

THE RAYNER PROJECT: NOTE OF A MEETING WITH MESSRS PETER ADAMS AND FRANK COTTAM, CHAIRMAN AND SECRETARY OF THE TRADE UNION SIDE OF THE JOINT CO-ORDINATING COMMITTEE FOR GOVERNMENT INDUSTRIAL ESTABLISHMENTS (JCC)

1. Sir Derek Rayner, accompanied by me, met Messrs Adams and Cottam for discussion on 25 September 1979. He explained his exercise as follows.
2. His job was to advise the Prime Minister on how to improve efficiency and reduce waste. He was not concerned with cutting the size of the Civil Service but with the questions whether the work that had to be done could be done more effectively and, where there was waste, more economically. Put very simply, he was taking a managerial look at the way Government did its work. His exercise at present consisted of three parts:
  - a. He was trying to assess the impact of Government requests to industry, especially the smaller businesses, for information.
  - b. He had taken a small area of work from each major department and had asked an official from that department to examine it in depth (the so-called "Rayner project").
  - c. Very importantly, he would be considering the "conventions" that made Government work as they did, asking the question whether they could be improved or clarified. Examples were the annuality rule; the more negative effects of accountability to Parliament (the PAC typically being adversely critical in its commentary and rarely praising work which had been well done, whereas in order to criticise the less effective it should familiarise itself with the more effective); and how people were promoted to senior management posts - were the experience and background of such people appropriate?
3. Amplifying his reference to "Rayner projects", Sir DR said that the list of projects was based on some suggestions to departments from himself and on others from departments themselves. The purpose of the exercise was to cover the whole range of Government activity, but individually some projects were very extensive while others were quite narrow in their coverage. He thought that the ones in which his visitors would be most interested were those in the MOD (food procurement) and the PSA (maintenance etc). The key point to make was that in all cases he had asked that someone inside the department should have the chance of scrutinising some aspect of it critically. No project was being conducted by an outsider. His own role was to help and advise the project officers and their Ministers. The exercise would be completed in the course of the next few weeks, leading to reports to individual Secretaries of State, but on the way coming to himself for a contribution and advice. He expected that each project report would be "actioned" in departments.

4. In response, Mr Adams said that, unlike the NSS, he and his colleagues did not deal exclusively with civil servants. They liked to think that they could therefore be rather more objective than the NSS about the Civil Service; for example they had no ambitions to preserve what was there simply because it was there. They were constantly bothered by things which they thought wasteful and duplicative, but the Service seemed to be able to absorb all the exercises which came along without trouble and to be much the same afterwards; for example, there had been numerous enquiries on the Royal Dockyards which had left things much as they were before. They could not help but worry that the Rayner project was just another exercise into which much effort would be put for little result.

5. As Sir DR had said, the projects which affected the Trade Union Side were those in MOD and PSA. There had been a slight problem in that the PSA project team had descended on his members at Bath with no fore-knowledge that they were coming. This might have caused non-co-operation, but it was only a small crib.

6. Mr Adams went on to say that he assumed that Sir DR was interested in all aspects of waste. If so he should say that he and his colleagues believed that many things could be done less expensively in the management of industrial relation exercises and of industrial workers. He should also say that in economy exercises so far, eg cuts in the defence programme, while there had been discussion as provided for, at the end the only people who were dismissed were industrial workers; no non-industrial staff who were not prepared to go had been made redundant. This was an interesting reflection of the fact that over the years the non-industrial element in Government production had grown while the industrial labour force had decreased. But there was no evidence to show that the functions concerned had changed so much as to justify this. Was so much administration necessary? On top of this, it was wasteful that the managers with whom he and his colleagues had to negotiate came into their posts on a rota or "two-year stint" basis. This neglected the fact that the management of people was a peculiar job, requiring a lot of expertise and sensitivity. Mr Cottam added that rotation was designed to prolong and promote undue centralisation in dealing with industrial staff (see below). Sir DR said that he was very conscious of the importance of management and would want to deal with it as part of his "conventions" exercise. If Mr Adams and Mr Cottam could give him any information, to enable him to identify the issues more precisely, it would be very helpful.

7. Mr Cottam said that the CSD in particular had a great ability for debating things "theologically", especially during pay policy. They seemed to have no understanding of the effect on industrial relations or of the problems which could be caused down the line by over-centralisation. It produced disputes, like the one at the Berkeley ROF, but centralisation a bad effect over a whole range of different issues. The central point was that very simple matters had to be discussed with CSD at a high level, involving numerous staff and much delay, whereas productivity was best negotiated as close as possible to where production took

pla Expensive and counter-productive insistence on centralisation was beginning to turn a traditionally moderate labour force into a volatile force.

8. Mr Adams adduced an "hilarious but serious example". The general manager at Rosyth Dockyard, in charge of some 7,000 people, had difficulties with the balance of labour in his work force, lacking skills which he could not recruit locally. The Newcastle shipyards had had redundancies and he laid on transport to bring people from there to look at jobs at Rosyth. The necessary arrangements must include a meal but he had no discretion to provide it and had to get dispensation from CSD to allow £1 per head. He obtained it, but was told that there would have to be an examination of how many people took jobs as a result before he could be assured of a repetition of this authority. In industry, on the other hand, this sort of decision would be taken at a very junior level indeed.

9. Another example from Rosyth was that the lack of copper-smiths held up other work. Local management had wanted to remove the backlog by overtime working, but had no authority to offer this. It was true that the ROFs had Trading Fund accounting, but in his experience this produced little extra room for manoeuvre. He accepted the need for accountability, but believed that the Service could devise much greater delegated authority for local managers, for which they should then be held properly accountable.

10. Returning to the question of industrial relations, Mr Adams said that his impression was that people found themselves responsible for IR if they were not much good at anything else. Mr Cottam again referred to "rotation" of staff. For example, in 1972 the annual negotiation with CSD had eventually gone to arbitration; the officer who led for the official side had been in post for one month and knew little about his responsibilities. After he had been in post for three years he was replaced by another ill-informed official. Mr Adams added that this was someone whose action was to determine the conditions for 160,000 industrial workers and while it could be said that there were advantages for the Trade Union side in this, in that they would always be better informed, it seemed a curious way of managing affairs. Taking this point at the local level, Mr Cottam said that shop stewards would always prefer to deal a manager who could say "no" rather than have to refer to CSD who would say "yes" some months later.

11. Mr Adams said that things were not quite as bad in the PSA, where the units were smaller and more conducive to localised arrangements, but the same principle applied nonetheless. The great worry was the formalisation of procedures. In the Royal Dockyards one could be absolutely sure that any problem would attract a committee or a working party; this went against the grain because people wanted "instant justice" nowadays, not a slow machinery grinding away at simple questions which merited simple answers.

12. Mr Adams continued that the CSD rightly thought that more devolution in industrial matters would lead to more leverage by the TU side. But it had to be recognised that the Service was no different from any other employer in this respect. He did not think that workers would take excess advantage of devolution but there would be a difficult period at first. The question was whether one grasped the nettle or not. The way things were done at present involved untold wasteful activities and top level treatment of trivia. For example, he had been sent by mistake an official file of papers on a case involving the settlement of a level of reward for an individual under the staff suggestions scheme; the issue had been opened two years before he got the file and was still not settled. This seemed to confirm his suspicion that there was a vested interest in not taking decisions in the Service and in having inquiries but no action. For example, there had been an examination of the personnel function in the Royal Dockyards; he did not know what had happened to it. There was at present an exercise, again in the Dockyards, to try and reconcile the difference between workers who believed that they had not enough work to do and management who thought they had. The documentation for this exercise was massive, but he expected, on past performance, the result to be buried. He himself believed that the records of work capacity at the Dockyards on which management worked were an accumulation of errors and that management had never really got to grips with the issues. Inquiry upon inquiry seemed to him to be merely "fighting cotton wool".

13. Sir Derek Rayner said that his own view was that one should pinpoint what was wrong and get a course of action but then in his own experience of MOD the original problem was not always specified correctly.

14. Mr Adams concluded by saying that his main point was that there should be more devolution of authority making those responsible for it accountable, whereas the reward for error in MOD was often promotion or a move sideways. Sir Derek Rayner concluded by thanking Mr Adams and Mr Cottam for their observations which he had found very helpful and by suggesting another talk later. He believed very much in delegated authority, but to managers who were qualified for their tasks. It was no good having penny-pinching economies, as this rarely got to the heart of the matter.

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