



OVERSEAS DEVELOPMENT ADMINISTRATION  
 ELAND HOUSE  
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 Telephone 01-213 5409

Prime Minister:

You may like to note two exchange between Neil Marten and Derek Rayner about the review of support services at the Tropical Products Institute

6 October 1982  
 and the Centre for Overseas Pest Research.

From the Minister

Dear Derek,

JA  
 MT 7/10.

REVIEW OF SUPPORT SERVICES AT TPI AND COPR

Thank you for your letter of 24 September and for your most helpful comments on my proposals for the future of TPI and COPR. We shall now proceed with the preparation of action documents so that the proposals can be put into effect.

My intention is that the Units should be formally amalgamated as from April 1983 under a single Director and we shall now determine a structure for the new Unit: this will also have to be appropriate for the time when they are located on a single site. It will obviously take some time to identify and prepare a suitable location but preliminary work on this is already in hand and on the analysis of the costs and benefits of the move, including our assessment of future staffing levels. There will be capital costs involved and the source of the finance in question will also need careful consideration.

I agree fully that tight cost and budget control is necessary and that this will be the clear responsibility of the new Director. His duties in this and other respects will be set down in a written specification. This will also describe his reporting lines to the Under Secretary who, apart from ensuring that the Director is carrying out his duties effectively, will be responsible for broad policy direction and for determining the Unit's programme of work. In this latter respect he will act as the necessary link between the Director and the spending departments in ODA.

I also agree very much that we should move away from the situation where the supplier is the main determinant of what the Unit does. We shall therefore need to attain as quickly as we can the ratio of core budget to commissioned work that you suggest, taking account both of current commitments and of the need to deal carefully with staff adjustment. The balance and numbers of staff that the Unit is likely to be able to support in the longer term will require particular thought and we shall be addressing this, and the other key issues, in the action document that is now to be prepared.

/I much





I much admired your general report to the Prime Minister on the Review of Support Services and was glad to see the savings identified for different organisations. We shall have very much in mind the recommendations that you presented in formulating the action programme for the future of TPI/COPR.

I am copying this letter to the Prime Minister.

Yours,  
Neil

NEIL MARTEN

Sir Derek Rayner  
Management and Personnel Office  
Whitehall  
LONDON SW1A 2AZ

Cont Mach, Reymen P412

1-6 OCT 1982







Gov Mach

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D  
27/9.

The Rt Hon Neil Marten MP  
Minister for Overseas Development

24 September 1982

REVIEW OF SUPPORT SERVICES AT TPI AND COPR

1. I am most grateful for your letter of 18 August describing the results of the fundamental review undertaken about the need to retain the TPI and COPR. I fully understand your wish to retain the units in those areas in which they have a clear comparative advantage.

2. To help get the units down to the appropriate size and keep them there, however, may I suggest that particular attention is paid to the following points?

2.1 It is important to merge the units under a single Director in a way which will enable them to be located on the same site. This is both to realise the immediate gains from release of buildings as suggested by Mr Anning, and also to show that the new arrangement is intended to be a permanent shift. This will mean taking a view on how large an institute can reasonably be expected to be supported by the budgeting arrangements (see 2.4 below).

2.2 The Director of the new institute should be given a written specification of his responsibilities which should be clear about the scope of work which he is expected to undertake and his personal responsibility for ensuring that such work is carried out economically and efficiently. The specifications should also set out the relationship between the Director and the Under Secretary/Chief Natural Resources Adviser. As an outsider it seems that whilst it may be appropriate for the



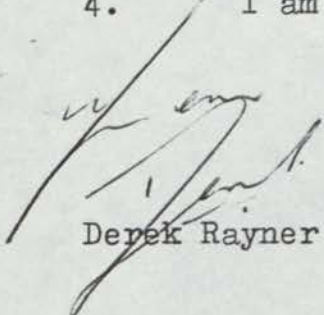
Under Secretary to give broad policy direction and to agree the programme of work, it is incontrovertibly the responsibility of the Director to keep a tight grip on costs.

2.3 Important though the new reporting arrangements are, they are not a substitute for getting after costs and keeping a tight control of the overall budget, the budgets of individual projects and the overheads of the institute.

2.4 The arrangements for commissioning work should allow customers (and I imagine these would be the policy divisions in headquarters) to switch money to universities or perhaps even wider within the aid programme if they judge that necessary. There may have to be safeguards because adjustment of staff can only take place gradually. But if funds are tied to the institute I fear that we will slip back to the old incremental treadmill, and the supplier rather than the customer will be dominant. Perhaps a ratio of core budget to commissioned work of, say, 1:2 would be acceptable to start with.

3. By all means let us follow these points through in the Action Document now being prepared. They are of course relevant to some of the general recommendations in my report to the Prime Minister and I very much look forward to seeing your response on those matters also.

4. I am copying this to the Prime Minister.

  
Derek Rayner

*I hope you have some time to  
relax in London!*





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Got Mach

Dr  
25/8

From the Minister

18 August 1982

Dear Duck,

attached

Thank you for your letter of 8 July. I agree that the report on the second part of Mr Anning's Study of TPI and COPR contains fascinating material and shows how worthwhile the exercise has been.

I had independently reached the conclusion that we should carry out a fundamental review of the Units as Mr Anning has recommended. However, I concluded that this should examine in a fundamental fashion the relationships between the Units and the rest of the ODA as well as the volume of work which it is appropriate for them to undertake.

That review has now been completed. The main conclusion, with which I agree, is that we need to retain the Units in some form. Increased food and agricultural production is rightly regarded as of central importance to the development of many poor countries. The developmental problems with which the Units are concerned are particularly difficult, requiring special skills and knowledge. The scientific excellence of TPI and COPR is highly regarded both nationally and internationally and in certain key areas there is no comparable other expertise.

The review also concluded, however, that a fundamental change in the relationship between ODA and the Units was needed to enable work programmes to be better planned and to enable us to make better decisions as to the balance between doing work "in-house" and contracting it out. Its recommendations are, in summary:

- i. The two Units (TPI and COPR) should be amalgamated to form a single organisation under one Director and, if it proves feasible, located on a single site.
- ii. The new Unit's terms of reference should be tightened so that it concentrates on those areas in which the combined institution has a clear comparative advantage.

/iii.





- iii. A more formal customer/contractor relationship along the lines of the Rothschild Principle should be established with the ODA, on behalf of developing countries, acting as customer and the Unit as contractor. There would be a more project-orientated approach to their programme.
- iv. To this end the Under Secretary/Chief Natural Resources Adviser should be responsible for setting objectives and selecting projects, and the Director of the Unit will be responsible to him.
- v. A small Advisory Committee should be set up, consisting of ODA headquarters officials and representatives from industry, university and research bodies, to assist the Chief Natural Resources Adviser in this task. The present advisory role of the Unit's Director in respect of its own programme would therefore cease. The existing system of Management Committees would be abolished.
- vi. In seeking technical advice from the Unit, ODA's Geographical Departments and Development Divisions should in principle use brigaded Natural Resources Advisers as the channel of communication, though this would not exclude informal day to day contacts.

The new Unit would operate within cash limits from 1983/84 to 1985/86, which on present assumptions covering inflation would imply a reducing budget in real terms of the order of 14% over the three years. (There has been a reduction in real terms already of 10% from 1980/81 to 1983/84.) This is a planning assumption and the cash limit for each year will be decided in the light of pressures on the aid programme generally.

I believe that the amalgamation of the two Units together with the new arrangements for determining the work programme will produce an early rationalization of their activities. Their range will be reduced by selecting blocks of work that may be discontinued altogether or contracted out when this is found to be cost effective. In this respect the material provided by Mr Anning in his study will be extremely useful. However, we must bear in mind that his study covered a relatively small sample of the work of the Units and we should, perhaps, be cautious about drawing sweeping conclusions. The reduced programme for the Unit will facilitate eventual relocation and reduce its cost. The amalgamation should take place on 1 April 1983 and work should begin at once on a cost-benefit study of relocation.

By following this procedure I believe that the valid points made in your letter will be fully covered. The work of the Units will no longer be supply-led, and the costing and tasking will be sharpened both as a result of the changes now proposed and by implementing the recommendations made by Mr Anning in Part I of his Study. Accommodation costs will be reduced by relocation on a site outside London (if this proves to be justified) and by contracting out some of the work.

/The





The Directors and the Trade Union Side of both TPI and COPR have been told in confidence what I propose as a result of the review, pending the reaction of yourself and the Prime Minister, and they know that I am writing to you in these terms. I hope that you will agree that what I now propose provides a suitable way to proceed from the second part of the Anning Study and that the recommendations of this in-house radical review should be incorporated in an action plan to implement it.

I am sending a copy of this letter to the Prime Minister.

*Yours  
Neil*

NEIL MARTEN

Sir Derek Rayner  
Management and Personnel Office  
Whitehall  
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96/132



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*Mr. Gifford*  
*Mr. B.R. Harris*  
*Mr. A. [unclear]*  
*Mr. [unclear]*  
*Mr. [unclear] - pl [unclear]*  
*Thank you*

8 July 1982

The Rt Hon Neil Marten MP

*Dear Neil*

REVIEW OF SUPPORT SERVICES AT TPI AND COPR - COST ANALOGUES

Mr Anning kindly sent me his part II report on 25 May. I have found the material it contains fascinating. It is clear that this has been a very worthwhile exercise which you were right to commission.

2. The chief lessons are:

- Most work could be contracted out, often at less cost.
- It is worrying that the haziness of costing and tasking noted in part I of the report can lead to the misleading impression that work in the units is cheaper than it really is.
- It is also worrying that the work of the units too often seems to be supply led.
- The possibility of sharply reducing accommodation costs (left over from Mr Anning's part I report) will be improved if work is put out to the institutes and universities.

3. I am copying this to Sir Peter Preston and to Mr Anning with best wishes for his new posting - with which I understand he is pleased.

*[Handwritten signature]*  
DEREK RAYNER

12/13