

PO-CH (NL) 0450

PART A

Park . A .

Begins: 5/11/86 .
Ends : 13/7/87 .

THIS FOLDER HAS BEEN
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PO CH | NL | 0450
PT.A .

Chancellor's (Lawson) Papers:

Multi- Departmental Review of Accommodation .

DD's : 25 Years

Anderson

7/2/96..

PO CH | NL | 0450
PT.A .



10 DOWNING STREET

Simon

Also to be copied to
all chancellors departments.

With the compliments of

meeno
5/11

MR. N. L. WICKS



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

CH/EXCHEQUER	
REC.	0 5 NOV 1986 ✓
ACTION	CST
COPIES TO	

5 November 1986

Perf

Dear Stephen,

MULTI-DEPARTMENT REVIEW OF ACCOMMODATION: PROGRESS REPORT

The Minister of State, Privy Council Office, wrote to your Minister on 24 October 1986 with a copy of the progress report on the multi-department review of accommodation.

The Prime Minister was disappointed that the original hope for savings of £50 million by 1988 was reduced to £15-20 million. She has indicated that Ministers and senior management should attach significant priority to this review and hopes that all departments will have completed occupancy audits and set themselves ambitious targets by January next.

It is up to departments to set their own targets in the light of their particular circumstances in the context of overall running costs control. Nevertheless, if your department has not yet completed its occupancy audit or set itself a target for space use by 1988, the Prime Minister has asked that your Minister should ensure that it does so now. If the occupancy audit is underway but not yet complete, it should nevertheless be possible to set a target on the information you already have. Targets should be realistic but ambitious - they may be revised if circumstances change but it is essential to have a stimulus to action in the short term.

If your department has already set a target, your Minister will wish to subject it to critical review. Is it challenging enough to stimulate action? Or is it merely a statement of current plans? The Department of Trade and Industry has set an example by setting a target of 10% space reductions by 1987.

The Prime Minister is looking for evidence of a real effort on departments' part to reduce their space use. Officials in MPO will be in touch with accommodation contacts in departments over the next few weeks to offer any help they can in firming up departmental plans and to discuss the contribution individual departments can make. They will also be interested in any examples you can offer of improvements in

the working environment. They will then collate the results for the Prime Minister.

I am sending a copy of this letter to the Private Secretaries to all Ministers in charge of Departments, to Mr. Luce, Sir Robert Armstrong and Sir Robin Ibbs.

Yours sincerely
Nigel Wicks

N. L. WICKS

Stephen Boys Smith, Esq.,
Home Office

RJP

FROM: R J MEADOWS
DATE: 7 ^{Nov}~~October~~ 1986

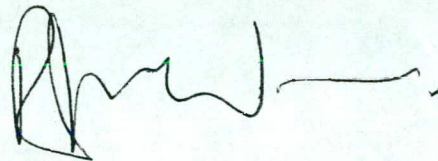
MR PORTEOUS

cc PS/Chancellor
PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
PS/Minister of State
Miss Kelley
Mr Dixon
Mr Instone

MDR OF ACCOMMODATION PROGRESS REPORT

The action copy of Mr Wick's letter of 5 November has come to me. The action for Treasury is, however, on the EOG side as an occupier of accommodation. I am therefore passing it on to you to deal with.

2. The circulation list shows that it has gone to the Chancellor's small departments. But I am not clear whether arrangements will have been made for them to take action on it. To be on the safe side I am therefore copying this minute to all Minister's offices so that they are aware that there is a requirement for each department they are responsible for to take specific action on this letter. I assume that the Chancellor's Office will make the necessary arrangements if they want a co-ordinated report to be made to the Chancellor about action taken by all of his departments.



R J MEADOWS



10 DOWNING STREET
LONDON SW1A 2AA

CHECKED	
NOV	7 5 NOV 1986
	CST

5 November 1986

CHIEF SECRETARY	
<i>From the Principal Private Secretary</i>	
REC.	- 2 NOV 1986
TO	<i>Mr Meadows</i>
TO	<i>Mr Butler Mr Anson</i>
	<i>Mr C. D. Butler Miss Kelly</i>
	<i>Mr Hartin Mr Lortone</i>
	<i>Mr R. Willis Mr Hoare</i>

1

Dear Stephen,

Chancellor's Small Departments.

MULTI-DEPARTMENT REVIEW OF ACCOMMODATION: PROGRESS REPORT

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It is up to departments to set their own targets in the light of their particular circumstances in the context of overall running costs control. Nevertheless, if your department has not yet completed its occupancy audit or set itself a target for space use by 1988, the Prime Minister has asked that your Minister should ensure that it does so now. If the occupancy audit is underway but not yet complete, it should nevertheless be possible to set a target on the information you already have. Targets should be realistic but ambitious - they may be revised if circumstances change but it is essential to have a stimulus to action in the short term.

If your department has already set a target, your Minister will wish to subject it to critical review. Is it challenging enough to stimulate action? Or is it merely a statement of current plans? The Department of Trade and Industry has set an example by setting a target of 10% space reductions by 1987.

The Prime Minister is looking for evidence of a real effort on departments' part to reduce their space use. Officials in MPO will be in touch with accommodation contacts in departments over the next few weeks to offer any help they can in firming up departmental plans and to discuss the contribution individual departments can make. They will also be interested in any examples you can offer of improvements in

the working environment. They will then collate the results for the Prime Minister.

I am sending a copy of this letter to the Private Secretaries to all Ministers in charge of Departments, to Mr. Luce, Sir Robert Armstrong and Sir Robin Ibbs.

Yours sincerely
Nigel Wicks

N. L. WICKS

Stephen Boys Smith, Esq.,
Home Office



Cabinet Office

MANAGEMENT AND PERSONNEL OFFICE

From the Minister of State
Privy Council Office
The Rt. Hon. Richard Luce MP

Great George Street
London SW1P 3AL
Telephone 01-233 8610

Rt Hon Douglas Hurd CBE
Secretary of State for t
Home Office
50 Queen Anne's Gate
LONDON SW1H 9AT

CHIEF SECRETARY	
REC.	27 OCT 1986
ACTION	Mr Meadows ← with attachment.
COPIES TO	Mr Butler Mr Ans Mr C. D. Butler Miss Kelly Mr Jameson Mr Instone Mr R. Dillis Mr Hoar.

Handwritten initials and scribbles

24 October 1986

Dear Minister,

... I enclose with this letter a copy of the first progress report on the implementation of the Multi-Department Review of Accommodation. Its contents have been noted by the Prime Minister.

The report shows that progress has been made, but the information which has been collected on accommodation use suggests that the original estimate of £50 million savings by 1988 must be revised to £15-20 million. It is all the more important therefore that the savings now identified should be realised on time. The Prime Minister has indicated that Ministers and senior management should attach significant priority to the Review, and hopes that all Departments will have completed occupancy audits and set themselves ambitious targets by January next. Cabinet Office (MPO) will make a further progress report to the Prime Minister in 1987 on the savings achieved by then.

The Prime Minister is concerned that the working environment of many civil servants is still very shabby. Considerable improvements can be made in the working environment at relatively small cost. There will be many competing priorities for the use of any running cost savings but where it is cost-effective to do so the opportunities to improve working conditions should not be overlooked. The increased delegations under the Property Repayment Services system offer departments the room to make such improvements.

Copies of the report will be made available to the Treasury and Civil Service Select Committee and the House of Commons Library.

I am sending copies of this letter to the Prime Minister and all Ministers in charge of departments with a copy of the report for each of the departments for which they are responsible, and to Sir Robert Armstrong and Sir Robin Ibbs.

Rich

RICHARD LUCE

UNCLASSIFIED

FROM: B J PORTEOUS
DATE: 28 November 1986

MR A C S ALLAN

cc Mr Saunders
Miss Kelley
Mr J Dixon
Mr Meadows

MULTI-DEPARTMENT REVIEW OF OFFICE ACCOMMODATION: PROGRESS REPORT

Mr Wicks' letter of 5 November notes that the Prime Minister is dissatisfied with the prospective results of the Multi-Department review of Office Accommodation. The estimated savings have been reduced from £50 million to £15-20 million, and she wants departmental Ministers to subject their Department's targets to critical review.

2. Mr Meadows' minute of 7 November says that whilst the letter has gone to the Chancellor's small departments it is not clear whether arrangements have been made for them to take action.

3. You may consider it appropriate to suggest to the other Private Secretaries that they should ensure that reports are made by the small departments to their Minister so that he can carry out the Prime Minister's wishes.

4. A suggested draft is attached.



B J PORTEOUS

UNCLASSIFIED

~~DRAFT~~ MINUTE

~~RETT~~
MR HEYWOOD

S RET

CATHY RYDING

FROM: MR A C S ALLAN

DATE:

cc Miss Rutter
Mr P Barnes
Mr M Norgrove
Mr Saunders
Miss Kelley
Mr Meadows

MULTI-DEPARTMENT REVIEW OF OFFICE ACCOMMODATION

Mr Wicks' letter of 5 November indicated that the Prime Minister wanted Ministers to attach significant priority to the Multi-Department Review of Office Accommodation; that she was disappointed with the reduction in the original expectation of savings; and that Ministers should subject their Department's targets to critical review.

2. I should be grateful if you and the other Private Secretaries would arrange for your Minister's departments to make a report for your Minister to consider, so that in due course your Minister can make a report to the Chancellor and Chief Secretary.

CATHY RYDING
A C S ALLAN



FROM: CATHY RYDING
DATE: 1 December 1986

MR HEYWOOD

cc Miss Kelley
Miss Rutter
Mr P Barnes
Mr M Norgrove
Mr Saunders
Mr Meadows

MULTI-DEPARTMENT REVIEW OF OFFICE ACCOMMODATION

Mr Wick's letter of 5 November indicated that the Prime Minister wanted Ministers to attach significant priority to the Multi-Department Review of Office Accommodation; that she was disappointed with the reduction in the original expectation of savings; and that Ministers should subject their Department's targets to critical review.

2. I should be grateful if you and other Private Secretaries would arrange for your Minister's departments to make a report for your Minister to consider, so that in due course your Minister can make a report to the Chancellor and Chief Secretary.

C. R

CATHY RYDING

RJP

FROM: B J PORTEOUS

DATE: 10 December 1986

MR HEYWOOD

cc: Miss Kelley
Miss Rutter
Mr P Barnes
Mr M Norgrove
Mr Saunders
Mr Meadows*Mrs Ryding* ←**MULTI-DEPARTMENTS REVIEW OF OFFICE ACCOMMODATION**

Mrs Ryding's minute of 1 December referred to Mr Wicks' letter of 5 November, which in turn referred to the progress report on the multi-department review of accommodation.

2. You may find that copies of this report are not easy to obtain, because it has not been published. MPO have let me have the attached copies for each of the Minister's offices. All departments have received a copy of the report direct from the MPO for action.

3. Domestic Treasury will make their report on accommodation targets to the Minister of State.



B J PORTEOUS

Multi-Department Review of Office Accommodation

Progress report to the Prime Minister

by

Cabinet Office

(Management and Personnel Office)

September 1986

MULTI-DEPARTMENT REVIEW OF OFFICE ACCOMMODATION: PROGRESS REPORT
TO THE PRIME MINISTER

The multi-department review (MDR) of office accommodation, published in September 1985, recommended that Cabinet Office (MPO) should help progress and monitor implementation of the review and submit a progress report to the Prime Minister after 12 months. This report fulfils that remit. The MDR recommended that during the first year:

- departments' priority should be to collect the facts on their office accommodation and set up information systems to handle them;
- the second year should see planning and budgeting systems put in place for the longer term;
- this action should start to lead to substantial savings, but these would take at least **three** years to build up;
- meanwhile departments should set improvements in hand aimed at spreading the good practice found by the MDR both in government departments and outside organisations to ensure that the accommodation resource was used effectively and efficiently.

SUMMARY

2. Departments have:

- rightly concentrated on getting the facts and laying the foundations of improved management systems;
- several also have impressive results to show for their space reduction initiatives (some of which predate the MDR);
- made savings of nearly £2m already with more in prospect, as shown in the table.

The overall improvement in space use is shown in Figure 1. In 1985/86 average space occupied per member of staff, a crude but significant indicator, began to come down for the first time since 1981.

3. This report draws some conclusions as to where further action should be concentrated. Meanwhile many of the report's suggestions on the framework of relationships between PSA, the Treasury and departments have been taken into account by the Interdepartmental Committee (IDC) on the Property Repayment Services (PRS) system. New arrangements to be introduced from April 1987 will give client departments and accommodation

	<u>SAVINGS</u>	<u>AND</u>	<u>COSTS</u>	<u>TO</u>	<u>DEPTS.</u>	<u>£</u>
	ANNUAL: FIRST YEAR	1985/86	ANNUAL: PROSPECT	IN FIRM BY	1988	ONE-OFF
	Savings	Costs	Savings	Costs	Costs	Costs
CAB OFF	229,436		108,000			
COI	85,000		105,000			
C&E			197,357			315,328
DES			44,210			8,000
DE			380,000	20,000		52,600
DEn	804,000	100,000	240,000	30,000		70,000
DOE(C)/DTp	135,000		777,000			
FCO	243,000					
HMSO	475,000					
HO		355,668	29,506	761,979		
DNS	5,700		168,700			175,400
OPCS	143,000					
PGO	19,500					3,000
DTI	20,700		38,000	65,000		50,000
TOTALS:	2,160,336	455,668	2,087,773	876,979		674,328
NET SAVINGS:	1,704,668		NET SAVINGS:	1,210,794		

Note: Early savings have been partly offset by the initial costs of implementation. Many departments have not been able to quantify either costs or, in particular, future savings precisely, even where targets have been set, because plans have not yet been worked up in detail.

managers enhanced responsibilities. The work completed on implementing the MDR should help them to meet these new demands more effectively and more confidently.

PROGRESS IN THE FIRST YEAR

4. Departments have overwhelmingly accepted the recommendations of the report. All except three have prepared action documents and are currently working through them. One other has not contributed a progress report to this summary. Annex A shows the current stage of the review's implementation Servicewide. Annex B summarizes progress on the recommendations of the departmental studies which contributed to the review.

Information Systems and Savings

5. The original review recommended both occupancy audits and the setting of targets for space reductions, at first on an interim basis and then after full consideration of the facts of space-use. Occupancy audits show where space occupied is out of line with need. Most departments have made substantial progress with their occupancy audits:

- 11 have completed their audit;

- 11 have completed 50-90%;

- only 5 have completed less than 50%. 3 very small departments are not conducting an audit because they are confident their records are up to date.

6. On the basis of the facts they now have on their space-use:

- 12 departments have set themselves firm targets for space-use by 1988, ranging from containing increases in staff within current occupations (PGO) to reductions of 10% (DTI - by 1987);

- 6 more have set themselves interim targets for 1986;

- 9 have delayed setting any target until they have the results of their occupancy audits.

7. Some departments deserve special mention. For example in DEn space savings are as below (base date for savings is 1/4/85):

	Space savings at 1/4/86	Space savings in prospect
Sq m	3,820	1,477
£	804,000	240,000
%	13.0	5.0

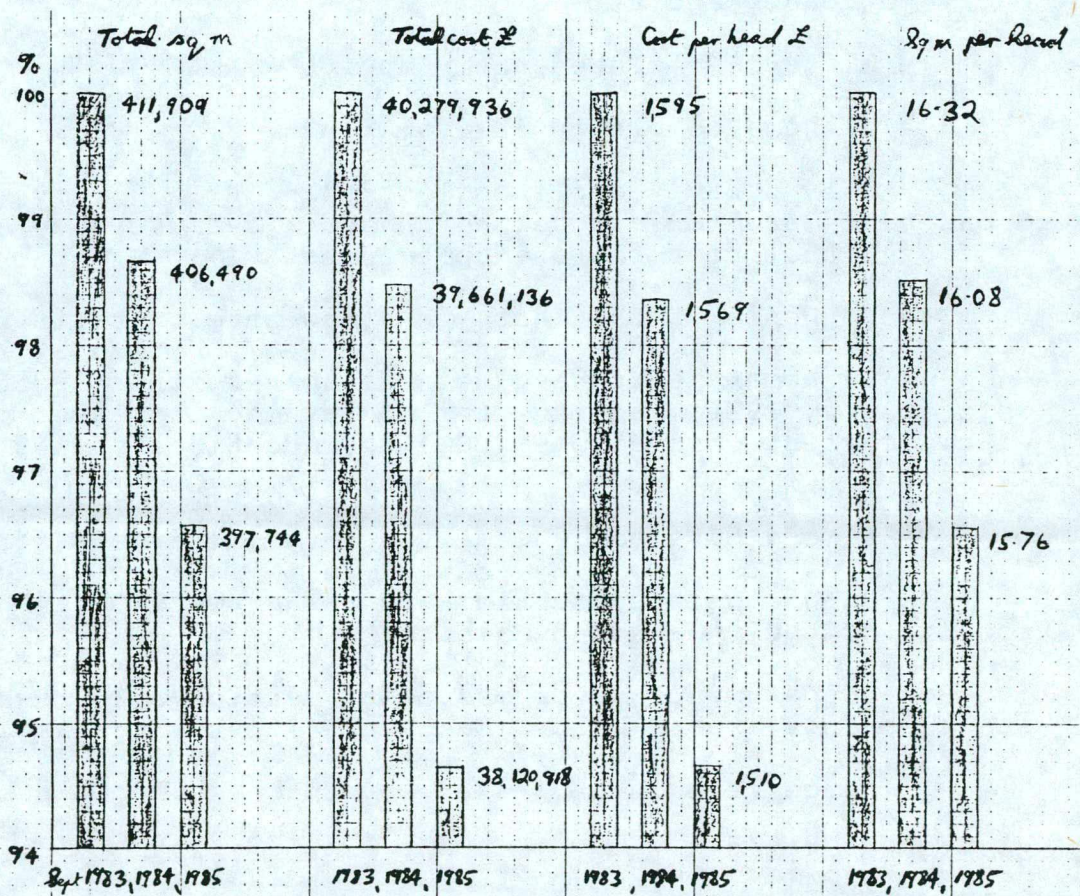
When DEN moves to its new HQ it will be able to make additional savings as follows:

Sq m 6,039
 £ not yet quantifiable
 % 28.0

8. Those departments which had already established the facts about space use prior to the review tend to be well in advance in getting rid of spare space, demonstrating the importance of full information. Some have taken up about as much slack as they are able. For example:

- since 1979 the SO has given up 17 properties in Edinburgh totalling 11,000 sq m representing nearly 7% of its estate at the time and a saving of about £1m at current prices;

- C&E has made the following reductions in recent years:



- DOE(C)/DTp had made substantial progress in reducing space occupied in London before the review. This resulted in a saving of nearly £4m pa and a reduction in the number of buildings occupied from 11 to 4.

The current picture of the scope for savings

9. On the basis of the evidence then available, the MDR envisaged that reductions in space of between 5 and 10% would be achievable across the estate over three years. So far departments representing 50% of the estate in space terms have set themselves targets for reductions by 1988 or earlier averaging 4%. Departments representing 25% of the estate have set themselves a target of no change. Figure 2 shows the make-up of the target reductions in more detail. On this evidence an estimate of 2% savings over the estate as a whole can be regarded as reliable and achievable by 1988. On the rough-and-ready basis of the original MDR report, making assumptions about the location and quality of buildings given up, this would represent about £15-20m.

10. The revised estimate is lower than that in the report. There are a number of reasons for this:

- the much fuller and more soundly-based evidence of space-use gathered by departments has shown that the MDR's original estimate of achievable space savings was over-optimistic, although justified on the limited evidence available at the time;

- the original three-year timetable has had to be revised, partly because of the initial effort involved in carrying out occupancy audits and planning reductions and because of the under funding described in paragraph 11. Some savings in prospect will therefore not come through until after April 1988;

- many departments have been unwilling to set targets without firm information from their occupancy audits. Any estimate at this stage is therefore incomplete.

The 5-10% estimate has served its purpose of stimulating departments to complete their occupancy audits and set targets. It is no criticism of their efforts that the emerging savings are less than the original estimate. The fact remains that they are producing real savings that would not otherwise have been achieved. At the same time, every effort must now be made to keep up the momentum and hit the targets set on time.

11. Some departments have seen the opportunities for rationalisation hindered by lack of PSA funds for works necessary to make space saving changes. Specific examples are:

- shortage of funds means that the collocation of DTp

Harrogate staff at the Regional Office in Leeds will not now take place before 1987/88, deferring savings of £59,000 a year;

- COI fear that the vacation of a floor in their Hammer-smith building will be delayed from 1986 to 1987 through PSA's inability to do necessary work, deferring savings of £105,000.

12. Some departments' occupancy audits have confirmed that their staff are overcrowded and that more space is needed. For example:

- IBAP's occupancy audit has confirmed that it has 15% less space than it needs and it has consequently set itself a target of reaching its minimum requirements for the longer-term efficiency of its staff;

- HQ occupancy audits have confirmed the need for more space to accommodate recent and further prospective increases in HQ staff in post.

One of the themes of the original review was that the working environment of civil servants should not deteriorate further. Every effort should be made to get rid of wasted space, but it is important that where overcrowding exists it should be remedied.

Computerisation

13. The report recommended that central accommodation managers should evaluate the costs and benefits of computerised information to handle accommodation data and should draw up firm plans for the management of accommodation information based on the conclusions. MPO organized a seminar for accommodation managers in February at which those who had already made progress in this area were able to share their experience with those who were only at an early stage. The options covered ranged from complex systems linked to budgeting and personnel systems to very simple microcomputer applications suitable for smaller departments.

14. Progress on information management is as follows:

- 19 departments have now completed their evaluation of the need for computerised systems; of which

- 10 have systems in place;

- 9 are in the process of installing them.

Accommodation staffing policy

15. The review found that although many able and experienced

staff were working on accommodation, it did not always enjoy the priority it ought as an important area of resource management in departmental posting policies or in the eyes of staff in general. There have since been some notable successes in raising the status and quality of accommodation staff in a few departments:

- DE seconded a Management Trainee to its Property Management Unit as part of her training;

- IR has designated a developmental post for an HEO in its central accommodation section.

AREAS WHERE WORK REMAINS TO BE DONE

16. Only the two recommendations shown below cause difficulties to more than one or two departments. Even here not all departments experienced problems.

Statements of accommodation managers' roles and responsibilities and service agreements with line managers

17. About 50% of departments have taken this recommendation in their stride and the other half have been unenthusiastic. Defining roles and responsibilities has caused fewer problems and has been particularly welcomed as the job of the accommodation manager develops along with the increased PRS delegations to be introduced in April 1987. Some departments have chosen to delay introducing formal statements until they are better placed to plan for the practical effect of the changes.

18. Service agreements with line managers proved to be more tricky. The intention was to provide mutual clarification of responsibilities of both accommodation and line managers and to ensure by liaison together that the service provided by accommodation managers was the optimum considering both resources available and the needs of line managers. Problems seem to have arisen in the following areas:

- some accommodation managers saw service agreements as making themselves hostages to fortune;

- the wording of the recommendation may have implied something of a quasi-contractual nature and more formal and finely tuned to individual line managers than was intended;

- in practice it has turned out that the needs of individual line managers within the same building are not very different one from another.

19. If the original intention of the recommendation is re-examined none of these problems is insuperable, and indeed

several departments have overcome them:

- if managers do make unreasonable demands they should be demonstrably so by reference to other managers' needs working under similar circumstances;

- if the services provided by accommodation managers are well-publicised then an agreement with line managers is implied;

- in the Cabinet Office for example the Office Services Division, which includes accommodation management, has made its own internal arrangements for defining roles and responsibilities and is setting up a programme of meetings with line managers to align the service more closely with their needs.

Performance Indicators

20. No department disagreed in principle with performance indicators for accommodation management. The main problems were:

- many accommodation managers had not used performance indicators before and distrusted them because they did not understand their use;

- simple difficulties of collecting the information needed to compile performance indicators.

21. As occupancy audits are completed and information systems established the problem of data collection is diminishing. In order to keep the need for extra information to a minimum, departments have tended to opt for indicators which consist of comparisons between two practical aspects of space use, for example space per head or cost per head:

- on space per head and deviations from the standard, HO have worked out performance indicators for line managers, local accommodation managers and central accommodation managers using the same data at different organisational levels;

- DE have prepared what they call resource monitors which "are not to be used as league tables. They are intended to be used to provoke questions about differences between unit costs".

- DHSS is piloting a system of unit costings during the 1986/87 financial year.

Examples of DE resource monitors in the accommodation field are:

- accommodation cost per member of staff;

- staff space per member of staff;

- gross space per member of staff;
- supplies cost per member of staff;
- housekeeping and maintenance cost per member of staff;
- cleaning cost per member of staff;

22. As departments and managers gain experience of the use of performance indicators for accommodation the perception of them should change. They should be recognized as tools to assist in improving management systems rather than measures of individuals' performance.

23. MPO has agreed to examine examples of best practice and to provide guidance to departments on these issues.

Guidance and training

24. Many departments stressed that they were still very much dependent on PSA for advice and, especially, training. The PSA's new guide "Managing Works" designed for departments opting for the so-called standard option has been widely welcomed: it takes account of the review's stress on planned maintenance. In the training field, apart from its short courses for energy managers, which have been very successful, courses for accommodation managers run by PSA Training Division tend to be over-subscribed. But not all departments are able to organise their own training. This is an area where further work needs to be done by all those involved - departments, PSA and MPO - so that training provision is brought into line with need. PSA's Training Division is already planning a further series of short courses to help departments cope with their new responsibilities: they are expected to start in November this year.

THE CENTRAL DEPARTMENTS

25. Most of the review's recommendations were for action by line departments. Some were however primarily for PSA, two were for Treasury and one was for MPO. The reponse from the central departments has been very positive: all the recommendations for them have been accepted and most have already been fully implemented. Work is in progress on others. A detailed account of the responses by the central departments is at Annex C.

ENERGY EFFICIENCY

26. The Prime Minister asked that, although the review made no formal recommendations about energy efficiency, its suggestions in this area and in particular for the appointment of Energy

Managers should be followed up as if they were firm recommendations.

27. 25 departments have by now appointed Departmental Energy Managers (DEMs) with varying amounts of time to devote to the job not necessarily related to the size of their fuel bill. Their task is to formulate and be responsible for their department's energy efficiency drive and to monitor the results of initiatives against the targets they have set.

28. The main strands of action have been:

- DEMs representing over 90% of the civil estate bill have attended PSA's training course and regular seminars are planned for the future. DEMs have sent a comprehensive energy management guide (produced by PSA) to all their accommodation managers;

- over 1200 accommodation managers attended PSA's half day courses in the first 6 months of 1986 and more will follow;

- some departments have produced policy strategies for energy efficiency;

- energy managers are increasing awareness through imaginative techniques such as competitions and quizzes and by poster campaigns, office notices, stickers and so on;

- PSA is producing quarterly summary printouts which include information on cost and consumption and is encouraging departments to collect regular information on consumption.

29. The main priorities now are:

- to introduce effective monitoring and targeting. PSA have provided advice on how this should be done;

- for PSA to provide more detailed breakdowns of energy consumption costs including in particular details of maximum demand. The IDC on PRS is working on this;

- to clarify the exact division of responsibilities between PSA and departments, especially in the matter of funding spend to save measures. PSA has this in hand.

30. Meanwhile there are already successes to report:

- DEn saved nearly 10% on its electricity bill in 1985/86 by a variety of low-cost measures;

- DOE(C)/DTp are optimistic that their recently appointed DEM will produce savings in excess of £200,000 in respect of fuel

bills for this financial year. They have also no reason to suppose that other departments could not achieve similar savings.

TRADE UNION SIDE COMMENTS

31. Two meetings have been held with the CCSU since publication of the central report. The CCSU prepared a written commentary on the report (attached as Annex D) which has been circulated to departments. In addition to the bilateral meetings with CCSU the MDR has been discussed at meetings of the Joint Committee on Accommodation on which MPO is represented.

CONCLUSION

32. The evidence in this report demonstrates that departments are building up the necessary information and management systems to ensure continued good management in the longer-term. Savings are starting to come through, although more slowly than expected. The original estimate of total savings by 1988 has had to be revised, for good reasons, to £15-20m. Action is needed now to keep up the momentum and maximise the benefits from departments' investment so far. We therefore recommend:

- that Cabinet Office (MPO) should continue to offer help and advice on implementation when requested by departments;

- that a further progress report should be made to the Prime Minister, in accordance with her wishes, in 1987.

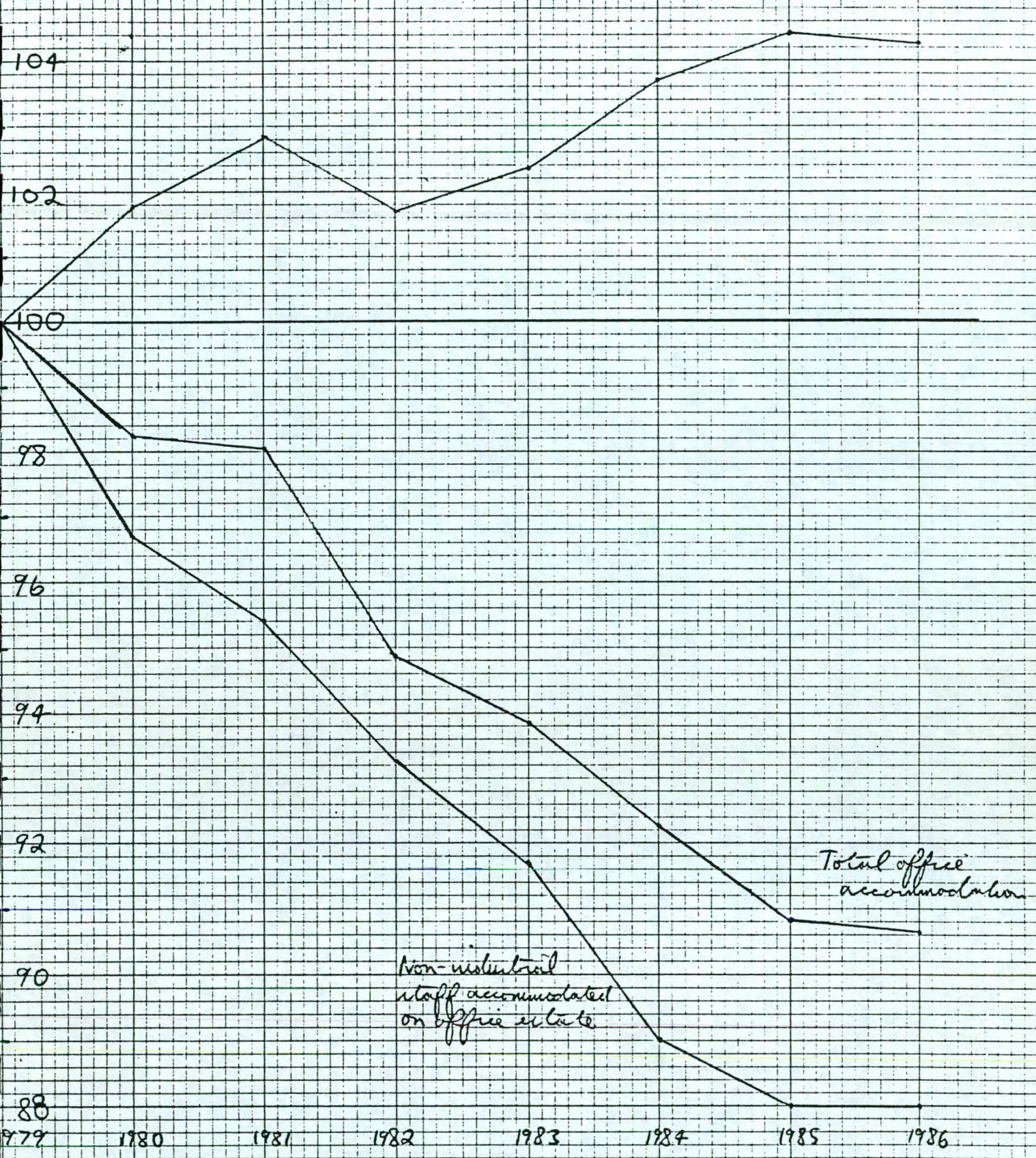
Julian Moore
Eleanor Goodison
Andrew Flindell

September 1986

Figures

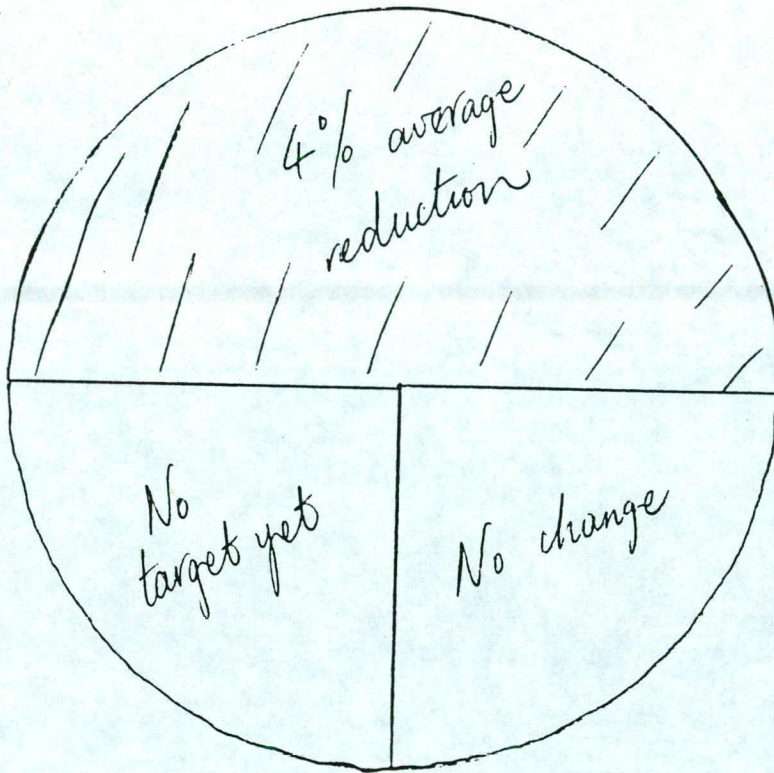
FIGURE 1 Home civil service accommodated on office estate since
 size of office estate 1979 = 100

Average sq metres per staff

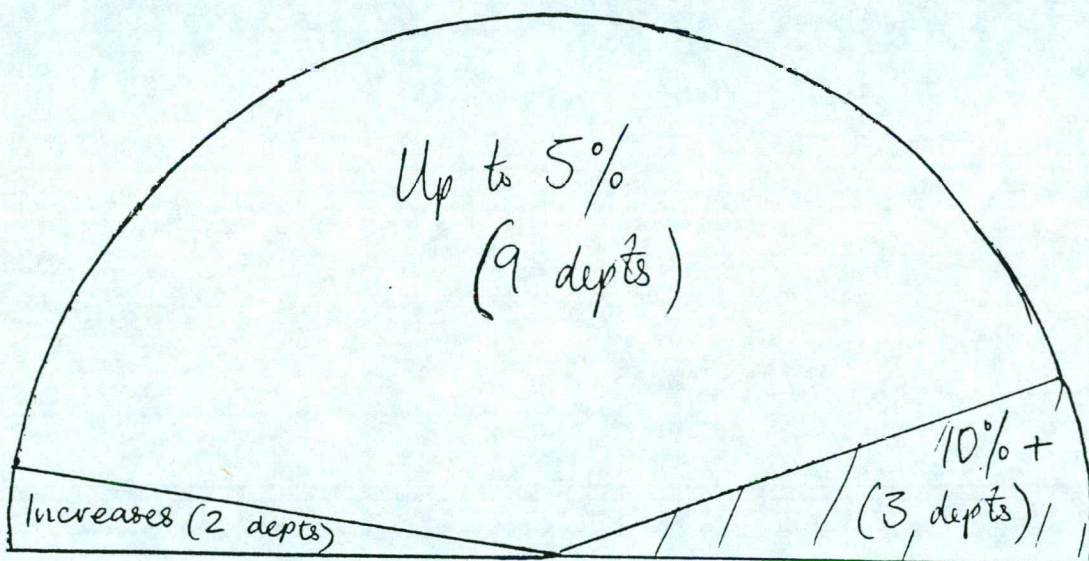


● FIGURE 2

1. Targets set (by share of the office estate)



2. Make-up of 4% average reduction (by share of the office estate)



Annexes

ANNEX A

SUMMARY OF DEPARTMENTAL RESPONSES TO CENTRAL REPORT

We recommend (1) that PFOs in departments should have the following arrangements in operation by 1 April 1987:

-budgeting, as a separate item, the cost of space in excess of space standards; and

- accounting systems to monitor spare space, inform budget holders of its cost and help trigger its release to the central accommodation manager.

(Implemented by 4 departments; partially implemented by 9 departments; deferred by 13 departments; not accepted by 1 department. NB 4 small departments provided summary action plans and progress reports which are not included in these figures.)

Departments:

- recognize the value of making line managers aware of accommodation costs;

- sometimes consider that full delegated budgeting is going too far as the line manager does not have the accommodation manager's flexibility in using, taking on or disposing of space. This is particularly so in small headquarters departments where many cost centres may be housed in one building. For example, in Energy the central accommodation manager is responsible for excess space costs. His central position allows for a more efficient rationalisation and identification of viable units for disposal to PSA;

- other departments have been able to make a start. PSA introduced trial budgets in April 1986 for the space it occupies itself in 2 HQ Directorates and 1 Region;

- in Cabinet Office budget holders in the main are required to bid each year for the area and cost of accommodation they plan occupy. Computerised information is at present held showing the size of rooms, the number of people (together with grade) occupying the room and the branch to which the room is allocated. PSA space standards for individual grades are held on a separate file. MPO are currently discussing with their Information Technology Branch how best to produce a linking report to show divisional accommodation holdings together with their over/under allocation according to PSA space standards. Notifying budget holders of spare space costs and over-allocated space costs will be possible once the linking report mentioned above has been tried and tested.

We recommend (2) that departments should consider including accommodation management as part of the effective use of resources in the revised guidance notes they are now preparing for reporting officers.

(Implemented by 16 departments, partially implemented by 1 department, deferred by 9 departments, not accepted by 1 department.)

Departments accepted that the staff appraisal system should recognize:

- the role of line managers in accommodation management;
- the contribution that their good management of accommodation can make to the overall value for money of the department's operations; and
- accommodation's importance as a resource.

Most departments have accordingly implemented this recommendation in drawing up guidance notes on the new staff appraisal system.

We recommend (3) that central accommodation managers should issue guidance on planned maintenance, based on the PSA "Minor Works Handbook" to local accommodation managers by 1 April 1986 with instructions to draw up plans and timetables for implementation in 1987-88.

(Implemented by 9 departments, partially implemented by 9 departments, deferred by 9 departments.)

PSA have circulated "Managing Works" a comprehensive and practical guide to accommodation managers on handling the increased PRS delegations to be introduced from April 1987. Many departments consider it will be sufficient as guidance to accommodation managers. The desirability of good local liaison with PSA DWOs has proved itself - not only so that accommodation manager and DWO schemes do not clash but also so that the experience and knowledge of the DWO can be put to best use. Examples of action include:

- the DWO and ODA have agreed the maintenance plan for Eland House which should meet ODA needs before relocation;
- SO have appointed a Building Maintenance Manager;
- in November 1985 PSA introduced on repayment terms a new 5-day course on property maintenance which has proved to be very popular.

We recommend (4) that, by 30 September 1985, the head of the central accommodation division should have drawn up, in consultation with local accommodation managers, a statement of their roles and responsibilities; and that, by 1 April 1986, local accommodation managers should have prepared and agreed with line managers in the buildings which they service, an agreement setting out the level of service line managers can expect and the responsibilities of line managers in respect of such things as due notice etc.

(Implemented by 3 departments, partially implemented by 11 departments, deferred by 12 departments, not accepted by 1 department.)

Paragraphs 14-18 of the main report discuss this recommendation in detail. Examples of action include:

- the Treasury, which has five main locations and an accommodation organisational structure to match, needed first to define the respective responsibilities between the central accommodation manager and the other Treasury businesses who have autonomy in accommodation matters;

- the DEN accommodation manager has publicised specific standards for housekeeping, maintenance, decoration etc and these standards will be monitored in the outstations by users.

We recommend (5) that all large departments put plans in hand by 1 April 1986 for both physical and financial medium term budgeting for accommodation.

(Implemented by 13 departments, partially implemented by 4 departments, deferred by 4 departments, not accepted by 6 smaller departments.)

This recommendation has fitted in with most large departments' planning and budgeting arrangements.

We recommend (6) that PEOs in all departments, in preparing development plans for able staff, should ensure that some officers with high potential spend some time in accommodation work; and that expertise in accommodation is retained and developed.

(Implemented by 22 departments, partially implemented by 4 departments, deferred by 1 department.)

Departments appreciate the value of having able staff in accommodation work but they are also aware of the demands for able staff which naturally arise from other high priority areas of work. The WO approach is typical. Whilst unable to give any particular priority to accommodation work, they will seek the best match between the differing demands of the work of the department and the staff resources available. There are also better examples of positive action:

- DTI's Management Development Programme to identify and advance internal talent will cover accommodation work;

- in ECGD the career plan for faststreamers already accentuates resource management. Accommodation will now be given greater emphasis than before;

- among numerous departments who accept the need to retain and develop accommodation management skills, DE say that "the importance and significance of property management is now widely acknowledged across the Service and many able staff see the work as presenting a stimulating and challenging career opportunity."

(Further comment in paragraph 15 of the main report.)
We recommend (7) that departmental training divisions, where necessary in consultation with PSA and MPO Training Division, draw up a programme of training for both central and local accommodation managers by 1 April 1986.)

(Implemented by 19 departments, partially implemented by 5 departments, deferred by 3 departments.)

Comment on this recommendation is to be found in paragraph 23.

We recommend (8) that, by 1 April 1986, the head of the central accommodation division, in consultation with local accommodation managers, draws up performance indicators (and targets for improvements based on these).

(Implemented by 5 departments, partially implemented by 6 departments, deferred by 15 departments, not accepted by 1 departments.)

Comment on this recommendation is contained in paragraphs 20-22 of the main report.

We recommend (9) that, when new proposals including the number and siting of staff are being put forward, the initiating officer should always set out the accommodation consequences following consultation with the central accommodation manager. In view of the importance we attach to the need to demonstrate value for money is being obtained in all location decisions, we recommend (10) that any proposal to move the location of offices is subject to a full investment appraisal by the accommodation manager in consultation with PSA and that, wherever possible at least one option involving a suitable location outside a city centre should be considered. Where a case for relocation is accepted on the basis of efficiency savings, the Accounting Officer should require the head of the division moved to provide an annual statement for the three years after the move showing, on the basis of the criteria set out in the original investment appraisal, how greater efficiency has been achieved, and we so recommend (11).

(Implemented by 26 departments, deferred by 1 department.)

These recommendations have commanded general acceptance. They are all concerned with ensuring that planning for accommodation needs is not neglected, including a due recognition for the financial consequences of changes. Examples of action include:

- PSA, for its "domestic" accommodation, issued an internal instruction which pins down who is responsible for what;
- OPCS has appointed an accommodation manager to the 1991 Census Resources Management Group;
- the specialist Investment Appraisal section in C&E is reviewing the accommodation manager's instructions on investment appraisal for new accommodation.

We recommend (12) that all central accommodation managers, in consultation with line managers, should develop an accommodation strategy by 1 April 1987.

(Implemented by 14 departments, partially implemented by 4 departments, deferred by 9 departments.)

Strategies, which are still being developed in many departments, vary in degree from broad and non-specific guidelines on planning to fairly intricate and detailed plans for rationalising individual offices:

- part of DE's range of strategy statements is "to provide accommodation to meet management's operational requirements as cost-effectively as possible in line with agreed central standards and guidelines." This sort of strategy is intended to provide a useful yardstick to judge specific actions on the accommodation front;

- MOD's strategy for rationalising its HQ accommodation in Central London deals with individual buildings and forms a basis for joint forward planning with PSA;

- C&E's policy in the regions is close small excise offices and relocate them in VAT offices. Detailed rationalisation plans are being drawn up in conjunction with PSA in each Collection for consideration by Higher Management.

We recommend (15) that accommodation managers in departments should be charged with carrying out a full occupancy audit of all departmental office accommodation by 1 April 1986; that by the same date they draw up arrangements for maintaining these records; and that these arrangements should require a full occupancy audit at least every five years.

(Implemented by 11 departments, partially implemented by 11 departments, deferred by 5 departments.

Following liaison with MPO, PSA issued guidance to all departments in October 1985 on how to carry out an occupancy audit and what facts and figures to collect. The guidance covers the minimum of occupancy audit information needed for departments to pass on to PSA, to enable it to carry out its estate management role, and for departments to plan their space use efficiently. Most departments' action has been on the following lines:

- many were unable to complete their occupancy audits by 1 April but are finishing them now;

- most gave priority to the larger and more expensive properties situated in city centres;

- some found the effort involved burdensome. C&E is investigating the potential for transferring information on disc, rather than manually, from its micros in the regions to HQ;

- DTI will review the need for a five year occupancy audit cycle in the light of developments in its Physical Resources Management Information System (PREMIS) which should be able to keep regularly and easily maintained records;

- PSA have used information about furniture additional to standards to make reports to occupying managers more punchy and effective, in one case identifying excess furniture costing £100,000 a year.

We recommend (16) that, by 1 April 1986 the central accommodation manager should evaluate the costs and benefits of computerised information to handle accommodation data and should draw up firm plans for the management of accommodation information based on the conclusions.

(Implemented by 19 departments, partially implemented by 1 department, deferred by 7 departments.

For comment on this recommendation see paragraphs 13-14 of the main report.

We recommend (17) that as a matter of course the local accommodation manager should advise the District Estates Surveyor of the results of occupancy audits.

(Implemented by 24 departments, deferred by 3 departments.

This recommendation has caused difficulties for very few departments and is already being put into practice in most.

We recommend (18) that where accommodation managers, in co-operation with line managers, are reviewing their needs within a building they consult PSA (and other accommodation managers) at an early stage to determine their objectives in terms of size and location of blocks which could be given up.

(Implemented by 25 departments, partially implemented by 1 department, deferred by 1 department.

This was accepted as sensible practice by all departments, although one declined to approach other departments direct and preferred to liaise only through PSA.

We recommend (19) that line managers should be given full details of the occupancy audit of the space they occupy.

(Implemented by 22 departments, deferred by 5 departments.

Departments are implementing this recommendation as they complete their occupancy audits.

We recommend (20) that, by 30 September 1985, all departments set interim targets for space reductions to be achieved by 30 September 1986; and that, in the light of the occupancy audit and by 30 September 1986, they set revised targets for reducing space used by 30 September 1988 together with a plan for achieving the reductions including milestones to measure progress.

(Implemented by 12 departments, partially implemented by 6 departments, deferred by 9 departments.)

A number of departments have been able to set interim targets but some felt they needed the results of their occupancy audits before setting any target at all. Many occupancy audits have not been completed on time and so the timetable on this recommendation in particular has slipped by several months in many cases. Further details of departments' targets are to be found in paragraph 12 of the main report.

We recommend (24) that those departments not already represented on the IDC (C&E, DEn, DTI and DOE(C)/DTp) be invited as members at least until 1988.

Fully implemented at once, allowing these departments to make an important contribution to the proposals for the development of the PRS system now agreed.

ANNEX B

SUMMARIES OF RESPONSES TO DEPARTMENTAL REPORTS

This annex is based on Annex C of the MDR report which summarized the departmental reports making up the original review. It gives an account of action on the main recommendations of each departmental report and a comparison of the space savings achieved with those identified. It does not deal with the wider issues raised by the departmental reports which have been followed up by the Interdepartmental Committee on PRS.

CUSTOMS AND EXCISE MAIN RECOMMENDATIONS

Annual review of the working environment in offices, together with an additional £0.75 million to improve matters:

- internal review has identified sub-standard accommodation & where shortfalls on PSA's Part II programme are causing problems;

- £0.75 million included in PES bid.

Centralisation of accommodation work in the Collections:

- Collection/HQ accommodation managers appointed.

Various measures to improve management of accommodation (including the introduction of performance measures):

- contacts established with PSA at HQ & Collection levels;
- prioritising & aggregating PES bids for critical scrutiny;
- increased delegation for local supplies purchases;
- trial of computerised procurement procedures;
- training needs identified (although concern about resource implications).

Delegation of responsibilities for specifying accommodation needs and management of space:

- complete.

Investment appraisal of new works and new accommodation:

- specialist IA branch set up;
- IA limited to works over £1,000.

SPACE SAVINGS

10% reduction in space recommended, worth £4.5 million a year:

A 2% target for reduction in space for September 1986 has been set. There has been an increase in staff for drug enforcement work and increases in staff in London and the South East which will make it difficult to release space. However no firm long term targets can be set until occupancy audit data has been loaded on the accommodation micro and individual Collection estate strategy reports have been received.

DEPARTMENT OF ENERGY MAIN RECOMMENDATIONS

Location decisions to be based on financial appraisal, operational need and scope for nationalisation:

- all these factors considered in the planning process for the new HQ;

- also to be considered if the Aberdeen outstation has to move.

Space to be used more effectively:

- quarterly divisional occupancy audits and computerised annual departmental occupancy audits;

- database of accommodation information;

- review of efficiency gains.

Various steps to be taken to improve energy efficiency:

- DEM appointed;

- 10% cut in electricity bill 1985/86;

- quarterly reports to Secretary of State on Energy Action Plan;

- house liaison committees with major occupants in Scottish outstations;

- energy management notices distributed;

- energy efficiency competition;

- electricity consumption monitored and wasteful practices identified;

- liaison with landlords and PSA.

Improved budgeting for space occupied:

- line management occupancy audits to include costs;

- excess space & its costs the responsibility of central accommodation manager in this small, 90% HQ department;

- satisfactory internal audit report on PRS & then full audit in Long Term Plan.

Improved Planning for Accommodation:

- 3 year accommodation strategy;

- planning for new HQ with private sector advice;

- Management Information System requires medium term accommodation planning;

- Joint Planning and Liaison meetings with PSA.

Service agreements between accommodation management and divisions to improve liaison:

- specific standards for housekeeping, maintenance, redecoration, lavatories, etc;

- standards to be monitored;

- consultation with staff.

SPACE SAVINGS

Occupancy audits in London headquarters and smaller offices at Aberdeen, Leicester, Glasgow and Leeds. In London Headquarters an excess of usable office space, out of 12882 sq m, of 2787 sq m at the maximum and 4658 sq m at the minimum, worth £400,000 and £666,00 respectively.

DEPARTMENT OF EMPLOYMENT
MAIN RECOMMENDATIONS

Establishing a Property Management Unit (PMU) to rationalise current accommodation responsibilities:

- achieved May 1985. The PMU has been based in the Unemployment Benefit Service and comprises a Principal, SEO and 3 HEO/EO teams. Each has set objectives e.g. training, computerisation, budgeting etc. as well as a regular liaison role with 3 of the 9 DE Regions and an HQ complex.

Increasing resources on accommodation policy and management:

- achieved. Additional grade 6 time, retention of an existing SEO post at the DE Watford HQ and authorisation of posts to man the PMU.

Improved financial monitoring and control of PRS:

- the PMU and accommodation section's micro-computers will help provide a more accurate reconciliation of the DE Estate against the 1986/87 PSA Accommodation Charge;

- fuel costs are now separated from the accommodation charge; the PMU is urgently pursuing the possibility of re-directed billing with PSA;

- guidance on keeping uniform records of expenditure committed but not yet brought to account for reference and audit purposes has been issued by the PMU;

- levels of authority to approve House Keeping Maintenance and supplies expenditure are actively being reviewed by PMU and where appropriate increased.

Improved management information systems:

- a uniform micro-computer based record keeping system has been designed and installed by PMU in each DE Region's accommodation section and their London and Watford HQ's;

- information is sent to the PMU by floppy disc to enable a national Estate Register of all properties in which DE has an interest to be monitored. The system will also be able to monitor other accommodation business e.g. telecomms and occupancy data.

Improved training and guidance:

- The PMU intends presenting a pilot accommodation managers course in October 1986 for staff in two DE regions. Two other regions are considering plans to design their own pilot courses. The aim is to replicate the courses in the other five DE regions;

- over 250 DE staff have attended the PSA sponsored 1 day energy management seminars. Pilot Health & Safety courses for management are being commissioned at Loughborough and Keele Universities and will run throughout the Autumn of 1986.

Developing and monitoring an accommodation strategy, including tighter objectives, better performance indicators and better forward planning:

- a range of strategy statements linked with work on performance indicators and built into DE's Senior Management Group Review System is being developed. A specific strategy has been devised for telecomms. They are also developing an improved strategy for the Unemployment Benefit Office Expansion Programme;

- the computerisation of accommodation information will enhance the prospect of drawing up accurate and useful performance indicators - both inter and intra regionally;

- a range of resource monitors to help managers put their budget bids in perspective has been devised.

SPACE SAVINGS

- occupancy audit work is well underway both for the Regional network and HQ buildings. The results will bring to the centre (PMU) any space surpluses. Such surpluses are expected to be small and not viable in PSA terms.

DEPARTMENT OF THE ENVIRONMENT (CENTRAL)/DEPARTMENT OF TRANSPORT
MAIN RECOMMENDATIONS

Space used to be reduced by rationalisation studies and other measures:

- rationalisation a continuous process in larger buildings;
- computerised space efficiency audits in 1987/88.

Improved planning, through taking account of accommodation implications of policy proposals at an early stage:

- regular returns of complement changes to central accommodation manager;

- regular liason between Under Secretaries and accommodation manager.

Development of performance measures and targets for achievement, together with incentive schemes:

- computerised accommodation system to provide analyses of information suitable for measuring performance and setting targets;

- budgetary incentives to release space proving a difficult area.

Departments management information systems to include relevant accommodation information:

- implemented for both Ministerial (MINIS) and line management information systems & to be incorporated in the Management of Administrative Expenditure (MAXIS) System;

- accommodation financial data featured in management accounts of parts of the Departments run as separate businesses.

Better training of accommodation managers together with the appointment of better quality staff to such posts:

- DOE/PSA/DTP Training Division is developing a new course for staff in DOE and DTP. Shortage of trainers may be a problem but it is hoped that the new course will be run throughout 1987;

- pressure to appoint high calibre staff having a noticeable effect; one office services manager post (SEO level) has been nominated for the developmental scheme.

Accommodation managers to be involved in bidding for budgets:

- introduced for 1986/87 financial year.

SPACE SAVINGS

Scope for more efficient use of space in opening up cellular

accommodation and more room sharing. Some local recommendations for saving space worth over £900,000 a year:

Room sharing by Principals and SEOs is becoming more common. Need for partitioning is always reviewed during reorganisations. A new main London building is almost without partitions and although reaction has been mixed, is generally considered to be a success. On specific suggestions, a micro-filming feasibility study to release space in Traffic Area Offices will report in the Autumn and space to the value of £151,000 pa has been released to PSA in Marine Examinations Centres.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
MAIN RECOMMENDATIONS

Designation of a focal point in headquarters for accommodation matters:

- Departmental Standing Committee on Accommodation formed out of erstwhile ad hoc PRS Working Party, chaired by central accommodation manager.

Consideration of the accommodation consequences of the social security reviews:

- preliminary indications/accommodation requirements have been formulated and PSA apprised;

Make more efficient use of space by a number of means, including annual calculation of accommodation requirements in local offices:

- annual returns of accommodation requirements, linked to occupancy audits;

- accommodation requirements to be estimated with all project proposals.

Other recommendations designed to improve accommodation resource management have been accepted and include:

- HQ computer system to be installed June 1987;
- learning from all positive developments in local offices;
- able staff encouraged to consider accommodation work;
- training syllabus prepared and work on new training package is proceeding.

Improvements to budgetary control through such things as:

- Standard Option Project Team working on new PRS financial procedures.

Keeping records of the effect of heating problems on staff output:

- records maintained locally for annual returns.

SPACE SAVINGS

Some possible scope for more efficient use of space used for filing and former regional offices:

All the Regional Offices were surveyed and it was found that very little space had been left unused. Marginal gains anticipated from different systems of filing.

INLAND REVENUE MAIN RECOMMENDATIONS

Various improvements for future rationalisation schemes:

- spare space to be monitored by Regional Accommodation Officers (RAOs) and line managers informed;

- RAO conferences.

Improvements to investment appraisals:

- investment appraisal instructions issued and responsibilities identified.

Improvements to budgeting, including greater involvement of local management:

- line management budgeting introduced, includes supplies budgets;

- HQ keeps a central record of costings approved and committed expenditure against PES forecast;

- carry forward of underspend being pursued with Treasury ;

- TCS gives assurance to reduce billing delays;

- estimates of PES capital expenditure to be included in line management budgeting.

Better training and guidance on the PRS system (in liaison with PSA):

- annual inspections incorporate line management budgeting and information systems;
- consultation between PSA and local accommodation managers on inspections;
- RAOs train local accommodation managers about PRS.

Introduction of separate accommodation computerised system:

- consultations for requirements and user Group set up;
- occupancy audit information captured.

Survey of accommodation occupied by valuation offices:

- survey completed and results incorporated with occupancy audits;
- study of layout and new technology for Valuation Offices has begun.

SPACE SAVINGS

Rationalisation of local office network, already begun, would yield a definite 122,482 sq m and potential 34,338 sq m of space (worth £7,770,000 and £2,410,00 pa respectively). Also a recommended survey of accommodation in Valuation offices would show as yet unquantified excess space.

DEPARTMENT OF TRADE AND INDUSTRY MAIN RECOMMENDATIONS

Location decisions to be based on quantified cost benefit analysis:

- some transfer of divisions to Cardiff and Birmingham after CBA analysis;
- next DTI accommodation strategy to incorporate CBA;
- running costs and communication links important factors in location decisions;
- analysis of need to have Companies Records Office sites at both London and Cardiff (London to be retained with regular review of fees).

Need for a study on home working:

- subsumed by MPO on working patterns.

Introduction of space audits with a view to rationalising space use:

- actioned under MDR recommendation 15. Audits to be complete in September and results computerised.

Improving budgeting for accommodation:

- pilot system of accommodation management information system in operation: second stage under review;
- delegation of approval of expenditure;
- PSA recommendation on competitive quotes adopted.

Improve training and guidance for accommodation managers:

- £10,000 set aside this year for training about 30 accommodation managers;
- written guidance on PRS issued as necessary.

Spending part of space savings on improving working environment:

- to be considered in the light of the MDR on budgetary control (although improvements in working environment a priority all the same).

Appointing energy managers:

- DEM developing an energy conservation campaign;
- energy managers in all major buildings.

Introducing performance measures:

- refining list of measures after a study assisted by MPO.

SPACE SAVINGS

Visits to 21 buildings, including two detailed space-use audits, and comparison of minimum entitlement with space use in 32 buildings. Actual space allocated was found to be considerably above minimum entitlement so a ten per cent reduction recommended, worth £4-5 million a year:

DTI has accepted a rigorous target of a 10% reduction in space by 30 September 1987 although plans to rationalise space hindered by lack of Part II funds.

ANNEX C

Recommendations for PSA

We recommend (13) that PSA should set out and agree with departments a formal statement of roles and responsibilities as a matter of urgency and that PSA and departments should draw up service agreements at local level in parallel with the statement of respective responsibilities. The local agreements should be drawn up by 1 April 1986.

Statements of the roles and responsibilities of PSA were included in section 7 of the IDC's main report of February 1986. PSA have updated this for the changes to be introduced 1 April 1987 and have issued it as an appendix to the Dear Accounting Officer letter which introduces the changes. The second part of the recommendation - for service agreements at local level between departments and PSA - has been subsumed by action on recommendation 14.

We recommend (14) that PSA should set up and develop more regular programmes of liaison meetings with accommodation managers at local, regional and headquarters levels starting now.

Following initial experiments in 1985-86, PSA issued guidelines to departments on Joint Planning and Liaison on 1 May 1986. PSA regional offices have been setting up meetings with individual departments. The initial response of departments to these meetings has been enthusiastic. Work still remains to be done on service agreements between PSA and departments where the same difficulties have been encountered as on internal agreements within departments and this will be taken forward through the now regular meetings between PSA and departments.

We recommend (22) that PSA should make it clear that where departments disagree with a Local Estates Surveyor (on assessed market rent) they can raise the matter at a higher level if necessary.

Action is complete. The machinery for disputes on rental assessment was set out in a letter to PEOs of 14 February 1986. The machinery is now operational.

We believe PSA needs to examine the following critically:

- the value for money of PSA maintenance work; and
- the information given to departments by PSA on major projects.

We recommend (25) it reports on them to the Chief Executive and its Ministers by 1 April 1986.

Action is complete. PSA has submitted reports on both these areas to its Ministers. The report on maintenance covers the many measures taken by PSA to ensure value for money. PSA will keep these measures under review. The report on major projects makes sensible recommendations reflecting the interests of both departments and PSA.

Recommendations for action by Treasury

We recommend (21) that the Treasury reviews by 1 April 1986 PES and vote procedures for major building works with the objective of bringing the cost of the projects closer to departmental funding.

Following a recommendation of the IDC PES attribution will be introduced on 1 April 1987 for most major new works. The IDC did not reject full repayment as an option for the future. Since the acceptance of the IDC's report, the question of repayment has been further examined in the follow up to the Efficiency Unit's report on capital expenditure projects and in Sir Robin Ibbs' subsequent recommendations that departments should "own" projects. A Treasury study of best practice in managing and controlling building construction projects has concluded strongly in favour of transferring financial responsibility to client Departments, through advance agreement between client and project agency on pricing of jobs and subsequent untying of clients from PSA and other Government building agencies. The implications of this are now being discussed with the departments most likely to be affected.

We recommend (23) that the Treasury reviews by 1 April 1986 guidance on PRS invoice checking by client departments. The objective should be to encourage sensible checking of invoice details, for material amounts, down the line, at local level in order to promote accuracy in management accounting systems.

Action complete. The Treasury issued guidance to departments through a Dear Accounting Officer letter in April 1986.

Recommendations for action by MPO

We recommend (26) that MPO helps progress and monitor implementation of the recommendations of the review as a whole and submits a progress report to the Prime Minister within 12 months with recommendations for any further action.

MPO has advised departments on their action plans and helped to pull together examples of good practice, as described elsewhere.

Further work is in hand. The present report fulfils the last part of this remit.

ANNEX D

CCSU COMMENTARY UPON THE REVIEW OF GOVERNMENT OFFICE ACCOMMODATION MANAGEMENT

In both the preface to the report itself written by Lord Gowrie and the press release issued about its publication on behalf of Richard Luce, the Civil Service Minister, two major themes are drawn from the report. Firstly, it is claimed that greater efficiencies can be found in the management of the Government's civil estate, which if implemented could result in savings of up to £50 million for the tax payer. Secondly, there is an acknowledgement that the quality of accommodation provided in the estate for civil servants is at best mediocre and in some circumstances awful. The Civil Service unions nationally, departmentally and locally are determined to ensure that the former is not undertaken at the expense of accommodation improvements for Civil Service staff. Equally we cannot accept that accommodation improvements will only be obtainable with the achievement of so-called efficiencies in management.

It is a damning indictment of Government's management of the civil estate that the maintenance programme is a full year in arrears because of cuts. By 1988 a massive cash injection of £142 million will be needed simply to deal with essential outstanding maintenance work. The introduction of so-called sophisticated management techniques in the management of Civil Service accommodation is of little consequence compared with what the trade unions see as the major issue, which is the lack of finance to preserve and improve one of the taxpayer's major assets.

The central report contains 26 recommendations which are summarised in chapter 8 of the document. The CCSU comments upon the recommendations are as follows:-

Recommendation 1

We recommend that PFOs in departments should have the following arrangements in operation by 1 April 1987:

- budgeting, as a separate item, the cost of space in excess of space standards; and
- accounting systems to monitor spare space, inform budget holders of its cost and help trigger its release to the central accommodation manager.

Comment

There is a theme running through the report that the identification of so-called surplus space is the key to greater efficiency. Such surpluses seem to be defined as the cost of space which is in excess of the space allowed according to service wide space standards. This in the Council's view is a grossly simplistic way of viewing the situation and takes little, if any, account of the reality of accommodation provision. There are also great dangers that surpluses will be measured against the minimum agreed space standards rather than the maximum, and to return to the theme in our opening paragraphs such introduction of budgeting procedures in isolation from the need to balance against them the cost of necessary improvements is unreal.

Recommendation 2

We recommend that departments should consider including accommodation management as part of the effective use of resources in the revised guidance notes they are now preparing for reporting officers.

Comment

The Council see great dangers in this recommendation in that it will inevitably lead to conflicts between staff and their managers who may, willingly or otherwise, wish to drive down accommodation standards in order to improve their marks on their annual reports. It

is suggested that any attempt to include accommodation management in the revised guidance notes for reporting officers as suggested should at least be the subject of further discussion centrally.

Recommendation 3

We recommend that central accommodation managers should issue guidance on planned maintenance, based on the PSA Minor Works Handbook to local accommodation managers by 1 April 1986 with instructions to draw up plans and timetables for implementation in 1987-88.

Comment

The Council generally welcome this recommendation and would wish to ensure that Departmental Trade Union Sides are given the opportunity to comment upon the guidance issued. However, this recommendation does raise wider questions about the role and training etc of accommodation officers which will be dealt with later.

Recommendation 4

We recommend that, by 30 September 1985, the head of the central accommodation division should have drawn up, in consultation with local accommodation managers, a statement of their roles and responsibilities; and that, by 1 April 1986, local accommodation managers should have prepared and agreed with line managers in the buildings which they service, an agreement setting out the level of service line managers can expect and the responsibilities of line managers in respect of such things as due notice etc.

Comment

The Council are concerned firstly, that the time scale set of 30 September 1985 for the implementation of

the first part of this recommendation is impossible and would have effectively precluded any possibility of a trade union input into these statements. In general terms we are concerned about the possibility of a lack of consistency between these so called agreed statements both within departments and across the Civil Service. It is our view that rather than these matters being left to decision by heads of accommodation divisions in departments and even to local accommodation and office managers, general guidelines should have been, at least, discussed nationally.

Recommendation 5

We recommend that all large departments put plans in hand by 1 April 1986 for both physical and financial medium term budgeting for accommodation.

Comment

The Council are extremely concerned with the assumption contained in para 3.15 of the report, that accommodation could possibly make a higher than average contribution to overall reductions in running costs. It is our view that this pre-judges the issue and will put undue pressure on departments and accommodation officers to make savings which will be unacceptable to staff. On the question of the development of physical and financial medium term budgeting for accommodation to be in hand by 1986, the Council would wish to ensure that Departmental Trade Union Sides are involved in that process and that measures are taken to ensure that such a system does incorporate some recognition of the need for accommodation improvements.

Recommendation 6

We recommend that PEOs in all departments, in preparing development plans for able staff, should ensure that

some officers with high potential spend some time in accommodation work; and that expertise in accommodation is retained and developed.

Comment

The Council welcome this recommendation and would wish to ensure that national guidelines are issued in order that it is implemented consistently throughout the Civil Service. We would also wish to ensure that Departmental Trade Union Sides and constituent unions monitor this matter departmentally.

Recommendation 7

We recommend that departmental training divisions, where necessary in consultation with PSA and MPO Training Division, draw up a programme of training for both central and local accommodation managers by 1 April 1986.

Comment

The Council welcomes the recognition of the need to improve the training of accommodation officers and would wish to be involved in central discussions with PSA and the Civil Service College about the structure of such training.

Recommendation 8

We recommend that, by 1 April 1986, the head of the central accommodation division, in consultation with local accommodation managers, draws up performance indicators (and targets for improvements based on these).

Comment

The Council of Civil Service Unions and constituent unions are opposed, for reasons which are well known,

to the introduction of performance indicators and targets anywhere in the Civil Service and this applies equally to accommodation managers.

Recommendation 9

We recommend that, when new proposals including the number and siting of staff are being put forward, the initiating officer should always set out the accommodation consequences following consultation with the central accommodation manager.

Comment

The Council accept that it is only sensible that the initiating officer should set out the accommodation consequences of any new proposals, but in doing so we would insist that the trade union side are involved in this process. Also it is necessary to ensure that the accommodation consequences do include the human problems often caused to staff by changes in location.

It is also necessary to clarify whether this recommendation is intended to allow consideration of any dispersal option.

Recommendation 10

In view of the importance we attach to the need to demonstrate value for money is being obtained in all location decisions, we recommend that any proposal to move the location of offices is subject to a full investment appraisal by the accommodation manager in consultation with PSA and that, wherever possible at least one option involving a suitable location outside a city centre should be considered.

Comment

Again the Council would insist that the trade union sides are involved in this appraisal procedure and that the basis of the appraisal is known if not agreed with the trade union side. Also it is again necessary to clarify whether it is intended to allow consideration of dispersal to distant locations.

Recommendation 11

Where a case for relocation is accepted on the basis of efficiency savings, the Accounting Officer should require the head of the division moved to provide an annual statement for the three years after the move showing, on the basis of the criteria set out in the original investment appraisal, how greater efficiency has been achieved, and we so recommend.

Comment

It is unclear from the recommendation what will be the effect of a discovery that the original case for a move on efficiency grounds has proved unsuccessful. It will clearly be impossible to reverse the move at such a late stage, whilst equally it is surely not envisaged that some form of disciplinary action would be taken against the instigator of the proposal. This recommendation seems to advocate the introduction of some form of retrospective self-criticism into the Civil Service, a development which the CCSU resolutely opposes.

Recommendation 12

We recommend that all central accommodation managers, in consultation with line managers, should develop an accommodation strategy by 1 April 1987.

Comment

Again there will need to be central agreement on what such strategies should contain and a recognition that Departmental Trade Union Sides must be involved in the developing and monitoring process.

Recommendation 13

We recommend that PSA should set out and agree with departments a formal statement of roles and responsibilities as a matter of urgency and that PSA and departments should draw up service agreements at local level in parallel with the statement of respective responsibilities. The local agreements should be drawn up by 1 April 1986.

Comment

We believe that it will be to the benefit of both departments and PSA for such formal statements of roles and responsibilities to be established. However, these can only fulfill their purpose if their terms are widely available to trade union sides and staff generally. Equally such statements will have little value unless sufficient resources are made available to allow the responsibilities to be taken up.

Recommendation 14

We recommend that PSA should set up and develop more regular programmes of liaison meetings with accommodation managers at local, regional and headquarters levels starting now.

Comment

We fully support the need to develop regular programmes of liaison between accommodation managers and PSA.

However, if such a recommendation is to operate effectively it will require a commitment on the part of both PSA and departments to ensure that staffing levels are adequate to allow such liaison to develop properly. Previous examples of failed commitments to allow the attendance of D.W.Os at Local Whitley Committees does not augur well for this recommendation.

Recommendation 15

We recommend that accommodation managers in departments should be charged with carrying out a full occupancy audit of all departmental office accommodation by 1 April 1986; that by the same date they draw up arrangements for maintaining these records; and that these arrangements should require a full occupancy audit at least every five years.

Comment

We welcome this recommendation with the reservations that the guidance for occupancy audit should be discussed centrally and Departmental Trade Union Sides should also be fully consulted and informed of results.

Recommendation 16

We recommend that, by 1 April 1986 the central accommodation manager should evaluate the costs and benefits of computerised information to handle accommodation data and should draw up firm plans for the management of accommodation information based on the conclusions.

Comment

Our preliminary view would be that such computerised systems would indeed be useful provided that all parties are aware of the significance and uses of the data.

Recommendations 17 and 19

We recommend that as a matter of course the local accommodation manager should advise the District Estates Surveyor of the results of occupancy audits.

We recommend that line managers should be given full details of the occupancy audit of space they occupy.

Comment

It is important that all parties are aware of the basis for drawing up such occupancy audits and that details are available to trade union sides.

Recommendation 18

We recommend that where accommodation managers, in co-operation with line managers, are reviewing their needs within a building they consult PSA (and other accommodation managers) at an early state to determine their objectives in terms of size and location of blocks which could be given up.

Comment

We obviously accept the need for consultation between line managers and PSA about accommodation. However, we must insist that Departmental Trade Union Sides are also involved in the process.

Recommendation 20

We recommend that, by 30 September 1985, all departments set interim targets for space reductions to be achieved by 30 September 1986; and that, in the light of the occupancy audit and by 30 September 1986, they set revised targets for reducing space used by 30 September 1988 together with a plan for achieving the reductions including milestones to measure progress.

Comment

It is unacceptable to the Council that interim targets should be determined in an arbitrary manner without consultation departmentally and to timescales which are unrealistic. If this policy is pursued we can well see severe industrial relations problems arising.

Recommendation 21

As a first step, we recommend that the Treasury reviews by 1 April 1986 PES and vote procedures for major building works with the objective of bringing the cost of the projects closer to departmental funding.

Comment

It is likely that the implementation of this recommendation could have implications for PSA and the views of that department's trade union side should be sought. Also whilst such a recommendation has attractions to the major departments, its effect upon smaller Civil Service departments could be that they will find it almost impossible within their much smaller budgets to make available the sums necessary to undertake major works and this matter will need to be explored further. Finally, it is in the Council's view largely irrelevant as to whether the cost of works is borne by departments or by PSA. the fundamental question, as we have previously argued, is that the money is available within the overall public expenditure limits to improve the estate.

Recommendation 22

We recommend that PSA should make it clear that where departments disagree with a Local Estates Surveyor (on assessed market rent) they can raise the matter at a higher level if necessary.

Comment

The Council would have no comment on this recommendation

Recommendation 23

We recommend that the Treasury reviews by 1 April 1986 guidance on PRS invoice checking by client departments. The objective should be to encourage sensible checking of invoice details, for material amounts, down the line, at local level in order to promote accuracy in management accounting systems.

Comment

The Council have consistently argued, and PSA have agreed, that departments should operate, in respect of PRS accounting, to the same rigid procedures as used by PSA. In our view such practices are essential to avoid individual members of staff being put at risk of unfair accusations in their dealings with contractors.

Recommendation 24

We recommend that those departments not already represented on the IDC (C&E, DEn, DTI and DOE/DTp) be invited as members at least until 1988.

Comment

There is concern within the Council about the growth of interdepartmental committees, whether they be on PRS or microcomputers. This is a matter upon which further discussion will be sought.

Recommendation 25

We believe PSA needs to examine the following critically:

- the value for money of PSA maintenance work;
and
- the information given to departments by PSA
on major projects.

We recommend it reports on them to the Chief Executive and its Ministers by 1 April 1986.

Comment

Whilst some of the background to this recommendation about more information being given to departments by PSA on major projects seems sensible, we have doubts about the need for further examination of the value for money for PSA maintenance work to be undertaken. It is our strongly held view that PSA would operate more effectively and provide better value for money if it were allowed a period of stability to build upon its many assets rather than being subjected to what is becoming an almost constant series of reviews, both internal and external.

Recommendation 26

We recommend that MPO helps progress and monitor implementation of the recommendations of the review as a whole and submits a progress report to the Prime Minister within 12 months with recommendations for any further action.

Comment

The Council would insist that any monitoring of the recommendation of this review must take into account progress towards uprating the standard of accommodation, and we would wish to also insist that the Council are involved in this monitoring progress to ensure that this balance is achieved.

Arising from the report, there are also a number of general points upon which the Council would wish to comment:-

1. We are very concerned that many of the deadlines set in the report are unrealistic, particularly those which require action by September 1985, a date which coincided with the publication of the report.

2. We are also disturbed that the possible saving from the disposal of surplus accommodation of £50 million per annum identified in the report has become, in some quarters, a specific attainable figure against which PSA and Departments will be judged. It is our view that the reality of the situation is that in many departments and buildings the surplus accommodation will not be viable units and therefore the figure of £50 million, which it is claimed could be generated by the release of such surplus accommodation, is a mythical figure. In many cases the surplus accommodation will comprise odd offices or even parts of offices and the necessary staff changes to release anything resembling a viable unit will be both unacceptable and impracticable.

3. Paragraphs 4.13-4.16 of the report quite rightly identify a number of interesting but potentially controversial ideas about possible long-term office accommodation trends. The CCSU would insist that the development of these ideas, particularly those relating to working from home, open plan offices and the local work centre, must be the subject of the fullest consultation and negotiation at the earliest opportunity.

4. We are pleased to note that the report recognises the vital role of PSA in providing effective management of the Civil Estate. We would wish to record that we do not accept the superficial arguments presented in some of the associated department reviews that greater freedom for departments on accommodation matters would lead to better standards. There is no doubt that the most effective means of providing acceptable

standards of accommodation for civil servants is by
a properly funded and stable Property Services Agency.

ANNEX E

LIST OF DEPARTMENTS INVITED TO PREPARE ACTION STATEMENTS

Cabinet Office
Central Office of Information (COI)
Customs and Excise (C&E)
Department for National Savings (DNS)
Department of Education and Science (DES)
Department of Employment (DE)
Department of Energy (DEn)
Department of Health and Social Security (DHSS)
Department of Trade and Industry (DTI)
Department of the Environment (Central)/Department of Transport
(DOE(C)/DTp)
Export Credits Guarantee Department (ECGD)
Foreign and Commonwealth Office (FCO)
Government Actuary's Department (GAD)
Her Majesty's Stationery Office (HMSO)
Home Office (HO)
Inland Revenue (IR)
Intervention Board for Agricultural Produce (IBAP)
Land Registry
Lord Chancellor's Department (LCD)
Ministry of Agriculture, Fisheries and Food (MAFF)
Ministry of Defence (MOD)
National Investment and Loans Office (NILO)
Northern Ireland Office (NIO)
Office of Fair Trading (OFT)
Office of Population, Censuses and Surveys (OPCS)
Overseas Development Administration (ODA)
Paymaster General's Office (PGO)
Property Services Agency (PSA)
Public Records Office (PRO)
Registry of Friendly Societies (RFS)
Royal Mint
Scottish Office (SO)
Treasury Solicitor (TSol)
Treasury
Welsh Office (WO)

Rust



FROM: S P JUDGE

DATE: 2 January 1987

PS/C&E

MR SHARP - HMSO

MR PORTEOUS - EOG

cc APS/Chancellor

Mr Johnston - GAD

Mr Taylor - COI

Mr Meadows

MULTI-DEPARTMENTAL REVIEW OF OFFICE ACCOMMODATION

We have received replies from GAD and COI to Cathy Ryding's note of 1 December. Mr Porteous' note of 10 December said that EOG would send their report to the Minister of State.

2. I would be grateful if you could let me have the Report for your Department by close on Wednesday 14 January; we will then show all the Reports to the Minister together.

S P J

S P JUDGE
Private Secretary



FROM: Minister of State

DATE: 9 February 1987

CHANCELLOR

WOW!

cc PS/Customs & Excise
Mr Dole - HMSO
Mr Johnston - GAD
Mr Taylor - COI
Miss Kelley

MDR OF OFFICE ACCOMMODATION

Nigel Wicks' letter of 5 November 1986 asked Departments to set targets for reduced expenditure on accommodation by 1988. The Prime Minister hoped that all Departments would have completed occupancy audits and set themselves targets by January 1987.

Mrs Ryding's minute of 1 December asks for each of the Chancellor's Departments to make a report and I have now received reports from all Departments for which I am responsible, as well as from the Treasury itself.

I conclude from the reports that the Departments are constantly looking for ways to make savings in accommodation expenditure but generally feel that they have little more to offer than what has already been achieved in recent years. Their targets may seem modest but it was generally held that the original estimate of potential savings was rather optimistic.

The principal aims of Departments are to maintain standards and use the space available as effectively as budget restraints allow.

Most Departments were able to record efforts made to improve working conditions such as redecoration and new furniture, but thought that more needed to be done than funds allowed at present.

I attach a summary of the achievements and targets set by each Department.

I am inquiring why some Departments measure in square feet and some in square metres.

P.B.

PETER BROOKE

E



HM TREASURY

The Treasury can show savings of 8.5% since 1983 but has little more to offer, if anything, a marginal increase during 1987. The release and rationalisation of Treasury accommodation has resulted in savings of 5,500m². The computerisation of certain kinds of work has brought about staff savings and consequential space saving.

Occupancy audits have been completed in all buildings except Riverwalk House.

Central Treasury occupies 10% above the minimum accepted space standards, but over-accommodation is generally confined to the offices of Ministers, Special Advisers, etc and arises because of the inflexibility of the building's structure.

In other Treasury buildings potential savings are minimal; any excess space does not constitute a viable unit. At Alencon Link, Basingstoke, staff are on average accommodated below the minimum acceptable standards with persistent leaks into the top floor rooms. A full occupancy audit will be taken by CCTA of Riverwalk House on completion of the asbestos clearance and air conditioning refurbishment which is currently in progress.

Improvements in working conditions have been made in some Treasury buildings including redecoration, carpeting, provision of better furniture and additional facilities for staff working long hours. However, lack of maintenance money in the PSA has limited progress in areas where structural work is required.

Targets: The only savings target for 1988 is 650m² in CCTA's Gildengate House, Norwich, although this is not a net saving as CCTA have needed to re-occupy other accommodation (740m²). Also the Treasury will assume responsibility for the computer suite on the fourth floor of the Parliament Street building as

from 1 April 1987 which, although compensated for by a fall in the Cabinet Office figure, will add a further 130m² to the Treasury's holdings.

The Treasury's main aim is to use the space available more intensively.

CUSTOMS AND EXCISE

The MDR Team's report suggested that a 10% reduction in the Departmental estate should be possible in the three years up to 1988. This target has been whittled away following critical examination of the Department's accommodation holdings and the restrictions imposed on space shedding by the operation of the agreed definitions of viable letting areas. Nevertheless each year since 1983 quite substantial savings have been achieved: despite broadly levelling out manpower, the estate continued to decrease in size, although unit costs and total cost increased in 1986. This trend is likely to continue.

Targets: It is difficult to achieve meaningful targets based purely on cost because of the following factors:

- i. the viable space problem;
- ii. the introduction in 1986 of "opportunity cost" rentals geared to current market levels;
- iii. the increase in operational activity leading to a substantial additional office space need, especially in central London. New VAT offices are planned;
- iv. the prospective moves of the HQ London and Investigation Division to new buildings as a result of lease expiry or early lease redemption by PSA;
- v. the escalation of rentals in central London.

The recent Public Expenditure Survey has set a staff-in-post ceiling of 709 additional staff in 1987-88 with a further similar increase by 1990. Therefore, rather than shedding space, a more practicable target may well be to contain staff increases within

the existing space allocation.

Following a recent occupation audit, an accommodation strategy is currently being formulated for all Departmental holdings. Square metres per head seems the most valid performance indicator and C&E have set a target of 15m² per head to be achieved by 1990. Given that for new occupations PSA use 18.58m² per head as a planning assumption, this is a fairly ambitious target.

Improvement of working conditions is constrained by limited Departmental running costs but the available funds are likely to be directed into tackling the backlog of maintenance and on schemes likely to reduce or contain running costs such as estate rationalisation and energy conservation schemes.

HMSO

The Department reviews its plans for reduction of accommodation and modernisation every year when it plans its Five Year Forward Plan. The nature of HMSO's business means that office, storage and production areas are often integral or closely related. Across this accommodation spectrum, HMSO have achieved net savings of 52,914 square feet and £505,000 per annum in running costs since 1 April 1985.

Target: Further savings of 252,000 square feet are firmly targeted before the end of 1988. Actual and targeted savings represent 19% of HMSO's accommodation on 1 April 1985.

HMSO have conducted occupancy audits and intend to use micro-computers to analyse the results and plan their optimal space utilisation. Formal training of HMSO's Accommodation Managers has started.

COI

The COI reduced the space it occupied by 20.7% between 1981 and 1985. It had set a target to give up one floor in its Distribution and Shipping Section building at Hammersmith to be achieved by

31 March 1988. In fact it achieved this by 30 September 1986.

In addition to substantial annual savings made in the early 1980s the COI have contributed £85,000 and £105,000 respectively to those included in the Progress Report on the MDR to the Prime Minister.

Target: The only scope for any further significant reduction would be the possibility of vacating another floor of one HQ building but this is unlikely in the foreseeable future as, at present, the Department is re-accommodating some London staff following the vacation of another whole floor. The position will be reviewed once results of the recent occupancy audit are available. PSA are doing an energy audit of COI HQ buildings and it is hoped that the results of this will give guidance for fuel savings in due course.

GAD

GAD is a small Department occupying part only of two floors in one building. It gave up a substantial amount of storage space in 1986 and it would be virtually impossible to contract any more, particularly given the installation of micro-computers.

Target: At present GAD is attempting to use the available space as effectively as possible but it is not possible to give up any more space.



FROM: G WESTHEAD

DATE: 16 February 1987

APS/CHANCELLOR

cc: APS/Chief Secretary
Mr Hall
Mr Rich
Mr Murphy
Mr Andren

*W.A.J.
X STATION
The face of it,
absent.*

MULTI-DEPARTMENT REVIEW OF ACCOMMODATION

The Multi-Department Review of Accommodation (MDRA) required all departments to set new targets for space usage by 30 September 1986. The Prime Minister has indicated in the letter from her Private Secretary, Nigel Wicks, to the Home Secretary's Private Secretary, Steven Boys-Smith of 5 November last that she was disappointed with the targets set and has asked that all departments should have completed occupancy audits and set themselves ambitious targets by January 1987.

The attached reports summarise the present position on savings for those departments which fall under the Economic Secretary's responsibilities. However, I should first draw your attention to the comments the Economic Secretary has made on the returns he has received. These are outlined below.

The Economic Secretary has commented that all four departments he oversees are very small in relation to the average size of a Civil Service department. Only the Department for National Savings (DNS) employs more than 1,000 staff and indeed both the National Loans Office (NILO) and Registry of Friendly Societies (RFS) employ less than 200. The 4 departments, with the possible exception of DNS, are fairly centralised with few locations. This reduces their accommodation flexibility. NILO, with only one site, has no flexibility at all.

The Economic Secretary thinks, in the absence of political decisions about their products, that the Department for National Savings' accommodation block will remain dominated by its purpose-built

extensive accommodation at Glasgow which houses the National Savings Bank. However, the Department will continue to try to reduce space by moving more storage to Glasgow. The Royal Mint is, in the Economic Secretary's view, a highly atypical department, largely because of its status as a trading fund. The Mint's scope for accommodation reductions is limited by the fact that its main site is a self-contained security compound (Llantrisant, near Cardiff) where savings would not be a practicality. However, the Mint should be pressed to eliminate its remaining off-site accommodation and the Deputy Master has, in fact, undertaken to do so. A first-year saving of £200,000 have already been made. The National Loans Office (NILO) has been the most successful of the four departments concerned in achieving a reduction of approximately one-third in its office accommodation.

Finally, the Economic Secretary notes that the continued presence of English Heritage—who are accommodated in the Registry of Friendly Society's new building at 15 Great Marlborough Street - has prevented the Registry from being reunited under one roof. The Economic Secretary has personally intervened to try to persuade English Heritage to move out of the location, but a lack of alternative accommodation has so far prevented this problem being solved. If the Registry are reunited, savings of 4% should ensue.

I attach a summary of reports received.

Guy Westhead

GUY WESTHEAD

Assistant Private Secretary

DEPARTMENT FOR NATIONAL SAVINGS (DNS)

National Savings has a small Headquarters, some 200 people, housed in a multi-occupancy building in Kensington and three large divisions, each with between 2000 and 3000 staff, in the provinces. The major offices are sited in Glasgow (one building), Durham (one building and a small out-station) and Lytham St Annes/Marton, Blackpool (two sites with more than 1,000 in each). The total number of staff is likely to be around 7,400 for most of 1988.

The Glasgow office was purpose built in the 1960s to house the National Savings Bank. Staff numbers have reduced by over 2000 from the design figure, and the nature of the operation has changed with the wide use of computers. The building contains substantial areas for which at present no productive use has been found but does offer scope for transfers of documents from other locations with material which is not in frequent operational use.

In Durham DNS also have a building which was purpose built, in this case to house National Savings Certificates and Save as You Earn. Business volumes have surged ahead in the twenty odd years since construction and pressure on space has greatly increased over the last three years because the old manual system has had to be run alongside the development of a new computerised operation. We have been forced to overflow into some temporary accommodation, for a period of about five years. We aim to keep that period to the absolute minimum.

In Lytham St Annes we have the traditional home of the Premium Bond part of the Bonds and Stock Office, which is accommodated in wartime 'temporary' buildings, which suffer from subsidence and increasingly need major repair. Parts of the Premium Bond work have progressively been moved to a new building at Marton/Blackpool. This is about 5 miles away, and is phase 1, completed about 10 years ago, of a building which was planned to house the whole of the Bonds and Stock Office when a separate phase 2 was built. As yet there is no financial provision for a phase 2.

An accommodation audit has shown that in total DNS staff occupy some 1600 square metres less than the area permitted under service

wide accommodation standards, though there are upward and downward variations between offices. Their strategy envisages maintenance of good accommodation within the agreed space standards. But there is little scope for reductions in the space occupied by staff. The National Savings Bank building in Glasgow and the London HQ building are particularly inflexible.

But about 16.5% of the total floor space is used for document filing and storage space. This is where DNS are looking for savings by

- (a) Examining the need to retain the items being stored;
- (b) Identifying the most efficient storage medium;
and
- (c) Moving files which must be retained to where they can be most cost-effectively stored.

Up to the end of September 1986 some 3000 sq metres had been given up at Lytham by moving documents into the inflexible building at Glasgow. By September 1987 a review of stores held on the Lytham site is estimated to release 1350 sq metres. Major file weeding followed by further moves of remaining documents to Glasgow will release an additional 4000 sq metres by September 1988. Other lesser jobs are targetted to release another 600 sq metres up to September 1988.

So, in total, a target has been set to release some 8000 sq metres of space from the start of the exercise through to September 1988. This about 5.7% of the total space from the out-station in Durham, to achieve single-site working in the location. But our present assumption is that this will take place after September 1988.

ROYAL MINT

The Royal Mint's action plan in response to the Multi-departmental Review was submitted in October. It pointed out that Royal Mint expenditure on office accommodation represents less than 1% of overall expenditure, compared with 15.5% quoted in the Review for departments generally. Furthermore, the smallest department covered by the Review had over 33000 sq m of office accommodation, whereas the corresponding figure for the Mint was 918.45 sq m.

The Royal Mint is based at Llantrisant near Cardiff in a high security compound. The action plan reported that an occupation audit had been completed and that the Mint's target for a reduction in accommodation was to eliminate the use of rented space outside the Llantrisant perimeter by the end of 1986. The Mint have not quite hit that target but it will be achieved by the end of January bringing a first year saving in excess of £200,000.

Although the Mint have achieved substantial savings on this occasion, as a trading fund their main objective must be to reduce their overall costs not office accommodation costs taken in isolation. In the longer term the Mint hope to contain any expansion of business within the existing office accommodation area. However, the Treasury consider that in the last resort whether or not the Mint expand (or reduce) existing office accommodation or contract out work now done by office staff is a commercial judgement for the Deputy Master/Chief Executive of the Mint and his Board of Directors. In reaching a view the Mint will, of course, be guided by which course of action they judge contributes most effectively to the achievement of their overall financial objective."

NATIONAL INVESTMENT AND LOANS OFFICE

The National Investment and Loans Office (NILO) is a very small Government Department which was formed on 1 April 1980 as a result of a merger of the National Debt Office and Public Works Loan Board. Its staff complement is now 52.

NILO has one office only, which is located on the 2nd and 3rd floors of Royex House, Aldermanbury Square, London. The major occupier of Royex House until October last year was the Export Credits Guarantee Department (ECGD) which has since been re-located. NILO is now the only Government Department situated in Royex House.

NILO's occupancy is approximately 1,060 square metres. Since the time of the merger, it has reduced its area of occupancy from approximately 1,635 square metres to 1,060 square metres ie. a reduction of 575 square metres (35%). An occupancy audit has been effected.

The plans to reduce the area occupied by NILO by 100 square metres that were referred to in its November 1985 response relating to the Multi-Department Review of Accommodation have been achieved. NILO has reduced its occupancy since 1980 to just 2 floors of Royex House (in 1980 it occupied 3 floors plus part of another floor). There is no scope for further reduction since the department cannot function on only 1 floor ie $\frac{1}{2}$ the present area! Should the area left vacant by ECGD be filled by another Government Department it may then be possible to offer a small area currently occupied by NILO to the department concerned. At present NILO cannot realistically offer future savings.

REGISTRY OF FRIENDLY SOCIETIES

The Registry has had to replan its accommodation twice in the last 3 years. On each occasion, the planning was based on the minimum PSA standards and space was used as economically and efficiently as possible, given the characteristics of the buildings.

2. First in 1984 the Registry was compelled to move because the landlord wished to develop the premises and declined to renew the lease. After considering London and provincial locations, the Economic Secretary decided the Registry should remain in central London. The PSA recommended the accommodation at 15 Great Marlborough Street was a cost effective solution in terms of the overall PSA estate. 15 Great Marlborough Street was previously occupied by Ministry of Defence but it had been empty for over two years. Other departments found the accommodation unsuitable because a high proportion of the building had no natural light. Approximately 40% of the Registry's 2889 sq metres of accommodation at 15 Great Marlborough Street is without natural light but the Registry has been able to utilise this space principally to house the large volume of public register files for the 16,000 registered societies.

3. The Registry replanned its accommodation again in the summer of 1986 as part of the process of planning for the additional staff for the Building Societies Commission. Our planning was again based on the minimum PSA space standards for each grade. Space was used as economically and efficiently as possible, subject to one major caveat outlined below.

4. All the staff could not be housed at 15 Great Marlborough Street unless one of the other occupants of the building moved out. Despite all the efforts of officials and the Economic Secretary to house all the staff of the department at 15 Great Marlborough Street, the English Heritage could not be persuaded to move out. The Registry therefore has split accommodation with the Central Office staff, under Mr Wilson's command, outhoused in 582 sq metres of accommodation. This leads to a certain duplication.

5. As the Registry has only recently replanned its accommodation on the basis of minimum standards, there will be no scope to reduce the space which we occupy until the English Heritage move out of 15 Great Marlborough Street and the department is reunited. If achieved, we estimate that this could lead to a reduction of 4% in the total area which we occupy.



C/ The multi-dept review of accommodation was submitted to the PM last October ^{- Flag B.}. The PM was disappointed that the original hope for savings of £50m by 1988 was reduced to £15-20m. The PM asked that all Departments should complete occupancy audits and set themselves ambitious targets - and Ministers should subject them to critical review. (see Flag A).

The FST, EST and MST have examined the position in the departments for which they are responsible and reports are attached - Flags C, D and E. These reports are for information only.



NOTED. What is the effect of computerised on future accomodation requirements?

FROM: J J HEYWOOD

DATE: 25 February 1987

APS/CHANCELLOR

cc PS/Chief Secretary
Miss Kelley
Mr Scholar
Mr Rogers - IR
PS/IR

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION

Your note of 1 December asked for a report from the Financial Secretary on the progress made by the Inland Revenue towards implementation of the Multi-Departmental Review of Office Accommodation.

Background

2. The Inland Revenue was one of eight departments taking part in the Multi-Departmental Review of Office Accommodation. A report was produced in September 1985 and each department charged with producing its own action plan to implement the central recommendations. As a preliminary to a reduction in departments' estates, the Report recommended that in the first year steps should be taken to collect facts on office accommodation and to set up information systems to handle this data. MPO's first Progress Report was published in October 1986 and noted by the Prime Minister. Nigel Wicks' letter of 5 November indicated that the Prime Minister attached significant priority to the Multi-Departmental Review; that she was disappointed with the savings expected by 1988; and that she wanted all departments to complete occupancy audits and set ambitious targets on space savings by January 1987.

Revenue Progress to Date

3. The Financial Secretary is able to report that the Inland Revenue has already achieved significant accommodation savings over the last few years through a major rationalisation of the local office network. This programme began in 1982/83 and is now reaching its final stages.

4. Since April 1983 the number of local offices has been reduced from 1,193 to 936 (at end-1986), saving some 104,000 sq. metres in gross terms. After taking into account the provision of new buildings for re-housing and computerisation over the period, this represents a net saving of 65,000 sq. metres, around 5% of the Revenue's estate at September 1983. The Revenue estimate that accommodation charges would have been £9.6m higher this year had it not been for these savings.

5. Since this rationalisation was set in hand, the Revenue has reduced the amount of space per unit of staff from 19.13 sq. metres down to 18.87 sq. metres, notwithstanding the build up of computer centres and a reduction in staff numbers. Over the Home Civil Service as a whole during this period there was an increase in the average space usage per unit of staff.

Proposals for Future Progress

6. The Financial Secretary accepts that the prospects for further savings must be judged against this background of earlier rationalisation and savings. A major shake-out has already taken place, ante-dating the Multi-Departmental Review itself. Moreover, some of the new accommodation required by the Revenue, as part of the continuing computerisation programme, will be more expensive on space and running costs.

7. Nevertheless, the Revenue has substantially completed its occupancy audit and has set a target for further net space savings by 30 September 1987 (over September 1986) of 1%. Given what has already been achieved, and the fact that the local office rationalisation programme is now reaching its final stages, the

Financial Secretary thinks this does represent a realistic but demanding target.

8. Broadly speaking, the local offices represent 70% or so of accommodation usage and costs. Prospects for further savings in the medium term (beyond 1987-88) will largely depend on the extent to which there is scope for space savings in HQ and other buildings having larger concentrations of staff. The Financial Secretary has asked the Revenue to look at this.

9. For 1988/89 and onwards, the Revenue, with the Financial Secretary's approval, intend to put in place a more formal system of target setting and space saving. Annual inspections will update the recent occupancy audit, identifying where occupied space is out of line with current need. Each July, the results will be discussed, and Divisional heads will have to set a target for space reduction in the areas under their command. Regional management will be charged with achieving that target, drawing on the advice of a central accommodation unit. Progress will be monitored on a quarterly basis.

CONCLUSION

10. The Financial Secretary has discussed with Revenue management the progress to date and the proposals for the future. He thinks that over the last few years the Revenue have secured substantial space savings. In the light of this achievement, he feels that the target for this year is satisfactorily challenging. For future years the formal system due to be in place by July should identify further scope for savings, particularly in HQ and larger buildings and will allow the Financial Secretary to monitor progress.



JEREMY HEYWOOD
Private Secretary

CR



FROM: CATHY RYDING

DATE: 4 March 1987

PS/FINANCIAL SECRETARY
PS/ECONOMIC SECRETARY
PS/MINISTER OF STATE

cc *5* Chief Secretary
Miss Kelley
Mr Scholar

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION

The Chancellor was grateful for your minutes on this subject.

2. The Chancellor would be grateful to know the effect of computerisation on future accommodation requirements.

CR

CATHY RYDING



FROM: G R WESTHEAD
DATE: 4 April 1987

APS/CHANCELLOR 2

cc APS/Chief Secretary
Miss Noble (o/a)
Mr Rich
Mr Murphy
Mr Andren
Mr Meadows
Mr Porteous

Mr Whittall - DNS

Dr Gerhard - RM
Mr Royston - RFS

Mr Ladd - NILO

Janet
Pse ask APS/FST and PS/MST
if there plan to do anything
on my minute of 4 Mar.

CR21/4

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION (MDRA)

The Chancellor asked (your minute of ⁴5 March) about the impact of computerisation on Treasury departments' future accommodation requirements. I am replying for those departments for which the Economic Secretary is the responsible Minister. I am sorry about the delay, due to the need to consult widely.

Department of National Savings

2. When the Savings Certificate computerisation project is completed in mid-summer 1987, all major National Savings operations will be on computers. The conversion has been a long-running task, starting with the National Savings Bank in the early 1960's, and the great bulk of staff and accommodation savings attributable to computerisation have already been scored. The department are now in a refinement stage, concentrating on getting information to staff on visual display units (VDUs) rather than in the form of computer print-outs. This aids efficiency but does not reduce space requirements. Indeed, the installation of VDUs can require extra space. So National Savings conclude that they do not foresee further significant accommodation savings arising from computerisation.

Royal Mint

3. The Mint already use a computer based system as an aid to the utilisation of production areas, and plan to bring office accommodation into the system. But they conclude that there are other applications which claim higher priority on grounds of their cost effectiveness. The Mint do not at present see any scope for further savings as a result of computerisation.

Registry of Friendly Societies

4. The Registry see computerisation as playing an important part in improving their efficiency. The Registry's accommodation was replanned in 1986 and this took account of staff savings resulting from management reviews that had taken place previously. Their forward-looking manpower targets are based on a reduction in posts of some 6 per cent due to computerisation. Those posts shed as a result of computerisation are junior level posts with a small accommodation requirement (the PSA space allocation for the posts amounts to about 50 sq. metres. This is 1½ per cent of the Registry's current accommodation area).

5. The Registry has therefore already reduced the space requirements in anticipation of computerisation and space allocations will continue to be monitored as the complement is reduced.

National Investment and Loans Office (NILO)

6. In view of the very small size of NILO's estate - 1060 sq metres, consisting of two floors of Royex House, Aldermanbury Square, London EC2 - it is not expected that any further computerisation of its activities will have any meaningful effect on its current area of occupation in the foreseeable future.

Guy Westhead.

GUY WESTHEAD

Assistant Private Secretary

B1F
2414



FROM: APS/Minister of State

DATE: 22 April 1987

APS/CHANCELLOR

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION

The Chancellor has asked about the effect of computerisation on future accommodation requirements in the Minister of State's Departments (your minute of 4 March).

The Minister's Departments have reported as follows:

HM Treasury

Computerisation will not affect space requirements but will lead to a decline in the quality of accommodation because of overcrowding from the increased use of desk-top computers and because of the noise and heat generated by some machines. As a result, the benefits of the increased use of IT are being offset to some extent by a negative impact on staff morale.

Customs and Excise

This Department has no computer projects planned which will significantly affect accommodation requirements.

HMSO

X Great^{er} investment of resource will be needed to control the effects of machines such as heating, humidity, power supply variations and static electricity, and to provide a better working environment for VDU operators.

Space requirements are unlikely to be affected as the additional space needed for machines is counterbalanced by potential reductions in records storage space.

The installation of microcomputers in HMSO's accommodation branch will help accommodation management through improved

record storage and retrieval and through monitoring space utilisation against targets. They will also allow for a more cost-effective redesigning of office layouts and production of plans.

COI

The nature of COI's business is such that there are no large blocks of clerical work where significant accommodation savings can be achieved by computerisation.

GAD

The purchase of a number of microcomputers has increased space requirements, but GAD has been able to cope with these demands so far and should be able to continue to do so. This situation could change if GAD cease to be able to put some fairly sizeable work out to a bureau.

Deborah Francis.

MISS D L FRANCIS
Assistant Private Secretary

cc Mr C D Butler

PS/Customs & Excise
Mr Dole - HMSO
Mr Johnston - GAD
Miss Jefferies - COI

B14/3/7

C/
You asked to see these
papers again post election.
This has really been the first
opportunity to show them to you.

PSC: work with Q's / speak to the
CR 2016



B/L
~~1916~~
1916
22
2016

9/

You asked to know the effect of computerisation on future accommodation requirements.

Details on various departments are attached.

CR 7/5
Handwritten notes in red ink, including "Handwritten", "Mark", "Dun", "reports", and "various".

Papers
Please



bf 3/7/87

FROM: J J HEYWOOD
DATE: 5 May 1987

APS/CHANCELLOR

cc PS/Chief Secretary
Mr Butler
Mr Scholar
Mr Ward IR
PS/IR

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION

... Further to your note of 4 March, I attach a note prepared by Mr Ward on the effect of computerisation on the Inland Revenue's future accommodation requirements.

CONFIDENTIAL

J.H.

JEREMY HEYWOOD
Private Secretary

ENC

**EFFECT OF COMPUTERISATION ON INLAND REVENUE'S
FUTURE ACCOMMODATION REQUIREMENTS**

**RATIONALISATION OF LOCAL OFFICES
PRE-COMPUTERISATION**

1. The reduction in the number of local offices (saving some 104,000 sq metres of space) through the rationalisation programme referred to in the earlier note of 25 February generally took account of computerisation then planned and expected staff savings in the network following the introduction of COP. While COP is only one of a number of factors in determining staff numbers, and hence accommodation needs in local offices, it will continue to help achieve savings in the rump of the rationalisation programme. Similarly, staffing levels post CODA will be taken into account in assessing future accommodation needs.

2. While the introduction to local offices of VDUs has meant a slightly larger desk this has not led to any additional space allowance.

ACCOUNTS OFFICES

3. CODA will also contribute towards reduced staffing levels in the two Accounts Offices at Shipley and Cumbernauld over the next three years and the modernisation and extension of the collection service computer systems (BROCS) will continue the process in the early 1990s. Both offices have a high security requirement and space released will need to be put to use by other Revenue staff. At Cumbernauld accommodation which has become spare is already being used to set up the new PRP unit. At Shipley some space is being used for a Data Protection Unit and a study is in hand to see whether other Revenue offices in the vicinity could be re-housed there.

NEW ACQUISITIONS THROUGH COMPUTERISATION

4. Against the savings in local office accommodation, at the start of computerisation it has been necessary to build new regional processing centres (26,400 sq metres) and the new development centre in Telford. Once Matheson House is built (at the end of 1989) it will be possible to give up two buildings temporarily leased in Telford for IT unless, meanwhile, it is decided to move district work from other locations into Telford. The other large IT development is at Worthing and a new computer hall is being planned there for occupation in around 3 years time.

SUMMARY

5. The Revenue's experience so far shows that accommodation savings can be achieved where less staff are needed through computerisation. Initially, however, there is the cost of providing high-tech buildings which tend to be expensive on space to provide, inter alia, the right level of hygiene for computer installations. On running costs, they are also dearer than the traditional office. Because of the various unknowns it is not possible to say with certainty whether the present accommodation is more or less than would be needed without computerisation. Development of IT has, however, over the period of introduction contributed to the net savings in occupation which have been achieved and which have enabled us to contain the increased charges that we would otherwise have paid.

6. For the future, once Matheson House is built and the enhancement of the Worthing centre is settled no further large scale IT building programme is envisaged. Staff savings through

computerisation will continue to be taken account
of when determining accommodation needs and the
setting of targets for space saving under the
system described in the earlier note.



INLAND REVENUE
MANAGEMENT DIVISION
SOMERSET HOUSE

From: D Ward
Ext: 6664
Date: 5 May 1987

PS/FINANCIAL SECRETARY

**MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION -
EFFECT OF COMPUTERISATION ON FUTURE ACCOMMODATION
REQUIREMENTS**

Here is a note which you may care to pass on to
the APS/Chancellor in response to the question put
by the Chancellor in the minute of 4 March.

D Ward

c Mr Scholar
Mr Haigh

Chairman
Mr Rogers
Mr Crawley
Mr Matheson
Mr Nield
Mr Duff
Mr Malkin
PS/IR

12



FROM: CATHY RYDING

DATE: 13 July 1987

PS/FINANCIAL SECRETARY

cc PS/Chief Secretary
PS/Paymaster General
PS/Economic Secretary

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION

The Chancellor was most grateful for your minute of 5 May and the minutes of 22 April and 14 April from the then APS/Minister of State and PS/Economic Secretary.

A handwritten signature in cursive script, appearing to be "CR".

CATHY RYDING