to pursue further what Mr Gerard had told her and, as a first step, she would see the Foreign and Commonwealth Secretary and Sir Peter Preston, with Sir Derek Rayner present.

We will be in touch with you and Sir Peter Preston's office to arrange the meeting which the Prime Minister foreshadowed when speaking to Mr Gerard.

I am sending copies of this letter to Sir Derek Rayner and Sir Peter Preston. I should be grateful if you and they could ensure that it is not given any further circulation.

Yours ever,

Clive Whitmore.

Brian Fall Esq.,
Foreign and Commonwealth Office.

PERSONAL

cc Sir Derek Rayner

Mr WHITMORE

PRIME MINISTER'S MEETING WITH MR GERARD, ODA

I attach a factual note which I hope that the Prime Minister will find helpful. May I add the following impressions and ask you to bring them to the PM's notice being seeing Mr Gerard?

2. I have not had time to research Mr Gerard's letter, but where I do have knowledge (eg on the Directorate of Overseas Surveys), he does not seem to be up to date with the facts or with what appears to be the current active management policy of the Minister and his senior officials.

3. The letter seems to be a recollection (or re-presentation) of past ideas and events. For example, staff numbers (para. 4 of the letter) have gone down by 11% overall (8% in HQ and 15% in the special units) while the target reduction for 1 April 1984 is 20% of the 1979 total (minus 500 posts).

4. The letter has the echo of a marked antipathy between Mr Gerard and his Under Secretary. It also has the feel of an insurance policy. If Mr Gerard is an officer of doubtful quality and personality (as I suspect) he may - in writing to the PM - be seeking to forestall management's appraisal of and action on him. May I therefore counsel the PM to be on her guard?

5. Mr Gerard's punchline is that as top management in ODA has dragged its feet in support of Ministers' policy, political appointments are required at the US level. It is not my impression that ODA management has been slothful or negligent, but of course it is the Minister in charge of the department (the Minister for Overseas Development) who is best qualified to comment on this. Mr Gerard does not say whether he has addressed himself to his Minister. But if the matter were taken further, presumably Mr Marten's opinion would be sought.

CP

C PRIESTLEY

4 March 1982

Enc: Factual Note

PERSONAL

PRIME MINISTER'S MEETING WITH MR GERARD, ODA: FACTUAL NOTE

EXPENDITURE ON RESEARCH AND DEVELOPMENT

1. Net expenditures on Overseas Aid in 1981-82 were estimated at £980m. Within this, R&D expenditure forms part of the following programmes:

(1) Multilateral Aid* Technical Co-operation (total programme £45.3m)

R&D element, c. £13.25m
eg contributions to cost of International Rice Research Institute £0.625m

WHO R&D, £0.6m

* to international bodies

(2) Bilateral Aid/ Technical Co-operation (total programme £186m)

R&D element includes:

- Some part of £115m on regional programmes (eg Africa)
- Some very small part of £16.8m on functional assistance in education and training
- Research and Development, £4.8m
- ODA special units (see below), £12.5m
- Grant Assistance to the cost of work related to the problems of developing countries, £9.0m (see attached list for particulars).

/ in respect of particular countries

PERSONAL

EXPENDITURE ON STAFF AND ADMINISTRATION

2. The ODA consists of an HQ department (now 1,325 staff) and 5 "special units", most of which are mentioned by Mr Gerard.

3. According to Estimates, the staff and administrative costs have moved thus over the past three years:

Estimates year	HQ			Special units		
	Staff	Salaries £m	General Expenditure £m	Staff	Salaries £m	General Expenditure £m
1979-80	1,440	9.77	4.5	1,003	5.68	4.01
1980-81	1,360	11.3	6.9	895	6.96	4.82
1981-82	1,325	12.1	8.7	848	7.99	4.48
Change 1979-80/ 1981-82	- 8%	+24%	+93%	-15%	+40%	+11%

4. Taking the HQ and special units together, staff numbers have dropped by 11% since 1979 and are still falling. (Salary costs have increased by 30% and general expenditure by 55%*.)

SPECIAL UNITS

5. Fuller information about the special units is annexed.

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* General expenditure inflated by dispersal to East Kilbride

6. The Minister for Overseas Development has taken some resolute but exacting management decisions on the Directorate of Overseas Surveys following the scrutiny conducted at the PM's request in 1980:

- Much map production will be conveyed to the private sector.

- The Directorate will be cut by about 60% (to some 150 posts).

- The Directorate will be re-established in Southampton as the Overseas Division of Ordnance Survey.

7. This scrutiny was an outstanding piece of work by an ODA economist, Mr G Armstrong.

8. The supporting services of the Tropical Products Institute (310 staff, reduced from 390 in 1979) and the Centre for Overseas Pest Research (133 staff, 152 in 1979) have just been reviewed as part of the Government-wide scrutiny.

9. Management is at present in the throes of consulting the unions on running down the size of the Land Resources Development Centre (72 staff, 83 in 1979).

OTHER RELEVANT FACTORS

10. There was a "Rayner project" in 1979 on the administrative merger of the FCO and the ODA. This was followed by the management review in 1979-80, whose results included merging the economists in both wings into a unified economic service; merging the aid policy and international economic relations staff work; merging the policy and financial management of the aid programme; and other measures to improve resource management. Savings totalled £0.5m and involved 30 posts.

11. There will be further work this year on the possibility of merging FCO and ODA establishments and personnel functions. There will also be a scrutiny of the work of ODA's 55 professional advisers.

12. The ODA has been dispersing some of its supporting staff to Scotland, a programme which is now nearly finished, I believe. (This was one of the few dispersal decisions made by the previous Government which were endorsed by this one.)

PARTICULARS OF GRANTS ASSISTANCE TOWARDS THE COST OF WORK RELATED TO THE PROBLEMS OF DEVELOPING COUNTRIES PROVIDED UNDER SUBHEAD D10

1980–81 £	Service	1981–82 £
100,000	(1) African Medical and Research Foundation	100,000
661,500	(2) Appropriate Technology	700,000
429,898	(3) Building Research Establishment (Overseas Unit)	176,000
21,400	(4) Building and Social Housing Foundation/International Co-operative Housing Development Association	46,900
110,000	(5) Centre for Population Studies (Overseas Section)	108,000
38,000	(6) Centre for Training and Technical Co-operation in Food and Nutrition Planning	41,890
592,000	(7) Centre for Tropical Veterinary Medicine	543,896
43,000	(8) Commonwealth Agricultural Bureaux	56,000
87,000	(9) Commonwealth Foundation	99,000
61,000	(10) Commonwealth Science Council	70,000
42,000	(11) Co-operative Liaison Education and Research (CLEAR) Unit, Co-operative College Loughborough	20,000
32,000	(12) Co-operative Union Ltd.	9,000
30,000	(13) Corps of Specialists	30,000
24,685	(14) David Owen Centre for Population Growth Studies	27,015
94,000	(15) Development Planning Unit: School of Environmental Studies, University College, London	63,500
76,000	(16) Energy Technology Division Harwell (UKAEA)	90,000
162,000	(17) Evaluation and Planning centre for Health care	180,000
167,000	(18) Farnham Castle centre for International Briefing	178,000
853,000	(19) Further training for British experts	860,000
510,750	(20) Hydraulics Research Station (Overseas Unit)	500,000
184,000	(21) UK Trade Agency for Developing Countries	183,241
12,750	(22) Indian Institute of Technology—Imperial College Link	6,950
1,025,200	(23) Institute of Geological Sciences (Overseas Division)	997,750
185,000	(24) Institute of Hydrology	178,834
253,284	(25) Liaison Officers	260,000
148,100	(26) Liverpool School of Tropical Medicine—Department of Child Health	140,000
189,186	(27) National Institute of Agricultural Engineering (NIAE) (Overseas Liaison Department)	222,445
200,000	(28) Other Sundry Services	180,000
276,250	(29) Overseas Development Institute	330,850
21,761	(30) Overseas Spraying Machinery Centre	20,000
25,855	(31) Pre-investment Studies Scheme[1]	1,000
130,000	(32) Reading University Agricultural Extension and Rural Development Centre	87,500
43,654	(33) Reading University Chair of Agricultural Development Overseas	45,000
193,000	(34) Recruitment Expenses	255,500
28,400	(35) Royal Commonwealth Society for the Blind	14,200
1,097,000	(36) Transport and Road Research Laboratory (Overseas Unit)	1,023,000

[1] The total contingent liability arising on claims in respect of studies which may not lead to investment is £173,890.

PARTICULARS OF GRANTS ASSISTANCE TOWARDS THE COST OF WORK RELATED TO THE PROBLEMS OF DEVELOPING COUNTRIES PROVIDED UNDER SUBHEAD D10 (*cont.*)

1980–81	Service	1981–82
£		£
154,000	(37) Tsetse Research Laboratory	165,509
48,641	(38) University of London: Institute of Child Health	6,000
38,436	(39) University of London: Institute of Child Health. The Child to Child Programme for the UN Year of the Child—1979	38,435
14,590	(40) University of London/University of Dacca Institute of Educational Research Link	9,260
29,105	(41) University of Newcastle Upon Tyne: Department of Child Health	31,000
973,000	(42) Voluntary Agencies Development Projects Overseas[1]	834,000
110,000	(43) Voluntary Agency Projects on Behalf of Refugees (Humanitarian Relief)	110,000
47,323	(44) Women's Corona Society	28,000
950,000	*Technical Education and Training for Overseas Countries*	
37,500	*Young Mens Christian Association*	
25,000	*National Centre for Remote Sensing*	
11,500	*UNDRO—Panel of experts to assess and Evaluate Disaster Relief*	
1,588	*Nuffield Centre for Health Services Studies Leeds University*	
75,000	*Trades Union Congress*	
1,341	*Agricultural Credit and Training Materials Project*	
1,707	*World Health Organisation—Expanded Programme of Immunisation*	
10,667,404	TOTALS	9,067,675

[1]Certain expenditure from this Subhead on collaborative projects with voluntary societies overseas may, because of its nature, not be capable of being vouched though every effort will be made in this respect. A note on the Appropriation Account will be made in such cases.

ANNEX

ODA Special Units, Estimates Provision, 1979-80 - 1981-82

Unit	1979-80			1980-81			1981-82		
	Staff Nos.	Sal-aries £m.	Gen. Exp. £m.	Staff Nos.	Sal-aries	Gen. Exp.	Staff Nos.	Sal-aries	Gen. Exp.
Directorate of Overseas Surveys	373	1.95	2.0	344	2.35	2.07	327	2.76	1.90
Land Resources Dev't centre	83	0.54	0.18	65	0.65	0.29	72	0.73	0.24
Centre for Overseas Pest Research	152	1.0	0.74	135	1.21	0.85	133	1.38	0.82
Tropical Products Institute	389	2.15	1.08	345	2.69	1.60	311	3.06	1.51
Population Bureau	6	0.04	0.01	6	0.06	8.01	5	0.06	0.01
Totals	1,003	5.68	4.01	895	6.96	4.82	848	7.99	4.48
% change from previous year				-10.7	+22.5	+20.1	-5.2	+14.7	-7.0
% change from 1979/80							-15.4	+40.6	+11.7

File AH

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL

SIR DEREK RAYNER

I attach a copy of a letter which Mr Christopher Gerard, a Principal in the ODA, has sent to the Prime Minister, criticising the running of his department.

The Prime Minister has discussed Mr Gerard's letter briefly with the Foreign and Commonwealth Secretary and has agreed with him that she should see Mr Gerard.

They also decided that before she met Mr Gerard, I should let Sir Peter Preston know what was going on and in particular show him Mr Gerard's letter. The Prime Minister and the Foreign Secretary agreed that they would have another word, with Sir Peter Preston present, when she had seen Mr Gerard.

I have now spoken to Sir Peter Preston, who thinks that it would be a good thing if the Prime Minister saw Mr Gerard, as she proposes to do. We will now therefore arrange for Mr Gerard to come in.

The purpose of this minute is to let you know that the Prime Minister would like you to be with her when she sees Mr Gerard. We will therefore be in touch with your office to find a suitable time.

The Prime Minister is particularly anxious that as few people as possible should know about Mr Gerard's approach to her and about her decision to see him. I should accordingly be grateful if no further copies of his letter were made.

TAW.

2 March 1982

AH

Prime Minister.

Agree that the first step is for you to speak to Lord Carrington?

May I, as a preliminary to that meeting, let him have a copy of Mr Gerard's letter?

Yes - immediately

No I don't want it round the F.O.

23/2

Ref. A07596

MR. WHITMORE

With your minute of 19th February you sent me a copy of the letter which the Prime Minister had received from Mr. Christopher Gerard of the Overseas Development Administration.

2. I am afraid that the letter has the ring of truth about it, at any rate in essentials. I suspect that the Overseas Development Administration has a strong Departmental ethos, surviving from the time when it was a separate Department, and that that ethos and its consequences have persisted since May 1979, because the Foreign and Commonwealth Secretary hardly has time to concern himself in great detail with the affairs of the ODA and the Minster for Overseas Development has not in practice made much impact on it.

3. So I am sure that this letter ought to be followed up vigorously. At the same time it has to be said that Mr. Gerard has the reputation for being "a bit of an oddball", and the handling of the matter calls for a degree of caution as well as of vigour.

4. Firstly, I do not think that the Prime Minister should make any move without showing Lord Carrington the letter and discussing with him what should be done about it. It is his Department, and he will react very badly if we start operating in his area without his agreement.

5. I think that the letter will call for some kind of inquiry, to be commissioned by the Prime Minister and the Foreign and Commonwealth Secretary. This might be put into the hands of Sir Derek Rayner and Sir Peter Preston. We could provide necessary support from the Rayner Unit and the Machinery of Government Division of the MPO (who will also be involved in the review of organisation and grading at the top of the FCO/ODA about which I reported in my minute of 18th February (Ref. A07540) about the extension of Sir Peter Preston's term of employment).

6. In the handling of all this we shall need to bear in mind that the ODA is also likely to come under fire when the report of the Crown Agents Tribunal is published.

RTA

ROBERT ARMSTRONG

23rd February, 1982

Prime Minister.
I should like to seek Sir Peter Preston's personal comments on this letter.
I should also like to let Sir Derek Rayner have a copy.
Agree?
MCP
15/2/82

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Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1

Your reference

Our reference

Date 12 February 1982

Dear Prime Minister

IMPLEMENTATION OF POLICY ON THE CIVIL SERVICE

Since 1979 your Administration has often stressed the need to control public spending, to reduce the size of the public sector, to keep Civil Service personnel numbers as low as possible, and to undertake privatisation of public sector and Civil Service enterprises wherever possible. There have however been press reports of your concern about the resolution with which these objectives of your Administration have been implemented by the Civil Service. My own experience in the ODA with its senior personnel may therefore be of interest to you (if only as a case study).

2. As a Principal in the Overseas Development Administration (ODA) I have since late 1979 been involved with the area of Research and Development for development purposes. This is a large part of what is commonly called "Functional" technical co-operation, most of which is based in this country. It involves the payment of grants to various bodies (nearly all in the United Kingdom), whether or not part of the Civil Service: most of these payments are for general budget support rather than for individual pieces of research. The largest single group of R and D expenditure - expected to be roughly half the total in 1982-83 - is for four Civil Service institutes. These organisms are the Tropical Products Institute (TPI), the Centre for Overseas Pest Research (COPR), the Directorate of Overseas Surveys (DOS), and the Land Resources Development Centre (LRDC), all of which are considered to be functional parts of the ODA. Only about a fifth of the ODA's resources are for independant contract research: the rest is divided between budget support for a few universities and for other Civil Service bodies not part of ODA.

3. Right at the beginning of my assignment it swiftly became clear that this was a very cosy world with (at best) limited contact with the needs of the ultimate customers - governments, firms, universities and individual citizens in developing countries - and virtually no dealings with British industry, let alone British commercial and political interests. It was also extremely expensive, with high Civil Service management costs, with arbitrary restrictions on competition for scarce resources and with great scope for privatisation.

4. Since the situation so often mirrored (or exceeded) those mentioned in Mr Leslie Chapman's book "Your disobedient servant", and knowing of your Administration's policy, it seemed right for me to propose a number of very simple measures. These included:

/-Stopping

(1) Tropical Products Institute
(2) Overseas Pest Research
(3) D.O. Surveys.
(4) Land Resource Dev. Centre
100 - 40

- Stopping a £38m-43m construction project to re-house the COPR, the LRDC and the TPI, since the alternative of leaving them alone would cost only £6m.

- Suggesting that the COPR, DOS, LRDC and TPI should be rapidly privatised by the earliest possible sell-off (so as to reduce their costs, and public sector size, increase private sector contracting out and participation etc).

- Pointing out that the 10% reductions in personnel and costs of the Civil Service which you had asked for were not being implemented in the case of the TPI, COPR, DOS, and LRDC (the simple expedient of increasing their notional budgets by far more than your reductions, and basing staffing cuts on notional posts rather than real bodies in fact left the position much as before: it involved obvious manoeuvres such as increasing one year's Aid Framework by about 40% and then cutting that).

- Demonstrating that the cost of ODA's R and D to the British taxpayer could be greatly reduced by seeking as much financial support as possible from OPEC, international, and European Community funds (not only was a low limit on even seeking this finance set by ODA management, but subsequently it has been suggested that eg the TPI should positively be discouraged from applying for research grants under a forthcoming R and D programme to be operated by the Commission in Brussels).

- Pointing out that in at least one round of cuts independent researchers had been hit hardest, and universities had also been seriously affected, but other Civil Service departmentally based research had not been reduced and funds given to TPI, COPR, LRDC and DOS had actually been increased.

5. Now with the exception of the first none of these proposals were even referred to Ministers nor (apart from the usual Treasury etc approval each year) did any official inter-departmental discussion take place. Moreover, while they seemed to be in line with the thinking of your Administration, they were intensely unpopular with most of my colleagues (particularly at Under-Secretary level), as soon became apparent.

6. Thus shortly after stressing that real budget increases (however disguised) and major Civil Service construction projects were not easily consistent with the policy of your Administration, I was told that, in the implementation of policy, the "Departmental View" on R and D should prevail. When I pointed out that bodies such as TPI were ripe candidates for very early privatisation, I was warned on no account to proceed further and indeed was asked to withdraw papers on the grounds of their being "inopportune". When I pointed out that ODA's contract R and D programme, while less problematical than support for Civil Service bodies, had resulted in little training of local scientists, had at best a limited record of producing results that were actually used by developing countries, and had resulted in little research being given to British industry, the tone was raised yet further. When I pointed out that, in line with the work of Niskanen (one of the authors on Sir Keith Joseph's very useful reading list for officials) it would be best to end general budget support for eg Civil Service bodies such as TPI, and make privatised versions compete for R and D proposals allocated to particular country assistance programmes, the reactions were surprising.

7. As a result over some months a series of remarkable things began to occur. I was accused of "bugging" conversations in ODA. It was suggested I had to send in staff reports on a Sunday. One of my minutes about privatisation was removed from the ODA's files. It was suggested that I might like to leave the Civil Service at the age of 37. A good Annual Staff Report was changed into a bad one by the Under Secretary then involved. Information about simple numbers, and about previous performance, was withheld by the personnel management part of ODA. All these events are recorded on various ODA

/files.

files. There were also many cases of, eg, warnings about "discretion" and not using over-much zeal (eg when I suggested in November 1980 that my present job could be abolished, as well as those of an Assistant Secretary and an Under Secretary).

8. Now most of these occurrences arose, or are associated with decisions taken, at Under-Secretary level. At that level it is relatively easy to block proposals in line with the political objectives of a particular Administration (at the last resort if proposals for eg job-saving in ODA's Training administration are regarded with disfavour it is always possible to give someone a bad annual Report). Unlike Permanent Secretaries at that level there is relatively little public observation, or political focus, on particular decisions: and questions of the size of the administrative machine (rather than its effectiveness or congruency with Government objectives) remain paramount.

9. So long as this level of command continues to exist, I would suggest you consider the possibility at the least of replacing those members that retire with political appointees. Political appointees with wide experience of industry and the outside world would bring greater experience to thses jobs: they would also be less innocent than Under-Secretaries who have been promoted from within the organisation (Civil Servants are highly sophisticated when running their own organisations but this ability does not always extend to dealing with the outside world). Above all however such appointments would ensure a fair wind for proposals in line with a particular Administration's politices, and would reduce the pressures to conform with the "Departmental view".

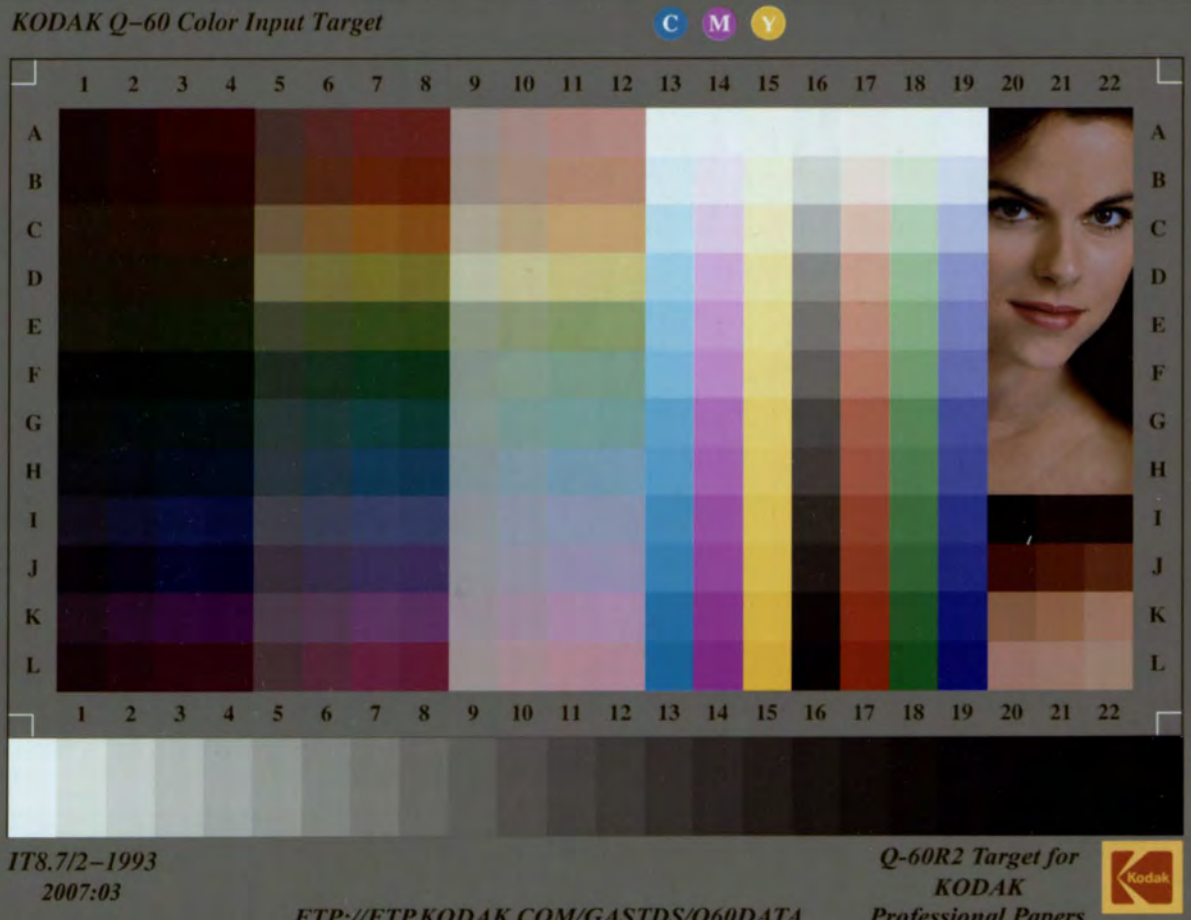
10. Should you decide to follow up this letter, you will probably be told that it should be completely dismissed as I lack judgement, discretion, and tact and that I am unable to see the wider picture. This is not really true so far as non-Civil Service bodies are concerned - a few years ago I managed to negotiate a technical co-operation agreement with the Government of Mozambique, who were reputed for their high sensitivity, for example, and about the same time I helped the British Rail consultancy wing to get its first ever contract under the European Development Fund. You will also be told that my proposals are not "sound" or practicable (although at least on such issues as costs eg the scrutinies of DOS, and now of COPR and TPI, carried out by Sir Derek Rayner's office broadly confirm what I suggested a little while ago).

11. My purpose in taking the unorthodox step of writing to you directly is to suggest that until there is a system of reinforcing political directives the Civil Service will frustrate these mainly from a sense of self-preservation. It is also to suggest that, despite the advice you often receive, it is possible to carry out much more privatisation of Civil Service functions provided the Civil Service machine can be humbled and made to serve your wishes: and to prove that there are a few Civil Servants that care deeply about whole-hearted implementation of the policies of the Administration of the day, if necessary even at the cost of risks to their careers.

Yours sincerely

Christopher Gerard.

C T Gerard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