

Prime Minister -



OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 4819

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 may regard this matter as closed. Agree?

Sir Peter Preston KCB
Permanent Secretary

Subject to the study on TPI and COPR - and I should

2 April 1982

*Kah
Kw. 82.*

Mr C Whitmore
No 10 Downing Street

like to know about proposals for Mr Gerard's future not

Dear Sir,

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.

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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

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Peter Preston

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STAFF IN CONFIDENCE



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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

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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:-

	<u>Estimate</u>	<u>Outturn</u>
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.

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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.

- 7 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
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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.



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 truly,

Anne Whitmore.

Sir Peter Preston KCB

Carol Savage
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