VSCA'B1

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

14 October 1986

Multi-Department Review of Accommodation
Progress Report

The Prime Minister has seen Mr. Luce's minute of 19 September, and has noted the report which he enclosed. The Prime Minister feels that Ministers and Departments must attach significant priority to this Review, and hopes that all Departments will have completed occupancy audits and set themselves ambitious targets by January next.

The Prime Minister shares your Minister's concern that the working environment of many civil servants is still very shabby. She agrees that considerable improvements can be made in their working environment at relatively small cost, and that although there will be many competing priorities for the use of any running cost savings, opportunities to improve working conditions shall not be overlooked when they are cost-effective.

The Prime Minister looks forward to seeing the next report, and hopes that all Departments will have made significant progress by then.

I am copying this letter to Jill Rutter (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

ANDY BEARPARK

Michael Stark, Esq.,
Office of the Minister for the Arts.

PRIME MINISTER

MULTI-DEPARTMENT REVIEW OF ACCOMMODATION

At Flag A is a minute from Richard Luce covering a progress report on the Multi-Department Review of Accommodation. The Efficiency Unit have commented at Flag B and a note from the Policy Unit is at Flag C.

Mr. Luce suggests you approve the report and reduce the target for savings from £50m to £15 - £20m in 1988. This seems unnecessarily defeatist, especially as MOD, the largest department in London have not completed their survey.

Rather than you writing as Mr. Luce proposes, I suggest that I should write saying that you

- have noted the report
- deleting revision of savings
- stressing priority to be given to review
- making point about improvement in working environment
- stressing importance of all departments setting targets by January 1987

Content?

Yes

P.A. BEARPARK
10 October 1986

BM2AWF

C

PRIME MINISTER 10 October 1986

MULTI-DEPARTMENTAL REVIEW OF ACCOMMODATION - PROGRESS REPORT

This report indicates that some progress has been made, on the basis of departmental plans. However, it is not convincing when it argues that the estimated savings by 1988 should be reduced to £15-20 million compared with the £50 million suggested in the Report on Government Office Accommodation Management submitted to you a year ago. This suggestion is premature when several large Departments have not completed their surveys. MoD has the largest headquarters space occupancy in London (361,000 square metres probably some 30,000 people) and more elsewhere. Because it has so much accommodation it has had trouble in carrying out an occupancy audit started 2½ years ago! Until important Departments have completed this work, and it has been reviewed, it would be appropriate to maintain the existing apparently modest target; otherwise pressure for improved office management will be relaxed.

More pressure by the MPO to reduce expensive space occupancy in Central London would be desirable, following the example of organisations like the Crown Agents who have moved to the suburbs where rent and rates are lower. It may be that in some cases moves further afield, such as to the North East, might be achieved.

The exhortation to concentrate more effort on improving working conditions for civil servants should help with getting better day to day maintenance standards. There might be greater impetus in this direction if savings from occupancy reduction could be used for improvement. Many Government offices are, moreover, becoming increasingly obsolescent by commercial standards, particularly those built 20 to 30 years ago . A costed plan will be needed for their modernisation over a period of years in which Treasury, MPO and PSA would have to be involved. Rigid space standards for each Civil Service grade, higher than those in most equivalent outside posts, and outmoded furniture standards would need to be modified for this to be effective. It is understood that up to now, all available PSA funds have been spent on the Conference Centre; the completion of this may enable a start to be made on the much needed renovation of the Estate.

We recommend that:

a. With reference to the draft letter to Ministers, you should "note" the report but not "approve" it. The reference to the revision of £50 million savings to £15-20 million should be deleted.

b. You should press for greater priority to be given to these accommodation reviews, particularly as regards inner London property, and for the application of a more sceptical approach, where appropriate, to the results so that the forecast savings are, in fact, achieved.

c. Plans should be prepared for modernisation of the Government office estate over a period of years, involving Treasury, MPO and PSA.

David Hobson

DAVID HOBSON

GOVT MACH PT 21 RCHYS.

cc BG
cc
pps pm
B
Reg

MR A BEARPARK

ACCOMMODATION MDR: PROGRESS REPORT

Sir Robin Ibbs is in the United States but I have discussed the progress report on the Accommodation Review with him.

Progress in implementing the findings of the Review is disappointing. A reduction overall of 2% by 1988 is just not good enough. It is all the more disturbing that so low a target should be set even though only about 50% of departments have completed the occupancy audit recommended by the Report and not all of them have set space reduction targets.

Sir Robin's view is that it is up to Ministers to demand better progress than this. Implementation is not an easy task. It is only achieved where senior management insist on a sense of urgency, set stretching targets and ensure implementation as rapidly as possible. All departments should have completed occupancy audits and set themselves targets by January 1987 and existing targets should be reviewed to ensure that they are sufficiently ambitious. The Prime Minister can reasonably demand much better progress by the time the implementation report on this Review is put to her next year. It should include a clear statement of targets set and achieved in every department.

Kate Jenkins

KATE JENKINS
8 October 1986

Gout MACH : pt 21 Rayne.

010

CC BG (Letter only) A

David Hobson does have comments

pps pse

MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

BF TSY/RTA

19 September 1986

MULTI-DEPARTMENT REVIEW OF ACCOMMODATION: PROGRESS REPORT

The central report of the multi-department review of 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 you after 12 months. I now attach the report which has been prepared in response to this remit.

Pt. 18

~~in folder~~ attached

The report

2. The report draws on contributions from departments. It gives a picture of reasonably good progress:

- savings of nearly £2m have already been achieved, with more in prospect;
- departments representing half the office estate have set themselves targets averaging 4% for reductions in space use by 1988 or earlier;
- most departments have accepted all or nearly all the recommendations of the review;
- departments in general have made a positive start on collecting information and implementing the recommendations of the MDR which were directed towards management systems.

3. The much more detailed and soundly based information which has now been collected as a result of departments' work has shown that the MDR's original estimate of £50m savings by 1988 was over-optimistic, although justified by the limited evidence available at the time. That estimate assumed reductions of 5-10% over the estate as a whole. Departments' current plans for reductions of 4% over at least half the estate are based on the much firmer foundation of the occupancy audit results. They mean that a revised estimate of £15-20m by 1988 can now be made. Further savings are expected to come through after 1988 and when those departments which have not yet set targets are able to do so, but it is not possible to quantify these additional savings at this stage. It is a pity that the revised savings estimate is a good deal lower than we had expected, but the review's recommendations on setting targets and planning reductions have nevertheless served their purpose of stimulating action. Departments are to be commended on the progress which has already

been made, while every effort must now be directed to realizing the savings identified.

4. You asked for a further statement of savings after two years and I have therefore commissioned Cabinet Office (MPO) to continue to offer help and advice to departments and to make another report to you in 1987. This will also help to keep up the momentum in departments.

The working environment

5. You have asked the central departments to consider, among other things, the improvements which might be achieved in the working conditions of civil servants. I agree that improvements of this kind are one way in which we can try to remedy problems of poor morale. MPO and Treasury officials have discussed how to proceed. Work in this area is now carried out not only by PSA but also by departments under the delegations permitted in the Property Repayment Services system, which is to be extended from April 1987. It has not proved possible within current public expenditure constraints to provide additional funds specifically for this purpose or to increase departments' budgetary flexibility in this area. Nevertheless, the running costs regime and delegation of responsibility within departments under FMI will give departments and local managers more scope to apply available funds, according to their assessment of priorities, to improve working conditions or for some other purpose. The attached progress report shows how accommodation management is improving in departments. I am confident in the ability of managers and the new financial mechanisms to produce the correct balance between running costs expenditure in different areas, so long as overall funding is adequate. You may wish to encourage colleagues however to regard improvements to the working conditions of civil servants as a legitimate use of any savings in running costs within a year and within their target for total running costs and to take advantage of the new delegations under the Property Repayment Services scheme in doing so. We can look forward to the results emerging as MPO and Treasury officials continue to report on the success of our financial management policies.

Summary

6. I should be grateful for your approval of the progress report. If you are content, I suggest that you should circulate it to colleagues in charge of departments. I attach a draft letter for this purpose which also draws attention to the point about the working environment. Thereafter we would send it to the Treasury and Civil Service Select Committee, place it in the Library of the House and make it publicly available, although without any particular advertisement.

7. I am copying this minute to John MacGregor and to Sir Robert Armstrong.

Richard Luce

RICHARD LUCE

DRAFT LETTER FROM THE PRIME MINISTER TO MINISTERS IN CHARGE OF DEPARTMENTS

... I enclose with this letter a copy of the first progress report on the implementation of the multi-department review of accommodation, which I have approved. The report shows that progress has been made, but the information which has been collected on accommodation use suggests that the original estimate of £50m savings by 1988 must be revised to £15-20m. It is all the more important that the savings now identified should be realised on time. Ministers and senior management need to give a lead if the momentum is to be kept up. Cabinet Office (MPO) will make a further progress report to me in 1987 on the savings achieved by then.

I am 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 costs 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.

GOVT MACH: Rayner: Pt 21

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

SAVINGS AND COSTS TO DEPTS. £

	ANNUAL: FIRST YEAR 1985/86		ANNUAL: IN FIRM PROSPECT BY 1988		ONE-OFF
	Savings	Costs	Savings	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:

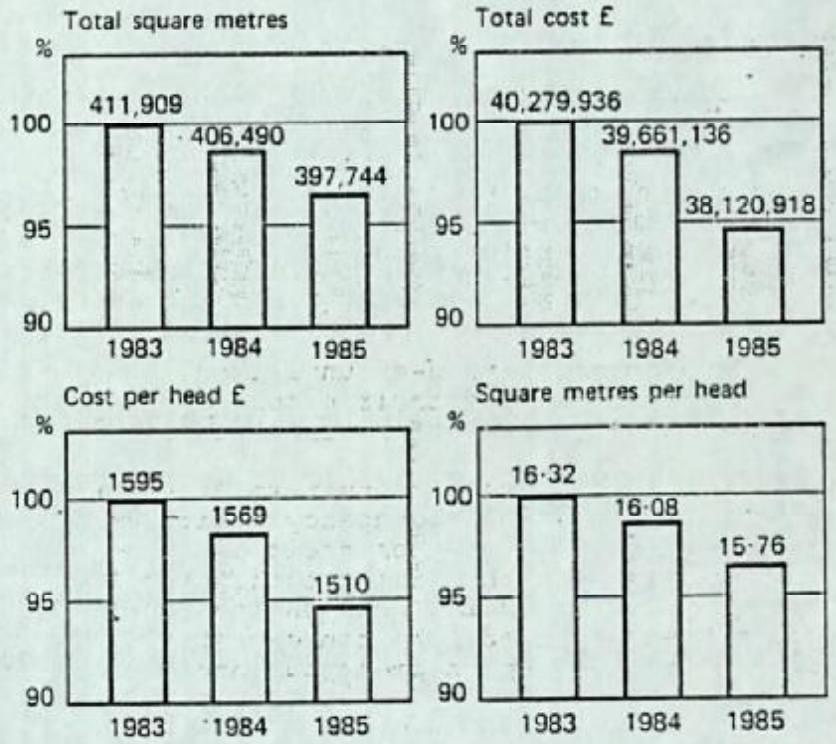
Sq m	6,039
£	not yet quantifiable
%	28.0

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:

Reduction in accommodation in Customs & Excise



- 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. Further savings will come through 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. Departments are to be commended on their efforts even though 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 colocation 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 Hammersmith 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;

- HO 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 commented that the spirit of competition engendered by the regular meetings of DEMs will be of great benefit to departments.

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 and size of office estate

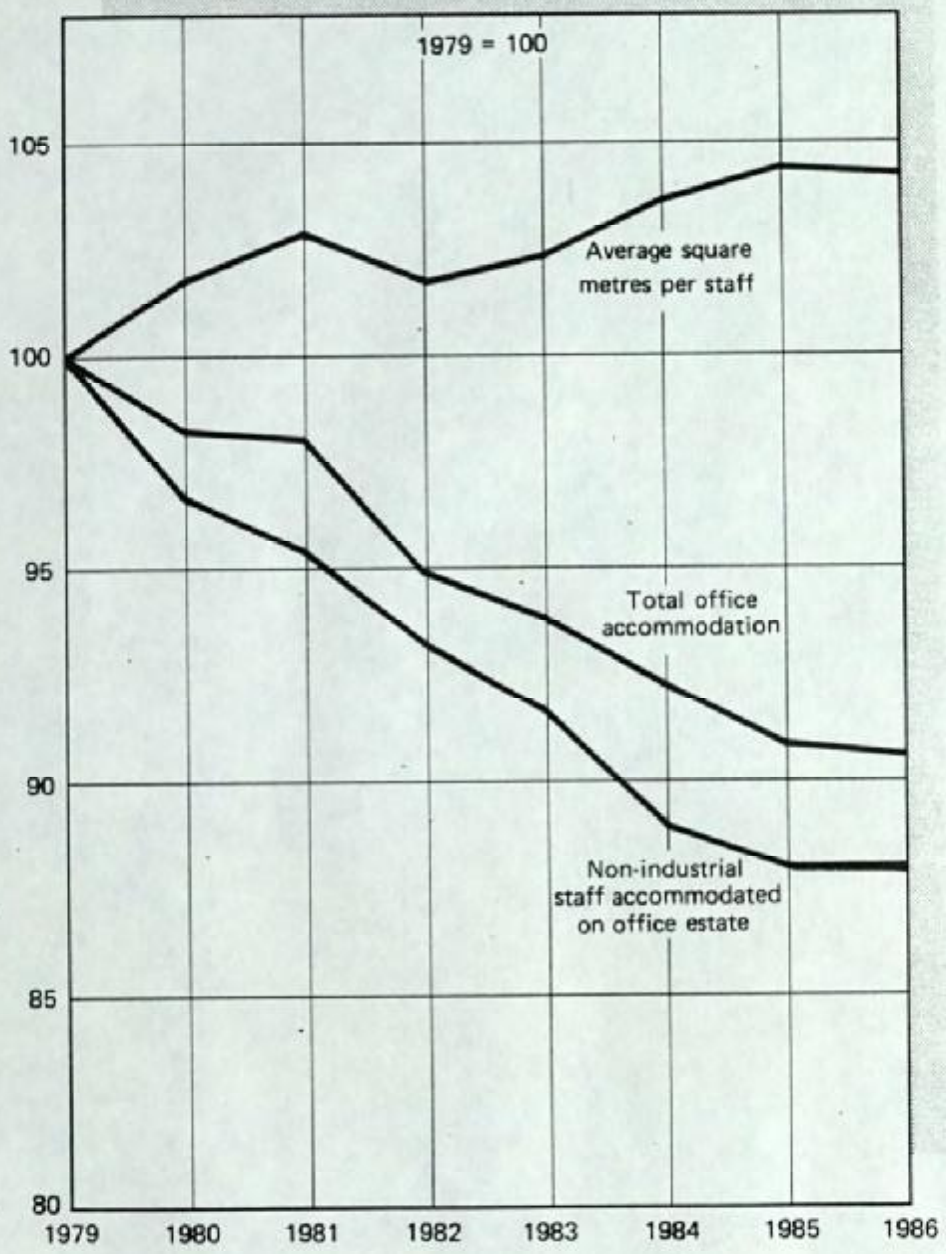
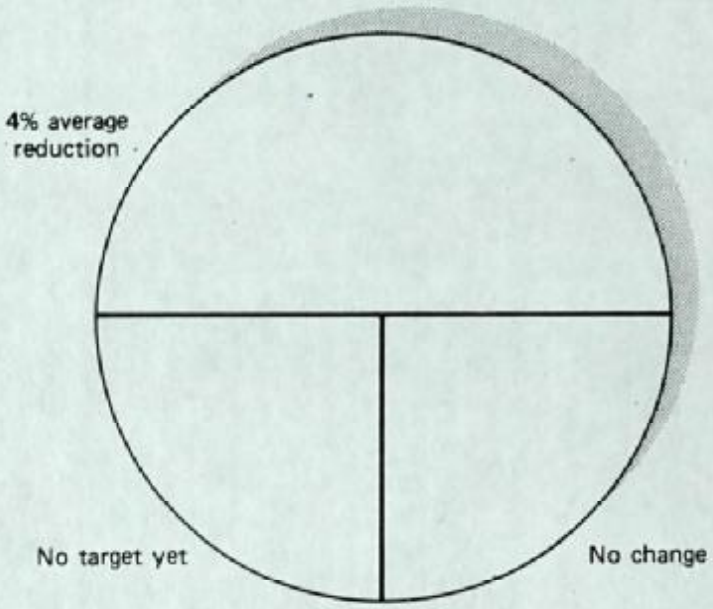
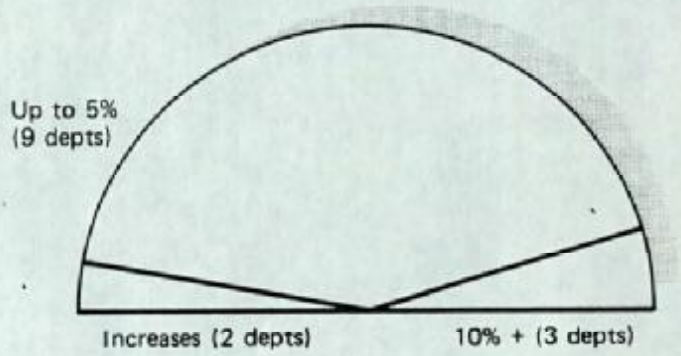


Figure 2

Targets set
(by share of the office estate)



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



Annexes

11

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 to 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 16-19 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 24.

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 20-23 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 transfering 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 mangement 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 liason 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 Maintainance 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 Unemploment 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 incoprorate 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 decisons;

- 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 action by 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 stongly in favour of transfering 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 imput 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 disperal 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 arbitary 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 impracticle.

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)