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My ref:

Your ref:

16 December 1983

Dear Lord Chancellor

PSA RESTRUCTURING

Thank you for your letter of 9 December in which you raise your doubts about PSA's ability to ensure that adequate resources and priority will be devoted to the small proportion of work (11%) that will be carried out for you by Defence-managed District Works Offices. The use of cross-working was among the main issues closely examined in designing the restructuring proposals and perhaps I can further explain why I am satisfied that under the arrangements you will continue to receive a fully effective service.

First, I think it is important to recognise the Civil CTs alone will be fully responsible to you for meeting all your needs and for agreeing priorities with you. Second, where a Defence DWO is asked to execute a proportion of Civil work that work will be a built-in feature of its workload for which staffing resources will be provided. In many cases Defence DWOs doing Civil work will retain the same staff that they have at present, often to serve only Civil clients in a particular location. In practice, therefore, there should be a fewer problems of priorities between Civil and Defence work than at present. You will note that in my letter of 23 November I spoke of "defence managed" DWOs; rather than "defence dedicated" as you have chosen to call them. At DWO level, the management objectives will be as they are now; to meet the needs of clients in the most effective way given limited resources. And this will apply equally to both Defence and Civil clients, whether the DWO is managed by the Defence Organisation or the Civil Organisation.

You recognise that there need be no difficulties on annually programmed services which normally represent the bulk of the work of DWOs other than minor day to day maintenance. You are, however, concerned that new or changed requirements arising during a year, which may be urgent, may not be given adequate resources or priority. Dealing with such eventualities is, of course, already the stock in trade of PSA Districts who have to balance the various demands from clients, and the present basic approach will continue to ensure the same level of fairness and responsiveness in meeting requests for services in crossworked territories.

When an unforeseen need is reported by the client the Civil CT will immediately consider the funds required to meet it and will discuss the programming and priority of the case with its counterpart Defence CT who manages the DWO that will be responsible for its execution. Any problems or differences would be raised at this early stage and from what I have said above problems of resource should be no different from that at present. If however, there were difficulties for the Defence DWO in providing the necessary priority for technical input the Civil CT would carry out the planning and preparation of specification etc and use the DWO simply to order and supervise the work, an arrangement which would be most unlikely to cause resource problems. Civil CTs will in any event carry out any significant design work. As we have already explained, we shall also set up formal arrangements for Civil CTs to monitor work undertaken by Defence DWOs at least as closely as work executed by their own DWOs. This level of dedicated "Civil" oversight, should if anything, enhance our ability to look after the needs of civil clients.

The cross-working arrangements need to be seen in the context of PSA retaining central management at Headquarters capable of resolving any problems of resource balance between the Defence and Civil dedicated management organisations. Any problems which could not be resolved between 2 CTs could be referred to Headquarters for resolution but I would expect the need for this to be highly exceptional. In considering the control of resources it is also worth pointing out that at present PSA already uses a wide variety of outside agencies including consultants and contractors to carry out a large proportion of its work. These arrangements do not produce any special problems and I find it difficult to see that the use of a Defence DWO as a further agency to carry out a very small proportion of your work under clearly agreed arrangements should present difficulties.

Your final question whether our proposals achieve an adequate degree of separation of Civil and Defence work at DWO level is one that was considered at length, and on balance it was concluded that the arrangements proposed were likely to be the most effective means of providing locally-based client services. In most urban areas we have, of course, proposed Civil DWOs some of which will execute a small proportion of work for Defence clients. In the rural areas where Civil work is thinly spread it would sometimes be possible to achieve a higher degree of DWO dedication to Civil work but this would usually involve creating very large DWOs whose staff would have to cover very wide territory and the conclusion we reached was that such arrangements would be less efficient for both PSA and our clients. We shall, however, keep the arrangements under review and we would be very willing to consider further adjustments if better solutions offered themselves to particular client needs.

✓ I am copying this letter to the recipients of yours together with my earlier letter.

Yours sincerely

I. J. Gallant

for PATRICK JENKIN

Agreed by the Secretary of State and
signed in his absence.