



Prime Minister (1)

Content, subject to
colleagues, for this
review to proceed?

MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

Yes no

DMB
4/7

MULTI-DEPARTMENT REVIEWS 1984/85

One strand of our efficiency programme for 1984/85 consists of multi-department reviews of subjects common to a number of departments. One such review, of the means of identifying and developing internal talent, is already under way. I now propose a second review of the management of civil accommodation.

Civil accommodation costs form by far the largest element after pay in departmental running expenses, yet they have often received far less attention than staff costs. The Property Repayment System, now operating and being progressively refined, should provide the basis for cost-conscious decisions about accommodation. But best use will be made of accommodation resources only if departments look at the arrangements by which they take decisions about the location and quality of accommodation. The PSA will be doing a great deal of work over the next couple of years on their own role in providing accommodation as the follow-up to your meeting on 29 March. I understand that Patrick Jenkin will be bringing forward a number of initiatives on this front very shortly. But I think there would also be value, as a complement to that work, in looking at the arrangements departments have for managing and budgeting for accommodation.

I therefore propose that there should be a review involving linked studies in six departments, co-ordinated by a small central team in Cabinet Office (MPO), including someone from the Property Services Agency. I hope to get the help of someone with appropriate expertise from outside government on a consultancy basis. The Treasury will also be brought in fully. The departmental examining officers would report to their own departmental Ministers and, with the help of the central team, I would report to you on the wider lessons to be drawn from the review. I suggest that the following departments should take part:

Department of Employment (including Manpower Services Commission)

Department of the Environment/Department of Transport
Inland Revenue

Customs and Excise

Department of Trade and Industry

Department of Energy

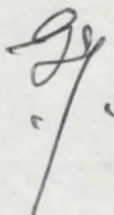
... A more detailed specification for the review is attached. The Ministry of Defence and Ministry of Agriculture, Fisheries and Food, both of which already have work planned in this area, would be associated with the review.

The review would commence in September, with departmental reports completed by the end of the year and my central report to you would be made at the end of February 1985. I propose the following terms of reference:

"To examine current provision of office and administrative accommodation and whether it meets current and foreseen needs; to examine departmental arrangements for managing and budgeting for accommodation; to consider the value for money of these arrangements; and to make recommendations."

Departments have been consulted at official level on these proposals. Subject to your approval, I should be grateful for colleague's agreement to take part.

I am copying this to Tom King, Patrick Jenkin, Nicholas Ridley, Nigel Lawson, Norman Tebbit, Peter Walker and to Michael Heseltine, Michael Jopling, Sir Robert Armstrong and Sir Robin Ibbs.



LORD GOWRIE

11 June 1984

MULTI-DEPARTMENT REVIEW: ACCOMMODATION

1. Provision for civil accommodation costs (including rates) is £946 million in 1984/85 and forms by far the largest element after pay in departmental running expenses. Yet, in comparison to the attention paid to reducing staff costs, earlier reviews have shown management information and control systems in this area to be weak. On the one hand, accommodation costs have sometimes shown a disproportionate increase compared with inflation or other costs. Furthermore, the size of the civil estate has been falling at a smaller rate than the size of the Civil Service, taking one year with another. On the other hand, many Civil Service buildings are of poor quality and do not provide an environment about which it can be said that staff work in pleasant surroundings. There seems a reasonable expectation that value for money could be improved.

2. The arrangements by which departments obtain accommodation through the Property Services Agency and the basis on which it is provided have recently been changed through the introduction of the Property Repayment System, now operating and being progressively refined. These arrangements are still settling down but should provide the basis for cost-conscious decisions about accommodation. However, best use will be made of accommodation resources only if departments look at the arrangements by which they take decisions about the location, extent and quality of accommodation.

Scope of the Review

3. It is therefore proposed that there should be a multi-department review of the management of office and administrative accommodation in the Home Civil Service. Headquarters buildings in London and dispersed and local offices will be included. The review will focus on the following main themes:

- the current provision of office and administrative accommodation, in the light of current and foreseen needs in terms of location, quality and space and taking account of the application of existing standards;
- how need is judged (for example, for location in expensive areas), how provision is brought into line with need and the scope for improvement;
- how responsibility for budgeting for accommodation is allocated in departments, taking into account existing and planned systems for delegated budgeting, and paying particular attention to the respective roles of accommodation officers and line managers at different levels;
- similarly, how responsibility for managing accommodation including heating, lighting, cleaning, furniture and equipment, is allocated;
- the costs of current arrangements and the value for money they represent in terms not only of economy but of a pleasant working environment, including the scope for incentive to departments to reduce costs and improve the quality of accommodation;
- how the efficiency of departmental management of accommodation is affected by the present structure of relationships between the Treasury, PSA and occupying departments, given that the PRS system provides the main framework and is still being developed.

4. Other elements in the review will include:

- the relationship between devolved budgeting and departmental application of central standards;

- the effect of repayment on the management of accommodation (MSC is to be included in the review as an example of a full repayment client);
- the costs of split accommodation, including both travel and communications costs;
- the possibilities for interdepartmental co-operation with PSA on location offices.

Conduct of the Review

5. The following departments will take part in the review:

Department of Employment (including Manpower Service Commission for repayment aspect)
 Department of the Environment/Department of Transport
 Inland Revenue
 Customs & Excise
 Department of Trade and Industry
 Department of Energy.

6. Each department will appoint its own examining officer to carry out a review and report. The departmental reviews will be co-ordinated by a central team, including a member from PSA, who will prepare a central report.

7. The review will be based on an "occupancy audit", perhaps in specific areas, to establish how accommodation is currently being used. Several departments have already undertaken work of this kind and some are well advanced with it. Others may need to consider setting such work in hand before the start of the review proper.

8. The multi-department review will overtake and subsume the MPO efficiency review which was initiated in response to a recommendation of the Review of Personnel Work in the Civil Service. Work already done will be carried forward into the larger review.

9. Current work in the Ministry of Defence and Ministry of Agriculture, Fisheries and Food will be taken into account by the central team, but these departments will not formally participate in the review.

10. The review will commence in September 1984 and departmental reports will be completed by the end of December. The central report will be completed by the end of February 1985.