



FWR

by
Sarkar

10 DOWNING STREET

From the Private Secretary

14 June, 1982

Dear Clive

REVIEW OF SUPPORT SERVICES IN RESEARCH AND DEVELOPMENT AND ALLIED
SCIENTIFIC ESTABLISHMENTS

The Prime Minister was grateful for Sir Derek Rayner's minute of 9 June. She has also seen the Lord Privy Seal's minute of the same date.

The Prime Minister is happy to endorse Sir Derek's recommendations, and is grateful for the work that has been put into this review. She is, however, concerned at the shortcomings it revealed, especially after so much work has been done to improve managerial practices in the Civil Service.

The Prime Minister has also agreed the Lord Privy Seal's recommendations on implementation, and on publicity and timing.

I am copying this letter to Jim Buckley (MPO), Peter Jenkins (HM Treasury), Jane Ridley (Ministry of Defence), John Robbs (MAFF), Helen Ghosh (Department of the Environment), David Saunders (Department of Industry), Toby Johns (Department of Transport), Michael Power (ODA), David Wright (Cabinet Office) and Jeremy Colman (Sir Douglas Wass's Office).

Yours ever

Willie Rickett

Clive Priestley Esq
Sir Derek Rayner's Office



Management and Personnel Office

Whitehall London SW1A 2AZ

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23 June 1982

Tim Flesher Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

Prime Minister:

You will recall agreeing to Lady Young's proposal for publicity for the review of R and D supporting services. The draft Question and Reply attached seeks to strike a balance between praise for the work of the review teams and maintaining progress towards removing inefficiency. The last sentence of the Reply seems to me slightly out of context: I have offered an alternative should you wish. ^{agree Lady Young's proposal}

*Answer
1 note B. L.
rounds more
summary
Dear Tim*

REVIEW OF R & D SUPPORTING SERVICES

Willie Rickett's letter of 14 June to Clive Priestley conveyed the Prime Minister's approval of the Lord Privy Seal's recommendations on publicity for this review. Accordingly, the Lord Privy Seal and Sir Derek Rayner will be giving a joint press conference on the afternoon of Tuesday 29 June.

The Lord Privy Seal very much shares the Prime Minister's concern at the shortcomings which the review has revealed. But, so far as publicity is concerned, she thinks the most effective route to lasting improvements in Civil Service management is to praise the geniuingly impressive work done by many civil servants as review study officers. This must naturally be coupled with a clear statement that the Government's efforts in all departments to promote efficiency continue vigorously.

The attached draft arranged PQ seeks to strike this note. The Lord Privy Seal would be glad to know whether the draft Answer, and in particular the final sentence, seem to the Prime Minister appropriate.

I am copying this letter to Clive Priestley (Sir Derek Rayner's office), to the other recipients of Willie Rickett's letter of 14 June, and to David Heyhoe (Lord President's office).

Yours sincerely

Douglas Board

D R H BOARD
Assistant Private Secretary

HL



10 DOWNING STREET

From the Private Secretary

28 June 1982

Thank you for your letter of 23 June enclosing a draft arranged Parliamentary Question on the Review of R&D Supporting Services. The Prime Minister agrees with the Lord Privy Seal's assessment of the impressive work done by the review study officers and is content that the draft reply should incorporate praise for their efforts. She would however prefer the following alternative form of words for the final sentence of the reply:

"I am grateful to the staff who under the guidance of Sir Derek Rayner and the Management and Personnel Office have produced these excellent results".

She feels that such a formula sounds more natural than the original.

I am copying this letter to Clive Priestley (Sir Derek Rayner's Office), Jim Buckley (Management and Personnel Office), Peter Jenkins (H.M. Treasury), Jane Ridley (Ministry of Defence), John Robbs (Ministry of Agriculture, Fisheries and Food), Helen Ghosh (Department of the Environment), David Saunders (Department of Industry), Toby Johns (Department of Transport), Michael Power (ODA), David Heyhoe (Lord President's Office), David Wright (Cabinet Office) and Jeremy Colman (Sir Douglas Wass's Office).

TIM FLESHER

D.R.H. Board, Esq.,
Management and Personnel Office.

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26 July 1982

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

Dear Patrick,

REVIEW OF SUPPORT SERVICES IN R & D AND ALLIED SCIENTIFIC ESTABLISHMENTS

Thank you for your encouraging letter of 2 July. I am pleased you find the report helpful and look forward to seeing your detailed plans for implementing both the specific recommendations about NPL and the Warren Springs Laboratory and the wider issues. September will be good timing from my point of view.

I appreciate how much you have already set in hand in this area - such as with the Laboratory of the Government Chemist. If my officials can be of help in carrying the recommendations forward more generally, I hope you will feel able to draw upon them. I understand your people have had a preliminary talk with the central unit under Mr A W Russell which is working on the wider Financial Management Initiative. No doubt they will want to keep in touch with the unit and draw upon it as appropriate. On the R & D review itself Mr I B Beesley would be the person to contact.

As you say central practices must also be looked at as part of our concerted efficiency drive. This we are doing, not only in the context of the R & D review, but also - to give just one example from my own field - in the review of personnel work.

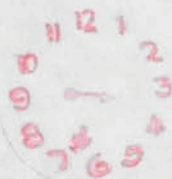
I am copying this to recipients of your letter.

Yours ever

Baroness

BARONESS YOUNG

27 JUL 1982





JF 1043

Secretary of State for Industry

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ASHDOWN HOUSE
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2 July 1982

Baroness Young
Lord Privy Seal
Management & Personnel Office
Whitehall
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Dear Janet,

REVIEW OF SUPPORT SERVICES IN RESEARCH AND DEVELOPMENT AND ALLIED
SCIENTIFIC ESTABLISHMENTS

I have read with great interest Derek Rayner's report to the Prime Minister of 9 June; your own minute of the same date; and the Prime Minister's endorsement of Derek Rayner's recommendations.

2 I share your welcome for this valuable review and Kenneth Baker has already written to Derek Rayner to endorse this. It has brought out for discussion many thought provoking management issues and I intend to have these, and the potential for cost savings, explored to the full for all my Research Establishments. This is a considerable task, but will be carried forward with all possible momentum. I have called for the preparation of an action document on the specific scrutiny recommendations for my Department by the end of September.

3 I was particularly interested in Derek Rayner's general observations. Some of these overlap with aspects of my Department's comprehensive programme of work on management matters, and Derek Rayner has agreed that we must have an integrated programme of action. You mention in particular the recent financial management initiative. Before both this and the scrutiny, the importance of Research Establishments here was illustrated by the inclusion of the Laboratory of the Government Chemist as one of the three units participating in our pilot exercise on devolution of financial responsibilities to cost centres.



4 Derek Rayner's observations about the role of the centre are timely. The wind of change currently blowing through Departments should also disturb any central practices which impede efficiency and cost effectiveness. I am pleased that you are already discussing with the Chancellor the question of ploughing back efficiency savings. This is an important point since in all management work, for example in developing the financial management initiative, it is essential to review the effect of vote management practices on the ability of Departments to operate to operate with sensible flexibility.

5 I am sending copies of this letter to the Prime Minister, Geoffrey Howe, John Nott, Peter Walker, Michael Heseltine, David Howell, Neil Marten, Sir Derek Rayner, Sir Robert Armstrong and Sir Douglas Wass.

Your e
Patel

1-6 JUL 1982

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The Rt Hon William Whitelaw CH MC MP
Secretary of State for the Home Department
50 Queen Anne's Gate
London SW1H 9AT

29 June 1982

Dear Willie,

REVIEW OF R&D SUPPORTING SERVICES

I shall be publishing this afternoon Sir Derek Rayner's report on the review of supporting services in Government R&D Establishments. Parliamentary Answers announcing the completion of the review will be given today.

The Prime Minister and designated Ministers for the R&D establishments which were part of the review have seen the report in full and the plans for following it up. For your information I am enclosing copies of the Answer and a short note summarising the main points about the review.

I believe the review is of general interest. 8,000 support posts have been examined and as a result of searching reviews savings amounting to 1,500 posts have been identified. I think this shows that the priority which we as a Government are giving to efficiency and good management is well founded.

Sir Derek comments in his report that the examining officers have found widespread opportunities to reduce costs in the support 'tail' without damaging the research 'teeth', and that there is scope to continue with excellent research at less cost. In publicising this review I shall stress that message. I shall also emphasise that it is the Civil Service itself which has identified these savings.

Copies go to the Prime Minister, Cabinet colleagues and to Sir Derek Rayner and Sir Robert Armstrong.

Yours ever

Baroness

BARONESS YOUNG

The Lord GRIDLEY to ask Her Majesty's Government:

What progress has been made with the review of supporting services in Government Research and Development Establishments announced on 25 February last year and if they will make a statement.

The LORD PRIVY SEAL (Baroness YOUNG):

The examining officers in departments have now reported to their Ministers. Sir Derek Rayner has presented my Rt Hon Friend the Prime Minister and myself with a report on the wider management issues. His report is being published today.

The results of the review are important. The examining officers proposed changes in the provision of supporting services to save at least £15 million a year in today's prices (including 1500 posts) while continuing with our essential scientific research programmes. Once and for all savings recommended are worth about £7 million in today's prices. Sir Derek Rayner's report proposes a new management regime for the establishments to give Ministers better information about value for money from research projects, to provide clearer authority and accountability for the Directors of research establishments, and to set up improved control systems. The review has cost about £350,000.

The review has demonstrated the importance and success of the Government's efficiency strategy. By combining the scrutiny approach with more traditional methods like work measurement the review has produced significant lessons and shown that substantial improvements are possible in areas where previous approaches have failed to exploit the full potential for improving efficiency. Departments are continuing this approach through a number of Resource Control Reviews co-ordinated by the Management and Personnel Office. Ministers in charge of departments will be pursuing the recommendations and producing action documents. They will also consider how the recommendations can be applied to areas of support in R & D establishments not covered by the review. The Management and Personnel Office will aim to ensure that the optimum value is extracted from the general lessons of the review. I am grateful to the staff who, under the guidance of Sir Derek Rayner and the Management and Personnel Office, have produced these excellent results.

NOTE ON THE REVIEW OF SUPPORT SERVICES IN RESEARCH AND
DEVELOPMENT AND ALLIED SCIENTIFIC ESTABLISHMENTS

The Government announced the review in February 1981. In a typical establishment about half the costs and rather more than half the staff effort go into support services rather than actually doing R & D work. The essential aim of the review was to seek ways of making the provision of necessary services more efficient and effective.

2. Six Ministers (Agriculture, Defence, Environment, Industry, Overseas Development and Transport) took part in the review by appointing examining officers to report on some or all of the support services in one or more of their establishments. The review involved 19 establishments, including many of the largest.

3. In all the review covered the work of over 8000 support posts and around £100m a year in support expenditure. The main types of services covered were:

Domestic support	-	<u>eg</u> security, cleaning, transport
Administrative support	-	<u>eg</u> messengers, clerical, finance
Specialist support	-	<u>eg</u> stores, workshops, photography

4. The main finding of the review is that substantial improvements are possible in the management of research establishments without damage to the high scientific standards for which they are well known. Savings in support recommended by examining officers (which include 1500 support posts) are worth in today's prices around £15m a year and £7m once for all.

5. The savings are made possible by greater emphasis on judging services in terms of value for money. There are over

400 recommendations in the Departmental reports but several common themes emerge which show there is substantial scope for:

More realistic levels of basic services - two or three messenger rounds a day is usually enough, whereas establishments had up to 10. Stores do not necessarily need to be open and manned all day, especially when only a few issues of low value items are generally required.

Better use of Land and Buildings - examining officers have recommended disposing of some 270 acres of land and over 450,000 square feet of storage, workshop and office buildings. (The repayment system now being introduced in the Civil Service should lead to more realism in the use of land and accommodation).

Better use of the private sector - almost all establishments were doing something for themselves which the private sector could do cheaper and often better. Cleaning and security services, workshops and transport all figure in the recommendations.

Greater cost awareness - the costs of support services are frequently lumped into a general overhead rate rather than charged to the projects which use them.

Thus the true costs of both the support and the projects are disguised: and the project managers who generate the costs are not fully aware of or responsible for them.

Less bureaucracy - establishments were often overburdened with checking, monitoring and authorising procedures: stock records were in some cases kept in duplicate and all items, however low their value, were recorded. Procedures of this kind in some cases doubled the cost of the stock.

Fairer charges - some establishments give away advice and publications to businesses at less than cost, leaving the general taxpayer to bear too great a share of the bill.

6. Sir Derek Rayner argues that the essential failure has been that too often neither the provider nor the user of the service has clear authority and accountability for judging services in terms of value for money. His proposed new management arrangements include ensuring that Ministers have an adequate and up to date picture of the progress on R & D programmes.

7. Directors of establishments, it is proposed, should have a "charter" setting out the purposes and scope of their establishments and defining their own authority and responsibility. Directors would be fully accountable for the efficiency and effectiveness with which they had deployed their budgets. Within budgets they would have more freedom to manage effectively and would be subject to less detailed interference from headquarters.

8. Sir Derek's report also includes recommendations for the Property Services Agency, Treasury and Management and Personnel Office aimed at:

- (a) providing closer links between PSA and establishments over the provision of specialised facilities;
- (b) greater incentives to line managers to save through some share of savings achieved returning to their budgets;
- (c) ensuring that the recruitment and training criteria for scientists and other specialists reflect the need for a proper mix of those who wish to stay in research and those who will move into management and administration.

DRAFT PARLIAMENTARY QUESTIONS (LORDS AND COMMONS) ON R & D
SUPPORT SERVICES REVIEW

To ask [Her Majesty's Government]
[the Minister for the Civil Service] what progress has
been made with the review of supporting services in Government
Research and Development Establishments announced on 25 February
last year and if [they] [she] will make a statement.

Suggested answer

[LORD PRIVY SEAL]
[MINISTER OF STATE, TREASURY (C)]

The examining officers in departments have now reported to
their Ministers. Sir Derek Rayner has presented my Rt Hon
Friend the Prime Minister and [myself][my Rt Hon and Noble Friend
the Lord Privy Seal] with a report on the wider management
issues. His report is being published today.

The results of the review are important. The examining
officers proposed changes in the provision of supporting
services to save at least £15 million a year in today's
prices (including 1500 posts) while continuing with our
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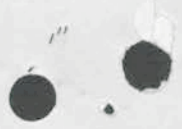
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[The Prime Minister has commended the work of the many civil servants who, under the guidance of Sir Derek Rayner and the Management and Personnel Office, have produced these excellent results.]

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[I am grateful to the staff who, under the guidance of Sir Derek Rayner and the Management and Personnel Office, have produced these excellent results]



23 JUN 1982

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