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PREM 19/1174

33/44

CONFIDENTIAL FILING

Long-Term Management + Management Policy

CIVIL SERVICE

Slimming down of Local Authority Staff

PE 1: March 1979

Performance Related Pay

PE 14: October 1983

Financial Management

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
17.10.83							
18.10.83							
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PREM 19/1174

PART 14 ends:-

S/S MOD to FCS 24/1.

PART 15. begins:-



Lord Gowrie to PM 24/1/84.

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons HANSARD, 28 October 1983, columns 539 to 592: Civil Service

Signed J. Gray Date 15/5/2013

PREM Records Team

① cc NO
② Absent letter from
Lad Gowrie

Ref. A084/281

PRIME MINISTER

>
25/1

Promotion Blockages and the Civil Service

In his minute of 12 January to you commenting on the Minister of State's proposals for a new special early retirement scheme for senior civil servants, Sir Robin Ibbs invited my comments on the points he had raised.

2. I am glad that Sir Robin supports the principle of what is proposed and confirms that we are seeking to mirror good private sector practice. As he says, ICI have found it worth their while to spend money to "enable people to retire early with dignity and so allow good staff to be moved up through the organisation to ensure the good health of a good company". Other major private sector employers, including I believe Marks and Spencer, have come to the same view.

3. Sir Robin asks whether we can be sure that we would be getting good value for money in spending £6 million to secure 100 additional retirements. As with other expenditures in the personnel field eg on merit pay, the benefits cannot be statistically forecast or assessed. Nevertheless there are facts which can be brought into the reckoning.

4. The £6 million this year would buy us 100 early retirements. That would buy us 500 or 600 promotions, as a result of the consequential movements through the hierarchy: 100 Principals would become Assistant Secretaries; 100 SEOs would become Principals; and so on. Part of the £6 million is simply an advance payment of sums which those concerned would in any case receive on retirement at 60. There are other offsetting savings. A newly promoted Principal, for example, is likely to receive several thousand pounds a year less than the man he replaces (because of the incremental scale) and so on down the line. The cost per promotion is much less than the cost per retirement.

5. I understand your feeling that the cost per individual retirement is high. But we are in the business of persuading people to retire, whom we have no good reason to force out. We cannot force people to leave early unless we are ready and able to prove before a Tribunal or in court that the dismissal was fair. The scheme we should be operating is, so far as its terms are concerned, identical with schemes now in operation. We can hardly offer something less generous if we want to persuade them to retire.

6. Sir Robin Ibbs also asks, very properly, whether the present proposals are simply dealing with the tip of an iceberg. They are certainly small in relation to the problem we face. Changes in the age structure of the Service flowing from heavy recruitment in the 70s and sharp contraction in the 80s - a contraction which fell disproportionately heavily on the senior grades - mean that promotion prospects at most levels, but particularly in middle to senior grades are now poor, and getting worse. On present trends, a quarter of our high flying graduate recruits - intended eventually to fill posts at Assistant Secretary level and above - would be unlikely to progress beyond Principal. The same position is in prospect at lower levels. We shall be coming forward to you, I hope in the spring, with a more comprehensive approach to the problems. Nonetheless, the present scheme, small though it may be in terms of the overall problem, represents a useful contribution to tackling the immediate situation. We currently have some 700 staff at Under Secretary level and above, and another 3,600 at Assistant Secretary level. In the normal course of events 350-400 of these would retire in the coming year. Measured against that expectation, 100 extra retirements is a substantial increase. It will also be good for morale, in the sense that it will be seen as demonstrating that we are not only aware of the problem but also determined to do something about it.

7. Sir Robin Ibbs asks whether "the right people" will be promoted to fill the vacancies created. At the most senior levels we can control this at the centre. For the rest we are in the hands of Departments and must rely on them. It is in their interests to promote the best available. I propose to stress to my fellow Permanent Secretaries that, if the scheme is to fulfil

its purpose, they should use it to promote the best available, not just for "Buggins' turn"; and I shall make it clear that we shall be asking them in due course for reports on the way in which the scheme has been used and an assessment of its value.

8. Finally, Sir Robin Ibbs draws particular attention to the EO and equivalent grades. He is right to do this because they represent our biggest potential problem, and the scheme we are proposing will only provide promotion opportunities for about a hundred of them. We employ some 70,000 of them, mainly in the DHSS, the Department of Employment and the Revenue Departments. All newly recruited EOs have at least 2 'A' levels and over half of present day recruits are graduates. They are not highly paid. They reach the maximum pay of the grade in their mid-20s, and outside London that maximum is £160 a week gross. In the past they joined in the expectation of a career which would take the best of them to middle and senior levels. That prospect is now seriously diminished. Unless we can do something for them, we can expect one of two things to happen. Either they will go sour, to the detriment of the efficiency of the offices in which they work and the service to the public they provide, or they will leave just as soon as the recovery of the economy allows them to do so. Merit pay may provide a partial solution by allowing some - and hence the ones we would most like to keep - to earn a bit more. Encouraging early retirement at middle rank levels could offer another route to a solution. These are possibilities which we are considering in the wider review to which I have already referred, and on which we shall be reporting to you when the work now in hand is completed in a few months' time.

9. I am sending copies of this minute to the Chancellor of the Exchequer, the Minister of State, Privy Council Office, and Sir Robin Ibbs.



ROBERT ARMSTRONG

25 January 1984



20/11/1

NSPM

N. J. [Signature]NOV 25
/11.FOREIGN AND COMMONWEALTH SECRETARYDEFENCE COMMUNICATIONS CENTRE (DCC)

The automated DCC in the Ministry of Defence was established some years ago with numbers and a grading hierarchy that was to be validated by staff inspection once the organisation had bedded down. A staff inspection has now taken place

I am therefore writing to let you know how I propose to proceed.

2. The DCC was staff inspected first in late-1975. The inspectors recommended large-scale reductions in numbers as well as extensive downgradings. Both provoked fierce opposition from the trades unions and at one stage there was even a short walk-out of the staff from this vital Defence organisation. Subsequent patient attempts to process the report further were cut short at the behest of the then-CSD when they initiated a Government-wide review of all communications grades which unfortunately collapsed some years later. Rather than reopen discussions on an out-of-date report which predated the rundown in Civil Service numbers, we commissioned a fresh staff inspection. The subsequent report by a completely new team of inspectors has just been agreed with management. It too recommends downgradings throughout the structure, and despite a rundown in numbers (which has affected the DCC in common with the rest of MOD) the inspectors find room for yet more staff savings. I have decided that the inspectors' proposals should be pursued, recognising the risk that there will be industrial action as a result. Contingency plans have been prepared to maintain an emergency communications service.

3.

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OF THE PUBLIC RECORDS ACT

While I would not want to delay action for too long, I should be happy to wait until we can see the Union's reaction to that announcement and consider any read across for the DCC issue.

4. I am copying this minute to the Prime Minister, the Chief Secretary to the Treasury, the Minister of State Privy Council Office and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be "W. H. ...".

Ministry of Defence
24th January 1984



File No

10 DOWNING STREET

From the Private Secretary

17 January 1984

PROMOTION BLOCKAGES IN THE CIVIL SERVICE

The Prime Minister was grateful for, and has noted, the Chancellor's minute of 13 January, commenting on Lord Gowrie's two minutes of 6 January about promotion blockages in the Civil Service.

You will have seen from my letter of 16 January to Paul Cann that the Prime Minister has asked for further advice before deciding whether the proposed early retirement scheme for senior staff should go ahead. She has agreed to the efficiency scrutiny of the means used to identify and develop internal talent.

I am sending copies of this letter to Paul Cann (Lord Gowrie's Office), Richard Hatfield (Cabinet Office) and to Sir Robin Ibbs.

DAVID BARCLAY

Miss Margaret O'Mara,
HM Treasury.

RB



10 DOWNING STREET

From the Private Secretary

16 January 1984

Promotion Blockages in the Civil Service

The Prime Minister was grateful for Lord Gowrie's two minutes of 6 January about promotion blockages in the Civil Service, and also to Sir Robin Ibbes for his comments dated 12 January.

The Prime Minister agrees that the proposed efficiency scrutiny of the means used to identify and develop internal talent should go ahead. She has asked that Sir Robin Ibbes should be associated with this work.

The Prime Minister continues to attach importance to removing ineffective civil servants and to improving career prospects for talented younger staff. She does, however, have some doubts about the efficacy of the proposed early retirement scheme for senior staff. In particular she agrees with Sir Robin Ibbes that its cost effectiveness is not proven. Although the numbers involved are small (and this in itself is a significant limitation) the estimated cost of £6 million is substantial. The cost for individual retirement is thus very high. The Prime Minister considers that figures of this order can only be justified provided that they lead to the right result in terms of improved Civil Service performance.

Before reaching a final view, the Prime Minister would be grateful if Lord Gowrie could consider these points, together with those made by Sir Robin Ibbes. She would also be glad to see:

- (i) a more detailed description of the morale problem which the proposed early retirement scheme is intended to alleviate;
- (ii) what evidence there is that reduced career prospects for younger staff are actually affecting, or can be expected to affect, Civil Service performance.

I am sending copies of this letter to Margaret O'Mara (HM Treasury), Richard Hatfield (Cabinet Office) and to Sir Robin Ibbes. I should be grateful if its circulation could be kept to a minimum.

MR. D. BARCLAY

Paul Cann, Esq.,
Office of the Minister for the Arts.

PP-5
cc NO



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

pa
dub
16/1

11 January 1984

MT

The Rt Hon Norman Fowler MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON SE1 6BY

Prime Minister (2)
To be aware.

Norman

You agreed the line at X
in March last year.

Dub
13/1

OBLIGATIONS OF CIVIL SERVICE MANAGERS

You wrote to me on 20 December, reporting on the extent to which you have been able, as a result of correspondence with the unions, to put over a message about the obligations of local office managers. This is encouraging.

You ask if I am content that you should now issue written guidance to some 7000 officers who are of HEO rank and higher, given that this could hardly remain an unobtrusive process. I do not believe it would be right to do so. The circulation of written guidance of this kind would run counter to the strategy recommended by the Standing Group on Industrial Action (GIA) which we endorsed last spring.

X | As you may recall, we decided then that Departments should brief managers on their obligations in a low key way, through the many informal opportunities which exist on training courses, briefings on new postings, job appraisal reviews and so on. GIA felt that the possibility of a general notice to managers should only be considered if major industrial action were imminent.

I believe that this is right and gives us the chance to choose both the ground and the timing of any high profile initiative. My officials and Grey Gowrie's are ready to discuss this further with yours if you think that would be helpful.

I am copying this as before.

Nigel Lawson

NIGEL LAWSON



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

Prime Minister

To note. We have asked
Lord Gowrie for further
advice on the points raised
by Sir Robin Ibbotson and the
Policy Unit.

PROMOTION BLOCKAGES IN THE CIVIL SERVICE

Grey Gowrie sent me copies of his two minutes to you of 6 January about the problems of career and personnel management created by the reductions in the size of the Civil Service.

2. At this stage Grey is only seeking agreement to two specific ideas - special early retirement measures aimed at senior staff and an efficiency scrutiny of the means to identify and develop internal talent.
3. I have no objection to the efficiency scrutiny. So far as the special early retirement measures go, Grey and I have corresponded about these and I am content that they should proceed, up to an overall cost in 1984 of £6 million.
4. However, if we decide to introduce the special early retirement measures then we shall need to look very carefully at public presentation. When the sums of money which a senior official would receive in normal superannuation benefits are added to extra payments for early retirement, the totals involved can be very considerable and we could well find ourselves facing very embarrassing headlines. No doubt Grey will consult us over this. I also hope my officials can be associated with the arrangements to be made for control and monitoring of the expenditure as well as criteria for eligibility.
5. I agree that these measures are the only effective steps we can take in this area immediately. They will allow for a number of immediate additional promotions and the bringing forward of younger people. But I accept that if the question of promotion blockages is to be tackled, it must be done on a broad front and with an eye for the longer-term. Grey's second minute contains a number of ideas which I am asking my officials to examine with his and they will be putting forward recommendations. Many of these proposals, even if acceptable on other grounds, have costs attached and I note in particular there is

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to be an early report on Merit Pay, where quite considerable sums could be involved. It is too early to take a view on all this but we shall have to guard against the risk that we end up paying more money to get the same work done, without adequate compensating improvements in efficiency and effectiveness.

6. I am copying this minute to Grey Gowrie, Sir Robert Armstrong and Sir Robin Ibbs.

(N.L.)

13 January 1984

CONQUEROR

Civil Service:
Long term Pol.
P+14

16 JAN 1984





nbpm
DMS
4/1

CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Great George Street

London SW1P 3AL

Telephone 01-233 8610

13 January 1984

David Barclay Esq
Private Secretary
10 Downing Street
LONDON SW1

Dear David,

SPECIAL EARLY RETIREMENT AND PROMOTION BLOCKAGES IN THE CIVIL SERVICE

You asked for a more detailed explanation of the costings mentioned in Lord Gowrie's submission of 6 January to the Prime Minister on this subject.

The Terms

2. A civil servant retired under the proposed arrangements would receive the benefits currently payable for premature retirement under the Principal Civil Service Pension Scheme namely,

i) a tax-free lump sum compensation payment equivalent to a maximum of 6 months pay - the payment is tapered for those aged 57 and over;

ii) an index-linked compensation payment, paid annually until age 60, equivalent to the preserved pension which is based on the reckonable service he would have earned had he worked to age 60;

iii) the lump sum superannuation benefit which would normally have become payable at age 60, again based on the service he would have earned had he worked to age 60.

The actual amounts will vary from person to person depending on age, length of service and pensionable pay at the time of departure. A couple of examples are outlined below.

EXAMPLES

3. a) An Assistant Secretary aged 56 with 32 years' service

	<u>Expenditure</u>
	£
i) Lump-Sum Compensation	12,000
ii) 4 Annual Compensation Payments of £10,700 pa giving total of	42,800
iii) Early Payment of Lump-Sum Superannuation Benefit	32,000
Total	<u>86,800</u>

b) An Under Secretary aged 56 with 32 years' service

i) Lump-Sum Compensation	14,500
ii) 4 Annual Compensation Payments of £13,050 pa giving total of	52,200
iii) Early Payment of Lump-Sum Superannuation Benefit	39,150
Total	<u>105,850</u>

Higher amounts would be payable in respect of Deputy and Permanent Secretaries but the sums would be lower if the people concerned were older or had less reckonable service.

Costs

4. First year total costs would include 1), iii) and $\frac{1}{4}$ of ii) above .i.e. £54,700 for the Assistant Secretary, £66,700 for the Under Secretary . The average first year cost per individual is therefore likely to be £60,000 giving the total first year costs of £6 million for a 100 people mentioned in paragraph 16 of Lord Gowrie's submission. In each case some 60% of the total first year cost is accounted for by the early payment of the lump-sum superannuation benefit (£32,000 and £39,150 respectively). This is the $\frac{3}{5}$ also mentioned in paragraph 16 of the submission.

5. On the same basis the total cost, including the lump-sum superannuation benefits, over the next 4 years of retiring 100 people would be about £10 million.

6. It is difficult to estimate the real additional cost to the Exchequer of each retirement. The lump-sum compensation payment and the annual compensation payments are clearly additional costs. The early payment of the superannuation lump-sums also involves additional costs in that the Exchequer must borrow more to meet them. Against this one has to offset the salary savings which might arise as a consequence of promotees joining at the minimum of incremental scales, while those who retire will tend to be on the maximum point, and the less tangible cost-benefits which will result from the overall improvement in efficiency and morale.

Yours sincerely,

Paul Cann

P L CANN
Assistant Private Secretary

RACE RELATIONS

A Review of Policies and Procedures
in the Civil Service

RACE RELATIONS

A Review of Policies and Procedures
in the Civil Service

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1983

CABINET OFFICE

Management and Personnel Office

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I INTRODUCTION

1. In February 1981 the then Minister of State at the Civil Service Department submitted a memorandum* on race relations policy in the Civil Service to the Race Relations and Immigration Sub-Committee of the House of Commons Home Affairs Committee. The memorandum put forward proposals designed to utilise the limited resources available in the Civil Service directly to improve the effectiveness of personnel management procedures in the field of race relations. These proposals were: a review of personnel policies and procedures in the four key areas of recruitment, promotion, allocation to duties and selection for training; the issuing of a policy statement which should be drawn to the attention of all staff; and the designation of an officer (or officers) within each department responsible for implementing the Civil Service policy of non-discrimination. These proposals shared common ground with evidence submitted to the Race Relations and Immigration Sub-Committee by the Council of Civil Service Unions in July 1980.** Commenting on the Minister of State's memorandum the Home Affairs Committee, in its report on Racial Disadvantage, stated "There is clearly room for greater awareness in departments of the need to keep recruitment and promotion procedures under review, and to ensure that necessary language and other training opportunities are available".***

2. The aim of the review of policies and procedures is to eliminate the possibility of racial discrimination in the future. Racial discrimination falls into two categories: direct discrimination and indirect discrimination. These are defined in the race relations policy statement (reproduced at Appendix A) which has recently been agreed with the Council of Civil Service Unions. Within these legal concepts particular care should be taken to guard against subtle and unconscious forms of discrimination which may result from general assumptions about the capabilities, characteristics and interests of particular groups and which may in turn influence the treatment of individuals and groups (see paragraph 4 of the policy statement). The statement also refers to the designation of Equal Opportunity Officers and defines their role. This report sets out the results of the review and makes recommendations for further action.

3. The Trade Union Side of the Joint Co-ordinating Committee for Government Industrials declined to co-operate in the review. Therefore the review relating to industrial civil servants had to be undertaken as a management exercise.

Planning and preparation

4. Following the Minister of State's memorandum, preliminary work on the review was initiated by the Management and Personnel Office (formerly the Civil Service Department) in consultation with the government departments which were represented on the Joint Working Party on Race Relations in the Civil Service (JWP), which included both management and trade unions. Five questionnaires, designed to elicit information on the procedures that exist and how they operate, were drawn up: Recruitment (non-industrial); Recruitment (industrial); General (new entrants, allocation to duties, staff reporting, career interviews); Promotion; and Selection for training. A pilot exercise, using these questionnaires, was then undertaken in selected areas of each of the departments represented on the JWP (Ministry of Agriculture, Fisheries and Food, Ministry of Defence, Department of

*Racial disadvantage 5th report from the Home Affairs Committee (Session 1980-81), HC 424 iv, HMSO, 1981, Appendix 6, pp 37-39.

**Ibid, HC 424, pp 373-4.

***Ibid, HC 424-I para 193, pp lxxix - lxxx.

Employment, Department of the Environment, Home Office, Department of Health and Social Security and Management and Personnel Office). The questionnaires were then adapted, in consultation with the non-industrial trade unions, in the light of experience gained from this pilot exercise in preparation for their use in the Service-wide survey.

The review

5. The Chairman of the Joint Working Party wrote to the Principal Establishment Officers of all government departments in September 1982 asking them to undertake the review. The letter provided certain guidelines to departments on how, and in what areas, the review should be carried out. Although this was a Service-wide review it was recognised from the start that it would be impracticable to attempt to cover the entire Civil Service. Departments were therefore instructed to arrange for the questionnaires to be completed in selected areas, the breadth and depth of coverage depending upon the size and structure of the organisation. For small, headquarters only departments, a single reply was all that was needed. Separate replies were required for any major area in a department with a distinct personnel management regime. Where departments had a regional network they were instructed to prepare replies for a selection (two-to-three suggested) of regional or equivalent offices and for a selection (again two-to-three suggested) of local or other offices within each selected region. Departments were asked to ensure that the areas chosen to participate in the review reflected the full range of departmental activity. Departmental Trade Union Sides were advised of the review and departments consulted with them when choosing the areas for the review. No collation of the replies was undertaken by departments, thereby enabling the Joint Working Party to study personnel activity at all levels in departments. The five questionnaires sent to departments are at Appendix B and a table of the areas covered by the review is at Appendix C.

6. As well as asking departments to complete the five questionnaires, the Chairman of the Joint Working Party invited more general comments on the degree of success with which the policy of non-discrimination was operated in departments together with their views on problems encountered, how they might be overcome and on priority areas for action.

7. Questionnaire 1 (Non-Industrial Recruitment) was also completed independently by the Civil Service Commission in respect of recruitment schemes administered centrally. Certain specialist grades in the Civil Service such as Economists and Statisticians are managed centrally and not by individual departments; it was decided to include some such examples in the review. All participants in the review were asked to return the completed questionnaire by the end of November 1982.

8. The scope and coverage of the review can be ascertained from the table at Appendix C. In all, some 50 government departments participated, covering central London and about 40 other geographical locations.

II RECRUITMENT: QUESTIONNAIRES 1 and 2

A. Non-industrial recruitment: Questionnaire 1

9. The Civil Service Commission (CSC) issues guidance on the avoidance of discrimination of any kind, both to its own boards and to departments undertaking their own recruitment. The long-standing principle of recruitment by fair and open competition that governs Civil Service recruitment provides a firm basis for the implementation of equal opportunity policies. At the time the review took place recruitment to the lower grades of the Service (for instance clerical and secretarial grades) was delegated by CSC to departments but CSC maintained overall responsibility. Since 1 January 1983 full responsibility for recruitment to these grades has been assumed by departments under instructions and guidance issued by MPO. Reproduced at Appendix D is the recruitment guidance on race relations issued to departments (Note for the Guidance of Selection Boards). This guidance has not changed with the shift in responsibility but it should be reviewed.

10. The responses received show that departments follow the instructions and make use of the Civil Service Commission's guidance although not always in the form provided. The substance of the guidance is nevertheless retained, even though it may be reproduced in a format that the department regards as more suitable for its own purposes. We recommend that the guidance should continue to be issued and that departments should continue to:

- issue recruitment instructions to all recruitment points;
- arrange for at least two officers to participate in all sifts and interviews;
- record formally in each case the reasons for rejection at interview;
- notify Job Centres of all vacancies;
- issue selection board guidance to all board members.

11. Procedures vary much more in areas where less precise instructions are given. Departments should consider introducing formalisation in such areas. The areas in question are as follows:

a. The reasons for rejection at selection points other than the interview itself should be noted. The possibilities are:

- i. failure to meet the basic eligibility requirements;
- ii. rejection at sift stage - ie reasons other than basic eligibility;
- iii. adverse references after interview;
- iv. failure on health grounds.

b. The sift: criteria (other than basic eligibility) should be established at the beginning of the exercise and formally recorded, and should be modified in the light of the number and quality of applications received in relation to the number of vacancies, and a statement recorded, after the sift, of the criteria used to select the better candidates for interview.

c. At the pre-board briefing meeting the chairman should refer to the policy of equal opportunity and to the dangers of unconscious discrimination, and confirm that the board members have read the relevant instructions.

For b. above, the essence is that the reasons should be available if an individual decision is challenged. It may not be necessary to annotate each set of papers as long as a proper sift note has been retained recording the outcome, how it was reached and the criteria used.

12. At about the time the review was started by departments, CSC issued instructions (September 1982) concerning the use of the press and Job Centres for the advertising of vacancies. The previous obligation of departments to advertise vacancies in the press was removed (at first for clerical grades only, but from 1 January 1983 this applied to all departmentally-recruited grades). The new arrangements left departments free to advertise as before if they so wished but provided for all departmental recruitment to be channelled primarily through the local offices (Job Centres or Employment Offices) of the Manpower Services Commission's Employment Division and local authority Careers Offices. The Manpower Services Commission issues guidance to its staff on how to avoid racial discrimination. Similar guidance is provided by the Department of Employment to the Careers Service. This change of emphasis from the use of the press to Job Centres was clearly reflected in departmental responses.

13. However, in certain relatively isolated areas departments maintain a list of people who have enquired into the possibility of employment and use these as a source of applicants. Such informal methods of recruitment are fraught with potential hazards and should be discouraged. Departments should be alerted to the dangers of such procedures creeping in to the more isolated parts of their organisations and warned to guard against them.

14. The advertising arrangements for CSC centralised recruitment remain unchanged: press advertising is undertaken on a national basis, and the use of the public employment service is restricted to Professional and Executive Recruitment.

15. Finally, it is important to remember that all selection criteria, whether at the sift or interview stages, must be related to the requirements of the grade. Any other criteria, however conscientiously applied, run the risk of accusations of discrimination, direct or indirect.

B. Industrial recruitment: Questionnaire 2

16. Industrial grades comprise around 20 per cent of the Civil Service (132,195 industrials compared with 520,339 non-industrials at 1 January 1983) and they are concentrated mainly in six departments: Ministry of Defence, Department of Employment Group, Department of the Environment (Property Services Agency), Her Majesty's Stationery Office (HMSO), Home Office, and HM Treasury. Consequently the main responses to this questionnaire came from these departments. It should be pointed out that the arrangements in HMSO tend to differ from those in the rest of the Service because of the particular circumstances relating to the printing trade.

17. Where departments employ few industrial civil servants and consequently only recruit infrequently in this area, the procedure varies considerably from department to department. Some departments recruit as they do for non-industrial staff, in which case the officers concerned will have received all the appropriate guidance on the Civil Service race relations policy and the need to avoid the dangers of unconscious racial discrimination. But this is not always so and there are examples where a department's ad hoc arrangements do not include guidance to recruiting officers (at any level) on race relations. It should be stressed that such guidance is relevant and necessary for any recruitment that is undertaken. Informal methods of recruitment are fraught with potential hazards and should be discouraged.

18. The safeguards which are built into the recruitment procedure to ensure fair and open competition should apply equally to industrial and non-industrial recruitment. Departments' responses to this questionnaire indicate that, for example, at times applicants are only asked to complete an application form after the interview, while sifts and interviews are sometimes undertaken by only one officer. These practices should be avoided wherever possible. Where sifting and interviewing is undertaken by staff in personnel branches, the guidance given to them on joining those branches should suffice. Other staff should be provided with specific guidance on racial discrimination.

19. The responses to this questionnaire have revealed that there is a lack of uniformity in the Service in this area. Departments need to be reminded of their obligations in industrial recruitment, obligations which should be met no matter how infrequently recruitment is undertaken. Guidance on this area of recruitment needs to be strengthened, as at present the potential for racial discrimination is much greater than it is in non-industrial recruitment.

20. As with non-industrial recruitment departments should make sure that all selection criteria are job-related and justifiable in all other respects (see paragraph 15. above).

C. Recruitment - general

21. The Civil Service cannot afford to be complacent because it is an 'Equal Opportunities Employer'. It must also be able to demonstrate to potential employees that equal opportunities are practised both in recruitment and conditions of service. We understand that, at a conference of staff from personnel divisions in Civil Service departments in the North West Region on 1 July 1982, the Merseyside Task Force said that in Liverpool there are third, fourth and even fifth generation members of the black community who have no language problems and who are well integrated into the culture of the city. These groups still believe, however, that they will not succeed if they apply for jobs in the Civil Service and local authorities (excluding manual local authority posts) and there is some evidence that young people, even those with the necessary educational qualifications, often do not apply as they believe they are sure to be rejected.

22. A relatively inexpensive method of helping to allay such fears would be the addition in all recruitment advertising of the statement: "The Civil Service is an Equal Opportunities Employer". Such a statement is becoming increasingly common in recruitment advertisements and would provide an economic way of making the position clear to potential applicants from the outset.

III GENERAL PERSONNEL PROCEDURE: QUESTIONNAIRE 3

23. This questionnaire covered general personnel procedure and was divided into four sections: New entrants, Allocation to duties, Staff reporting and Career interviews.

A. New entrants

24. Not all departments advise new entrants of the Civil Service's race relations policy. Those that do, do so in a variety of ways, the most common being:

- reference at the induction interview;
- reference at induction courses (attendance at which is usually automatic);
- the issue of a special note which may be a copy of a routine instruction;
- reference in the staff handbook.

It is most important that both the Civil Service's policy towards all forms of discrimination in general, and the implications of the Race Relations Act 1976 in particular, are drawn to the attention of new civil servants straightaway. There are three main reasons for this: individuals know what treatment to expect from their employer; they know how they are expected to treat their colleagues; and they know how they are expected to treat any member of the public with whom they may come into contact during their official duties. Failure to alert new entrants to their obligations could result in complaints against the department.

25. The way in which new entrants are advised should be determined by a department's domestic arrangements for welcoming new staff. The task is inexpensive: departments can build upon the equality declaration in the recruitment advertisements that is suggested in paragraph 22 above. Universal coverage is essential. The various methods are satisfactory only if all new staff are covered and if their attention is specifically drawn to a statement of the policy. Reference at an induction course is not satisfactory as the sole means of information unless attendance at such courses is mandatory. Leaving staff to discover the policy for themselves from a staff handbook or manual will not do. They must be told that the statement is there and what it contains and a copy given to them.

B. Allocation to duties

26. Very little specific guidance on the posting of staff is issued by departments. A few give detailed guidance but for the most part guidance, where given, is in the general terms of the aim to provide the best match between jobs available and the interests and talents of the individual. Although no specific mention of the dangers of racial discrimination in allocation to duties is made, most departments commented that the posting of staff is the responsibility of officers in personnel divisions and such officers are constantly reminded of the need to treat all staff impartially and fairly. There is the need to avoid stereotyped assumptions. It should be remembered, however, that it may be at the discretion of management within the division or branch concerned to determine the duties allocated to the officer. Equally, it is left to personnel divisions to ensure, for example by a scrutiny of annual reports, that no discrimination is practised by line managers and supervisors in the allocation of duties. The reliability of such a procedure is questionable and therefore departments should not place too great an emphasis on it.

27. Individuals' posting and the type of work they are given are most important as postings can have a marked influence on the development of their career. It is

necessary to ensure that ethnic minority staff are not assigned to particularly narrow or restricted areas of work but are given the same opportunity as other staff to take challenging jobs. This is important when promotion is being considered. When staff are posted to personnel divisions they should be specially warned about discrimination, and given appropriate training.

28. The importance of posting to an individual's career development is such that a study of allocation to duties should be undertaken by the Management and Personnel Office in consultation with the Council of Civil Service Unions to establish whether there is a need for guidance to personnel staff. The recent review* may be relevant to this study as it has been concerned with the need for positive career planning.

C. Staff reporting

29. All departments issue instructions on the completion of annual staff reports. These are issued either when an officer moves into a reporting grade, or with each report. However, not all follow the central guidance in specifically referring to race relations, although they do stress the need for objective reporting. In addition to written instruction most departments run training courses, though attendance is not always compulsory. It is on the basis of annual reports that an officer's present performance and promotion potential are assessed. Such reports are completed not by trained personnel staff, who are more likely to be familiar with the Service's equal opportunity policy, but by line managers, who tend to be far removed from the centre. The officers are usually aware of the need to avoid conscious discrimination of all kinds; they may not be so much aware of the needs to avoid unconscious discrimination or indeed of the forms that unconscious discrimination might take. Departments' attention should be drawn to the importance of a paragraph on race relations in the reporting guidance, and steps should be taken to ensure that such a paragraph is added immediately to those instructions where it is not included. An example of such a paragraph is:

"A person should be judged solely by his or her performance in the job. Reporting and countersigning officers should take care that their judgements are not affected by personal prejudices and should bear in mind the anti-discrimination provisions of such legislation as the Sex Discrimination Act 1975, the Race Relations Act 1976 and the Employment Protection (Consolidation) Act 1978. Particular care should be taken to guard against the more subtle and unconscious varieties of discrimination which can result from pre-conceived notions about capabilities or characteristics of particular groups. Examples of unconscious discrimination are:

- a. Staff may be directed into particular types of work on the basis of general assumptions without sufficient regard to the particular attributes and abilities of individuals.
- b. Preconceptions about the ability of ethnic minority staff to supervise may be allowed to affect recruitment or promotion to supervisory positions.
- c. The allocation of work, and the recruitment or promotion of ethnic minority workers into particular posts, may be affected by assumptions about the reaction of other staff and/or members of the public.
- d. There is a risk that 'double standards' may be used in making judgements of merit, and that different standards may be used according to the ethnic or national origins of individuals.

*Civil Service management development in the 1980s MPO, 1983.

e. Assumptions about a command of English or ability of ethnic minority staff to communicate that are not based on evidence of actual capacity may affect decisions on recruitment, promotion or postings."

30. Selective monitoring of the staff reporting and appraisal system should include consideration of the incidence of unconscious discrimination. Departments' training courses in staff reporting should address themselves to the problem of conscious and unconscious racial discrimination.

D. Career interview

31. Career interviews are undertaken by the appropriate personnel manager. All departments issue instructions on this and a number back these up with training courses. Although instructions on the conduct of career interviews are issued, not all specifically mention the dangers of racial discrimination. Such interviews are conducted by officers in personnel sections who should be well aware of the need to treat staff impartially, and indeed if the recommendations in paragraph 27 above are implemented they will have been given appropriate guidance on posting to personnel divisions. Nevertheless, in view of the possible effect of career interviews on the officer's future and likelihood of advancement, departments should ensure that all written instructions on career interviews include a paragraph on race relations.

E. General

32. The review revealed that it is not automatic in personnel procedures for reference to be made to the dangers of discrimination, racial or otherwise. It is essential that all staff, particularly line managers, should be made aware of their responsibilities in relation to the Civil Service's policy of equal opportunity and of the general provisions of the legislation concerning racial discrimination. It is an intrinsic part of good management that staff are treated fairly and on the basis of merit.

IV PROMOTION: QUESTIONNAIRE 4

33. The principle underlying promotion is that it shall be on merit and that there shall be no discrimination on such grounds as sex, colour, race or religion. Each department must operate recognised promotion machinery, but the general arrangements and procedures are with certain exceptions delegated to departments.

A. Non-industrials

34. Procedures in all departments, with two exceptions, follow the same general pattern. A basic field of eligibility is established, taking into account any agreed seniority fields, promotion markings on annual reports, and any formal qualifications required for the post. If too many are eligible to be seen by the promotion board, there is a sift to select a manageable number for interview. At the next stage the interview board produces a list of those recommended for promotion, in order of merit. In some cases they may only recommend sufficient to fill the vacancies; in others they may recommend a reserve list, again in order of merit, from which subsequent vacancies may be filled. A few departments do not follow this pattern; a "paper" board subsumes both sift and interview, and the candidates do not appear in person.

Promotion boards

35. The procedures for promotion boards are followed faithfully and work well. The normal pattern, indeed the invariable pattern where large numbers are concerned, is that written instructions to board members are issued either immediately before the board or at the start of the boarding season or in one or two cases when the board members are first trained. In a very few cases where the boards are at very senior levels and are dealing with small numbers the chairman briefs the board at the start of proceedings. In two departments with boards at senior levels, it has been assumed hitherto that because of the seniority and eminence of the board members no special warnings about discrimination are required; this procedure should be discouraged.

36. The instructions to boards in all departments include standard guidance about racial discrimination, conscious and unconscious. There are only two departments not fully in line. One of those is currently revising its instructions to incorporate the standard warning; the other - a very small department - contents itself with an oral reminder. However no special action is taken to ensure that the instructions have been read and digested by all board members, apart from one department where the chairman of the board checks before the start that his members have received and read the notes. All chairmen should check that the board members are aware of the instructions on discrimination.

37. Since departments ensure that board members have detailed instructions on the avoidance of discrimination, there may be no need to ensure that all board members are made aware of the policy to avoid racial discrimination, but training in interviewing skills and in avoiding discriminatory questions can be useful. Relying on the general dissemination of anti-discrimination policy throughout the department may not be adequate, and the policy should be re-issued from time to time by means of a general office notice.

Sifts

38. Sifts in all the respondent departments are carried out by two or more officers. The procedures vary more than those for boards. In some cases instructions are issued, including the standard warning about discrimination, but to avoid any

risks of discrimination, it is desirable that departments make sure that all staff undertaking sifting have had the instructions about discrimination drawn to their attention before a sift takes place.

39. Sift criteria vary widely. Some departments look at the candidate in the round, giving more weight to recent annual staff report markings and taking into account such things as relevant experience and overall performance as well as any other relevant information in their attempt to find the best person for the grade. At the other extreme departments limit the number for interview by such devices as lengthening the seniority requirement, excluding candidates marked lower than "well fitted" or excluding candidates with fewer than a specified number of "fitted" markings. In between, some departments instruct their sifting panels to select on merit with due regard to age and seniority where applicable.

40. Departments with rigid requirements that are in fact an extension of the basic eligibility criteria tend to spell them out in advance; other departments leave the panel members to settle the ultimate criteria in relation to the size of the field, the general calibre of candidates and the number of expected vacancies.

41. All promotion decisions, whether at sift or board stage, should be based on the needs of the grade at the higher level if they are to be fully defensible against accusations of discrimination. Departments which extend basic eligibility requirements such as seniority may need to consider whether their criteria are fully related to the capacity to do the job effectively in the higher grade, and whether they might be discriminating against an ethnic group which for one reason or another might have had less chance of fulfilling those requirements.

Recording of sift and board decisions

42. The reasons for promotion boards' decisions are almost invariably recorded at once or immediately afterwards and those departments that do not yet record the reasons for board decisions should consider how best this might be done. As with the recruitment process (see paragraph 11) the sift criteria should be established at the beginning of the exercise and formally recorded. This is already done by the majority of departments.

Training

43. National guidance provides that all members of interview boards should normally have received formal training in interview techniques. Exceptionally, if it is not possible to arrange formal training, departments should ensure that the board members have acquired the necessary skills and expertise by attending as observers at boards at which they were not formal members.

44. Only eight of the respondent departments have mandatory training, of either one or two days. Four departments run their own optional courses, and a further group use the Civil Service College but do not make attendance mandatory. Other departments only require board members to attend an earlier board as observers, even though this procedure should be exceptional. Four small departments have no training at all.

45. The timing of formal training varies. The big departments send their officers on training courses shortly before their first board. At the other extreme small departments tend to send them fairly soon after promotion into a grade where they may serve on a board and are reasonably likely to be asked to do so. All formal training covers discrimination, with two exceptions where the departments rely on general Civil Service experience and the inclusion of a statement of the policy in the papers issued to each board.

46. Formal training should be a normal requirement. Without such training, pitfalls may not be properly identified, particularly in the areas of unconscious discrimination. By itself, briefing or attendance as an observer is not normally sufficient, not least because not all the risks and difficulties will necessarily appear or be discussed during the course of that particular board. Something more systematic is needed. The Civil Service Commission training for Executive Officer board members held at the Civil Service College provides an appropriate level of training. It is also relevant that systematic formal training is a considerable aid to the achievement of consistency of standards within a department.

B. Industrials

47. The procedures for industrials, including promotion from the industrial ranks to the lowest grade of non-industrial supervisor, are less developed than those for non-industrials. Instructions, whether general instructions or special instructions on discrimination, are not always issued to members of promotion boards. Not all board members are trained, either by training courses or by sitting as observers. Induction may be no more than sitting as junior members with senior colleagues. Training is especially important in areas where numbers of industrial grades are employed as procedures are less developed than those where non-industrial grades are employed. There are occasions where sifts are carried out by one officer alone and this should not continue.

V SELECTION FOR TRAINING: QUESTIONNAIRE 5

48. Training, in particular developmental courses, plays a vital part in the career development of all staff. The review was therefore concerned to see how departments go about selecting staff for such training. Training can be divided into three general categories: induction, which takes place on entry to a department or grade and is normally mandatory; job related (vocational); and developmental (management) training. On the whole, attendance at the first group is automatic on entry to the Service or grades. It is in selection to the second and third groups that there is greater diversity between departments.

49. Selection for the second and third types of training is either by self-nomination or at the discretion of management. If an officer puts himself forward for a course, the application will be forwarded through the line manager and/or the head of branch. The support of the application by management is usually based on:

- a. the usefulness of the course to the officer (and the branch); and
- b. the availability of the officer.

50. Training sections do not normally sift applications. A check may be made to ensure that the application matches the aims and level of the course. A CO would not be accepted for a course intended for HEOs and above. Additionally if the course is over-subscribed applicants may be put into an order of priority (on grounds of need, length of time in grade or length of time waiting for the course). In such cases the officers excluded would be placed on the list for future courses.

51. A management initiative for training normally arises from one of two sources:

- a. training section;
- b. line management/personnel management.

Some departmental training sections maintain lists of officers eligible for specific courses. In addition there is a section on the annual report form which invites the reporting officer in consultation with the individual to identify any training needs. Personnel divisions, as well as noting any remarks made in this section, will scrutinise the rest of the report to see if it reveals any unidentified training needs.

52. No particular effort is made to draw the attention of officers selecting staff for training to the race relations policy and the dangers of unconscious discrimination, though the officers concerned would be familiar with this guidance in connection with one of their other duties. Most of the departments stress that selection for the majority of courses is virtually automatic, thereby implying that there is little need for special guidance in this area.

53. The question of ensuring that ethnic minority staff enter training courses is not checked by departments, though again mandatory courses present no problem. However, such selection and recommendation procedures as there are may be open to the dangers of discrimination, which should not be ignored. Departments should draw the attention of all staff involved with selection or recommendation for training to the potential for unconscious discrimination in so far as it has not already been done in other ways and to the need to guard against preconceived ideas about the likely benefit of a specific training course to a particular ethnic group. In addition, where possible, informal checks should be made to see that ethnic minority staff are being invited on developmental courses, and that steps are taken where

necessary to deal with remediable defects, such as communication difficulties. Section 38 of the Race Relations Act 1976 allows employers to take action to train or encourage employees from a particular racial group to do work in which that group has been under-represented.

VI FUTURE DEVELOPMENTS

54. At the time that this review was taking place a separate Review of Personnel Work* was being carried out in nine departments, which together covered some 60 per cent of the non-industrial Civil Service grades. That review was not specifically concerned with racial discrimination. Its objectives were to examine major aspects of personnel work, to consider the respective roles in such work of line and personnel managers and to make recommendations for improving the performance of personnel work by line and personnel managers.

55. That review has now been completed and some of its findings will have implications for the race review, to the extent that its findings should lead to the decentralisation of many personnel decisions. This increases the risk of discrimination since such decisions will now be taken by line managers less familiar with the equal opportunity policy. It is therefore essential that all staff, and in particular line managers, should be aware of their responsibilities, including the need to avoid stereotyped assumptions, and departments must ensure that they are reminded of them as part of an awareness programme.

56. Departments also need to be sensitive to the possible effects of changes in the social structure, in particular geographical areas. Should there be an increase in the numbers of the ethnic minorities into any area, departments should ensure that staff, and in particular the local managers, are reminded of the race relations guidance, and warned that it will be increasingly relevant to their responsibilities.

VII SUMMARY OF RECOMMENDATIONS

57. Non-industrial recruitment

a. The Management and Personnel Office should review the Note for the Guidance of Selection Boards (paragraph 9).

b. All departments should follow the recommended procedures in the Civil Service Commission's guidance on race relations policy and practice. To this end, departments should continue to issue the guidance at regular intervals (paragraph 10).

c. Departments should formalise the recruitment procedures in areas where guidance has hitherto been imprecise, particularly in the recording of reasons for rejection, the recording of sift - as distinct from eligibility - criteria, and checking that board members have read their instructions on non-discrimination and the dangers of unconscious discrimination (paragraph 11).

d. Departments should be aware of the dangers inherent in the development of informal methods of recruitment, particularly in outlying parts of their organisation and should discourage such methods of recruitment throughout their operations (paragraph 13).

e. All selection criteria must be related to the requirements of the grade (paragraph 15).

58. Industrial recruitment

a. There is considerable divergence of practice and the risks of racial discrimination are much greater than for non-industrial recruitment. The safeguards built into the non-industrial procedures should apply equally to industrial recruitment procedures. Informal methods of recruitment should be discouraged (paragraphs 17-19).

b. Guidance should be issued to all recruitment points and it also needs to be strengthened (paragraphs 17-19).

c. All selection criteria must be job-related and justifiable in all other respects (paragraph 20).

59. Recruitment: general

a. All recruitment advertising should include the statement that "the Civil Service is an Equal Opportunities Employer" (paragraph 22).

60. General personnel procedure

a. All new recruits must have their attention specifically drawn to a statement of the Civil Service's equal opportunity policy and a copy given to them (paragraphs 24 and 25).

b. Allocation to duties. Staff on posting to personnel divisions should be specially warned of the risks of discrimination and given appropriate training (paragraph 27).

c. Management and Personnel Office, in consultation with the Council of Civil Service Unions, to undertake a study of allocation to duties (paragraph 28).

*Review of Personnel work in the Civil Service: Report to the Prime Minister, by J S Cassels CB, HMSO, July 1983.

d. All departments should ensure that their instructions on the completion of annual staff reports include the central guidance on race relations and the avoidance of discrimination (paragraph 29).

e. All officers responsible for completing annual staff reports should be reminded of the need to avoid unconscious as well as conscious discrimination, and should also be reminded of the form that unconscious discrimination might take (paragraph 29).

f. Selective monitoring of the staff reporting and appraisal system should include consideration of the incidence of unconscious discrimination, and departments' training courses in staff reporting should address themselves to the problem of conscious and unconscious discrimination (paragraph 30).

g. All written instructions on career interviews should include a paragraph on race relations and discrimination (paragraph 31).

61. **Promotion**

a. The chairmen of promotion boards should check that their board members are aware of the standing instructions on the avoidance of discrimination (paragraph 36).

b. Departments should reissue the statement of the policy from time to time by means of a general office notice (paragraph 37).

c. Departments should ensure that all those carrying out sifts have had the instruction about discrimination drawn to their attention before they begin their work (paragraph 38).

d. All promotion decisions, whether at sift or board stage, should be based on the needs of the grade at the higher level (paragraph 41).

e. Departments should examine their sifting criteria to ensure that there is no risk of bias, conscious or unconscious (paragraph 41).

f. Those departments that do not yet record the reasons for board decisions should consider how best this might be done (paragraph 42).

g. The criteria used in sifts should be recorded in every case (paragraph 42).

h. Formal training for all board members should be a normal requirement. The Civil Service Commission's training for Executive Officer board members provides an appropriate level of training (paragraph 46).

i. The procedures recommended for the non-industrial Service should be followed within the industrial grades of the Civil Service (paragraph 47).

62. **Selection for training**

a. All staff involved with selection for training should have their attention drawn to the race relations policy and in particular to the dangers of unconscious discrimination and the need to guard against preconceived ideas about the likely benefit of a specific training course to a particular group (paragraph 53).

b. Informal checks should be made to see that ethnic minority staff are being invited to attend developmental courses (paragraph 53).

c. Departments should ensure that steps are taken where necessary to deal with remediable defects such as communications difficulties (paragraph 53).

63. **General**

a. If line managers have personnel responsibilities delegated to them following the Review of Personnel Work*, departments should ensure that they receive the appropriate training on the avoidance of discrimination both conscious and unconscious (paragraph 55).

b. When there is a change in the ethnic balance in any geographical area, departments should ensure that staff and in particular local managers are reminded of all the relevant guidance on race relations and of their responsibilities (paragraph 56).

*see footnote on page 14

RACE RELATIONS POLICY STATEMENT

1. General

1.1 It is the policy of the Civil Service that all eligible persons shall have equal opportunity for employment and advancement in the Civil Service on the basis of their ability and qualifications and fitness for the work. There must be no direct racial discrimination against any eligible person whether in recruitment, training, promotion or in any other way.* Similarly there must be no indirect racial discrimination. This occurs where a requirement or condition is applied equally to people from different ethnic origins but is unfavourable to particular groups defined by reference to any of the characteristics of colour, race etc because a considerably smaller proportion of them can comply with it: *unless* the requirement or condition can be shown to be justifiable irrespective of the colour, race etc of those to whom it is applied.

1.2 This policy pursues and builds on the statutory position in Great Britain and Northern Ireland. The intention is to comply as much with the spirit as with the letter of the legislation and to establish and pursue an effective policy of promoting equal opportunity. In Great Britain it is generally unlawful to discriminate on grounds of colour, race, nationality, ethnic or national origins under the Race Relations Act 1976. Under the Fair Employment (Northern Ireland) Act 1976 it is unlawful to discriminate in employment matters on the grounds of religious belief and political opinions.

*1. Race Relations Act 1976 Section 1(1)

A person discriminates against another in any circumstances relevant for the purposes of any provision of this Act if:

- a. on racial grounds he treats that other less favourably than he treats or would treat other persons; or
- b. he applies to that other a requirement or condition which he applies or would apply equally to persons not of the same racial group as that other but:
 - i. which is such that the proportion of persons of the same racial group as that other who can comply with it is considerably smaller than the proportion of persons not of that racial group who can comply with it; and
 - ii. which he cannot show to be justifiable irrespective of the colour, race, nationality or ethnic or national origins of the person to whom it is applied; and
 - iii. which is to the detriment of that other because he cannot comply with it.

1.3 It is essential that this policy should be clearly communicated to all management and staff and should therefore be published in, for example, office notices, circulars, information on promotion and departmental staff handbooks. It should also be made known to potential applicants, through recruitment and careers literature and job advertisements, that the Civil Service is an Equal Opportunities Employer.

2. Departmental responsibility

2.1 Although the Management and Personnel Office is responsible for developing, formulating and promulgating the policy for the Service as a whole, operational responsibility lies with the Principal Establishment Officer of each department, under the direction of the head of that department. Personnel Divisions and line managers are responsible to Principal Establishment Officers for ensuring that all staff for whom they have responsibility are aware of this policy of equal opportunity and that there is no unlawful discrimination of any kind. For an equal opportunity policy to be effective it must be adopted at all levels of management and supervision.

2.2 An officer should be designated within each department to be responsible for co-ordinating the equal opportunity policy and to act as an inter-departmental liaison officer with the Management and Personnel Office. In larger departments it will often be appropriate for officers to be designated with this responsibility at regional and/or local levels.

2.3 Existing joint management/union machinery should be used at departmental and where appropriate local levels to plan and oversee the implementation of the policy on a continuing basis. Similarly joint machinery at national level should be responsible for monitoring equal opportunity policies and programmes on a Service-wide basis.

3. Individual responsibility

3.1 The existence of law cannot of itself ensure that any policy of non-discrimination will work effectively. This will be achieved only if staff at all levels examine critically their attitudes to people and ensure that no trace of discrimination is allowed to affect their judgement. In this connection staff should be aware of the forms which unfair discrimination can take, guard against them and avoid any action which might influence others to discriminate unfairly.

4. Unconscious discrimination

4.1 Care should always be taken to guard against the more subtle and unconscious varieties of discrimination which may not easily be perceived. These may result from general assumptions about the capabilities, characteristics and interests of particular groups which are allowed to influence the treatment of individuals or groups. They may also take the form of applying conditions or requirements, without considering whether they operate disproportionately to the disadvantage of particular groups. Any such requirements must be shown to be justifiable within the spirit and terms of the Race Relations Act. Unconscious discrimination may show itself in several ways:

a. Staff may be directed into particular types of work on the basis of these general assumptions without sufficient regard to the particular attributes and abilities of individuals.

b. Preconceptions about the ability of ethnic minority staff to supervise may be allowed to affect recruitment or promotion to supervisory positions.

c. The allocation of work, and the recruitment or promotion of ethnic minority workers into particular posts, may be affected by assumptions about the reaction of other staff and/or members of the public.

d. There is a risk that "double standards" may be used in making judgements of merit, and that different standards may be used according to the ethnic or national origins of individuals.

e. Assumptions about a command of English or ability of ethnic minority staff to communicate that are not based on evidence of actual capacity may affect decisions on recruitment, promotion or postings.

4.2 These and similar kinds of behaviour may occur without conscious intention to discriminate, and without giving rise to complaints by those affected. Line managers should take particular care to be seen to be impartial in their dealings with all staff. When interviewing ethnic minority staff - whether in job appraisal reviews or in the course of day to day business - they should ensure that their own conduct accords with the policy in this statement and ascertain whether any difficulties discussed are due directly or indirectly to race, colour etc and take all appropriate action to deal with any discrimination.

5. Recruitment, Selection for training, Allocation to duties and Promotion

5.1 Eligibility criteria for recruitment should be formulated to ensure that they are related to job performance and are non-discriminatory. These criteria should be included in the information sent to prospective candidates about any scheme of recruitment. Those which could act as discriminatory barriers to the employment of staff from the ethnic minorities should be identified and reviewed. Similarly, any tests used in recruitment, training or promotion should be examined to ensure that they are related to job performance and are non-discriminatory.

5.2 Selection and promotion board decisions and reasons for such decisions should be recorded at each stage of the selection and promotion process. Where recording the criteria used at each stage of the process is sufficient to explain the decisions of selection and promotion boards, this will be an adequate record.

6. Training

6.1 Training and information can play a major part in the promotion of equal opportunity. It is essential that departments should make every effort to ensure that all those with managerial and supervisory responsibilities perform those duties with full regard to all the implications of the equal opportunities legislation. The policy described in this statement should be explained wherever possible in management courses, and in literature and circulars as referred to in paragraph 1.3 above.

6.2 The Race Relations Act 1976 (Section 38) provides, *inter alia*, that where members of particular racial groups have been under-represented over the previous twelve months in particular work, employers may encourage them to take advantage of opportunities for doing that work or to provide training to help them attain the skills needed for it. Departments should be aware of this provision and should take it into account in arranging, or in providing guidance on, equal opportunity training.

6.3 Where the workforce includes employees whose knowledge of English is limited, steps should be taken by departments to assist those employees who have

difficulties to improve their command of English so as to ensure more effective performance and better communications within the organisation.

7. Advertising

7.1 Advertisements whether internal or external (this includes all media, leaflets, posters, films and other visual aids) must not indicate, or appear to indicate, an intention to discriminate in selection for recruitment, promotion, training or transfer.

7.2 In all areas of advertising care must be taken to ensure nothing is said about Civil Service policies or activities which might be interpreted as reflecting any form of discrimination.

7.3 Advertisements should not be confined unjustifiably to those areas or publications which would exclude or disproportionately reduce the numbers of applicants of a particular racial group. Where appropriate, consideration should be given to advertising in publications of special interest to ethnic minorities in addition to wider press advertising.

7.4 Where a particular qualification is required it should be made clear that a fully comparable qualification obtained overseas is as acceptable as a UK qualification.

8. Complaints of discrimination

8.1 **Grievance procedures.** All civil servants should be made aware of the grievance procedures which are available to them, including the right to request a formal written explanation of treatment they believe to be discriminatory.* A written explanation should also be given to those job applicants to the Civil Service who claim that a refusal to offer employment was discriminatory.

8.2 **Tribunals.** Employees who think they have been discriminated against and who consider they have failed to secure adequate redress have a legal right to take their case to an Industrial Tribunal. In these circumstances complaints can be brought against managers as well as against the employing department.

9. Agreement

9.1 This policy has been jointly agreed by the Official and Trade Union Sides of the National Whitley Council and all parties affirm their full support for the principle of equality of opportunity and are concerned that there should be a practical and generally accepted programme for action. They are determined that everything possible is done to ensure its full and effective implementation.

*Form RR65 is available for this purpose.

QUESTIONNAIRE 1

DEPARTMENTAL RECRUITMENT (Non-industrial)

The instructions issued from the Management And Personnel Office, including the Civil Service Commission, are contained in the following: Establishment Officers' Guide 7000-7389, and General Notice Gen 76/24 dated 6 April 1976.

Rec/Inst 1, 2, 3, 4, 5

Discrimination - Note for Guidance of Selection Boards
SB/Notes [Departmental Recruitment of Clerical Officers and Clerical Assistants.]

1. Which recruitment instructions, including those issued by the Civil Service Commission, are sent to every recruitment point in your department?
2. Are all vacancies advertised in the press either collectively or individually?
3. If the answer to 2. is No, please say to what extent vacancies are advertised in the press either collectively or individually?
4. To what extent are all vacancies notified to Job Centres?
5. What is the minimum number of officers involved in the sifting of application forms?
6. Do you have explicit sift criteria?
7. What is the minimum number of officers constituting an interview board?
8. On what occasions are the Civil Service Commission notes for guidance of selection boards issued to every member of a selection board?
9. How do you ensure that they are seen by all board members?
10. How do you ensure that all board members are made aware of the policy to avoid racial discrimination?
11. How are all board members warned of the dangers of unconscious discrimination?
12. How frequently are all board members reminded of the policy to avoid racial discrimination and of the dangers of unconscious discrimination?
13. Are the reasons for rejection of a candidate at a selection board recorded? Please say how this is done.
14. Are the reasons for rejection recorded at any other elimination stages? Please say when and how this is done.

QUESTIONNAIRE 2

DEPARTMENTAL RECRUITMENT (Industrials)

1. What recruitment instructions are sent to every recruitment point in your Department?
2. How do you select industrial candidates for interview?
3. Do candidates complete application forms, etc, before or after interview?
4. If application forms are completed before interview, how many officers are involved in the sifting process?
5. Do you have explicit sift criteria?
6. Who interviews for industrial recruitment? What is the minimum number of officers involved in interviewing? Is the interviewing done by these officers concurrently or successively?
7. On what occasions are CSC notes for guidance for selection boards issued to all officers concerned with the selection of candidates for industrial employment?
8. How do you ensure that they are seen by all concerned?
9. How are all officers concerned with the selection of candidates for industrial employment made aware of the Civil Service policy to avoid racial discrimination?
10. How are the officers referred to in 9. warned of the dangers of unconscious discrimination?
11. How frequently are the officers referred to in 9. and 10. reminded of the policy to avoid racial discrimination and of the dangers of unconscious discrimination?
12. Are the reasons for the rejection of a candidate recorded during the selection process? Please say how this is done.
13. Are the reasons for rejection recorded at any other elimination stages? Please say when and how this is done.

QUESTIONNAIRE 3

GENERAL

New entrants

1. Are all new entrants made aware of the Civil Service policy to avoid racial discrimination?
2. Please say how new entrants are made aware of the policy to avoid racial discrimination?

Allocation to duties

3. What general instructions are issued to members of the Personnel Divisions engaged in the initial posting of staff?
4. Do the instructions referred to at 3. include any references to the dangers of unconscious discrimination? If so, please say what they are.
5. What general instructions about allocation to duties are issued to line managers at all levels down to the basic supervisory grades?
6. Do the instructions referred to at 5. include any references to the dangers of unconscious discrimination?
7. What steps are taken to ensure that no discrimination is practised by line managers and supervisors in the allocation of duties to staff from the ethnic minorities?
8. What procedures are followed to ensure that staff from the ethnic minorities are not kept indefinitely in routine jobs?

Staff reporting

The instructions on staff reporting are contained in Annex C of Establishment Officers' Guide paragraph 9871

9. Is anything said about discrimination and the Civil Service policy to avoid racial discrimination in the notes for guidance to reporting officers? If so, what is the content?
10. On what occasions are these instructions issued to every member of staff responsible for completing or counter-signing a confidential annual report?
11. How do you ensure that these instructions are seen by reporting officers and counter-signing officers?

Career interviews

The instructions issued from MPO on career interviewing are contained in Establishment Officers' Guide paragraph 10062

12. What instructions on discrimination are issued to all staff undertaking career interviews?
13. Are reminders issued to all such staff? If so, how and with what frequency?

QUESTIONNAIRE 4

PROMOTION

The instructions issued from MPO are contained in CSD Circular GEN 75/38

1. What is the minimum number of officers involved in the sifting for a board?
2. What general instructions do you issue to staff responsible for selection for promotion?
3. How do you issue your instructions - what are the procedures?
4. On what occasion are these instructions issued to every officer responsible for sifting for promotion boards?
5. Do you have explicit sift criteria?
6. On what occasions are these instructions issued to every member of a promotion board?
7. What do your instructions say about the Civil Service policy to avoid racial discrimination?
8. What do your instructions say about the dangers of unconscious discrimination?
9. How do you ensure that they are seen by all board members?
10. How do you ensure that all board members are made aware of the policy to avoid racial discrimination?
11. What training is given to all board members?
12. When is this training given?
13. Is the subject of discrimination included in the training? If so, to what extent?
14. Are the reasons for the rejection of a candidate recorded during the selection process?
15. If the answer to 14. is Yes, please say at what stages of the selection process the rejection is recorded. Please also say how this is done.

Promotion boards where candidates are not interviewed

16. With what general instructions are the board members provided?
17. What do these instructions say about:
 - a. the Civil Service policy to avoid racial discrimination?
 - and b. the dangers of unconscious discrimination?

QUESTIONNAIRE 5

SELECTION FOR TRAINING

1. How are individuals selected to attend training courses?
2. If attendance is by way of self nomination does the applicant have to pass through the line manager and/or the head of branch/division?
3. If the answer to 2. is Yes, what criteria are used for nomination/rejection?
4. Does any "sifting out" occur in the Training Section?
5. If the answer to 4. is Yes, on what basis is this done?
6. How do you ensure that the officers involved in selecting staff for training are made aware of the Civil Service policy to avoid racial discrimination?
7. How are the officers involved in selecting staff for training warned of the dangers of unconscious discrimination?

AREAS COVERED

Aldermaston	Lytham St Annes
Bedford	Manchester
Birmingham	Midland Region (DEmp)
Blackburn	Midland Region (PSA)
Bootle	Midland and Oxford Circuit (LCD)
Bracknell	Newcastle on Tyne
Bristol	Norwich
Burnley	Nottingham
Cardiff	Preston
Cheltenham, Glos	Reading
Crawley	Rosyth
Derby	Runcorn
Durham	South Eastern Circuit (LCD)
Edinburgh	Southampton
Fylde	Stafford
Glasgow	Sunningdale
Harrow	Swansea
Leicester	Swindon
Liverpool	Wales (PSA)
Llantrisant	Weymouth
London	Yorkshire and Humberside Region (DEmp)

CIVIL SERVICE COMMISSION
DISCRIMINATION
NOTE FOR THE GUIDANCE OF SELECTION BOARDS

REVISED MAY 1981

Ref SEC 181/182/01
SEC 144/223/01

1. It is a cardinal principle of the Commissioners' recruitment work that prejudice in matters of colour, race, sex, religion, politics, etc should be excluded. The Board Chairman (or the Commissioners' representative on a Board not arranged by the Commission) must make it his special concern to ensure not only that no prejudice of this kind operates, but also that no candidate has any grounds for thinking that it enters into the Board's questioning or assessment.

Racial discrimination

2. There is a particular danger of misinterpretation in the case of ethnic minority candidates, who, if unsuccessful, may well assume that they have been at a disadvantage because of their colour. It is especially important to ensure that the interview should give them every chance to show their quality, and Board members must take care that neither the form nor the tone of any of their questions gives any suggestion of colour prejudice.

3. In the Board's assessment, coloured candidates, like all other candidates, must be judged solely on the suitability of their qualifications, relevant knowledge, experience and personal qualities. There must be no question of applying different standards according to the ethnic or national origins of candidates, and the Board should be on its guard against the more subtle and unconscious varieties of discrimination which can result from general assumptions about the capabilities, characteristics and interests of such groups. For instance, the Board should avoid any preconceptions about the ability of coloured or immigrant staff to supervise, or about the possible reactions of white staff or members of the public to the employment of coloured workers in particular posts. A coloured candidate is as acceptable as anybody else, and the Board will normally have no difficulty in recognising the merits of a candidate of clear intellectual ability with a good record of relevant experience.

4. The Board should consider carefully such matters as personality and powers of communication. There may be little evidence about a candidate's capacity to tackle work of the kind which would have to be done in a Civil Service job, or to work in harmony as a member of a team. Powers of communication are obviously of the highest importance; a civil servant who cannot readily follow instructions given by his superiors or who is not easily understood by members of the public in personal interviews or on the telephone cannot do an effective job. Whatever allowance the Board may justifiably make for the difficulties of candidates from overseas, it must judge them in the last resort on the same terms as other candidates, in whose case powers of communication would be looked for as a matter of course. The Board should, therefore, consider carefully the suitability of a candidate who finds it difficult to communicate. But it is important that the Board's judgement should be based on the evidence as a whole, including the interview performance, and not on any subconscious assumptions about coloured candidates' ability to communicate. Where the Board decide that a candidate has to be excluded largely on such grounds, a note should be made on the rating form or record card.

5. The Board is not concerned with the acceptability of candidates on security grounds; where that question arises (for example, with candidates who have lived in this country for only a short time), it is entirely a matter for the prospective employing department and should not be allowed to influence the Board's general assessment of the candidate.

Sex discrimination

6. Care should be taken to avoid asking female candidates the kind of questions which could not also be asked of men and *vice versa*, as such questions might be interpreted as evidence of discriminatory practice in employment under the Sex Discrimination Act 1975. It should be noted that under that Act discrimination on the grounds of marital status is unlawful as well as discrimination on the basis of sex.

General

7. Where a candidate is not recommended for appointment, the Chairman should indicate on the rating form the candidate's strong and weak points and, wherever practicable, the reasons why he is considered less suitable for the job than those who are recommended for appointment. The Commissioners find such comments especially valuable when they are called upon to reply to complaints or to MP's enquiries regarding alleged discrimination. The Chairman should retain his own fuller personal notes in case any question arises later. In view of the possibility of complaints of unlawful discrimination being made to Industrial Tribunals by unsuccessful candidates, it should be borne in mind that Selection Board reports, rating forms, and the Chairman's notes may sometimes have to be produced at Tribunal hearings or in a Court of Law. The Tribunal or Court may order the discovery (ie the production) of such documents relating not only to the complaint but also in respect of other candidates who were interviewed in the same group or by the same Board.

PRIME MINISTER

PROMOTION BLOCKAGES IN THE CIVIL SERVICE

Attached at Flag A is a submission from Lord Gowrie about promotion blockages in the Civil Service. He seeks your agreement to two specific proposals:

(i) A special early retirement scheme for senior staff.

(ii) An efficiency scrutiny of the way in which departments identify and develop internal talent.

You will also wish to consider comments from Sir Robin Ibbs at Flag B, and from the Policy Unit at Flag C.

Both Sir Robin Ibbs and the Policy Unit see the same flaw in the proposed early retirement scheme - there is no proven link between the cost and the return (which must be assumed to come from an improvement in the performance of the Civil Service as a whole).

It may be that the return is by its nature unquantifiable. The costs, however, will be obvious. Quite substantial sums will be paid out in individual cases - for example £106,000 for an Under Secretary aged 56 retiring after 32 years service. The average cost is put at £60,000 per retirement. There are of course significant off-sets against these figures, in the form of salary payments that would have been made, and lump-sum superannuation payments otherwise due at age 60. But large payments are bound to attract criticism, however well justified.

Agree a response along the following lines:

(i) You are content for the efficiency scrutiny on the use of internal talent to go ahead, and you would like Sir Robin Ibbs to be associated with it.

(ii) You are keen to see progress in removing ineffective civil servants and improving career prospects for talented younger staff, but you have some doubts about the efficacy of the proposed early retirement scheme.

(iii) In particular -

(a) Its cost-effectiveness, in terms of improved civil service performance, is unproven.

(b) The numbers involved are small.

(c) The cost per individual is ^{very} high.

No. (iv) Nevertheless, because of the severity of the underlying problem, you are prepared for the scheme to go ahead on the basis proposed (i.e. one year only, at a cost not exceeding £6 million). But you would like the results to be very carefully evaluated, in terms of

(a) Who goes.

(b) Who is promoted.

(c) Is there a measurable return on the investment.

And you would like a full report on the scheme in due course.

13 January 1984

Sub Before proceeding to (iv) I should like Lord to consider the points made by Robin that the cost is a lot of money unless we get the right results job

PRIME MINISTERPOLICY UNIT
13 January 1984PROMOTION BLOCKAGES IN THE CIVIL SERVICE

Our advice is that before agreeing to Lord Gowrie's proposal to implement the special early retirement scheme you should ask for rather more evidence that it is a cost-effective way of improving Civil Service performance.

There is a tendency to over-react to the consequences of reducing Civil Service numbers. The point should not be lost sight of that the Civil Service is not there to provide satisfying career prospects for its members but to perform the tasks which the Government considers important. Civil Service numbers have been reduced in the belief that many functions hitherto performed by civil servants are unnecessary, and in some cases, counterproductive. This implies that some civil servants, current and potential, could do work outside which would be of greater value. In my own judgement, a number of able officials would be more useful working in industry than "sponsoring" it, often at considerable cost to the taxpayer and consumer.

The costs of the scheme are high: £60,000 a post. Part of this is accounted for by bringing forward the lump sum payments by five years. Disregarding this purely timing point, the scheme involves an increase in salary costs of 100% in the first year, 50% in the subsequent four years, in order to replace older by younger staff. These are high premia: are they worth it? In terms of getting better people into senior posts, this must be doubtful. The scheme can only justify itself in terms of "improved morale". The paper gives no evidence of a morale problem - an overworked phrase in a number of situations where Government has imposed changes or added stringency. Resignations at Principal level and above are low as a proportion of the staff in those grades, and are falling (178 in 1979, to 108 in 1982). Evidence suggests that it is those with the most marketable skills which are more likely to leave - tax inspectors, medical officers and Treasury Principals. This last group worries the MPO because nine of the best Treasury Principals left in the last eighteen months, probably helped by their link with the buoyant financial sector. But it is not clear that the scheme would address this question since it would not make a special point of promoting those with marketable skills.

Morale is bound to be adversely affected by promotion blockages but any employer would have to ask: has morale actually affected performance? The paper is silent on this point. Unless there is some evidence, even of an indirect kind, that Ministers are failing to secure the commitment they need, for morale reasons, it is difficult to see that the early retirement scheme is cost-effective in management terms.

We recommend that Lord Gowrie be invited to consider these points.


NICHOLAS OWEN

MANAGEMENT IN CONFIDENCE

PRIME MINISTER

PROMOTION BLOCKAGES IN THE CIVIL SERVICE

Lord Gowrie kindly sent me a copy of his minute dated 6 January.

In ICI we recognised some years ago the need for a scheme that would enable people to retire early with dignity and so allow good staff to be moved up through the organisation to ensure the good health of the Company. I therefore commend the principal of setting aside money to enable this to happen.

However, as a Director of ICI I should want to be sure that spending £6 million to secure 100 additional retirements would enable a substantial improvement to be achieved in the upward flow of good staff and in the quality of people in key positions. It is not clear from the papers whether this proposal will go a considerable way to solving the fundamental problem or whether it will affect (at high cost per vacancy created) only the tip of the iceberg; Lord Gowrie says "the numbers affected are comparatively small". Quite simply does it offer good value for money? In considering this I would also need to be assured that the right people would be promoted as a result.

How will individuals to be retired be chosen? Those who wish to go may not necessarily be the worst and some may be in departments which lack good people to promote. A tradition of evenhandedness within and across departments could make it difficult to be properly selective. I note that "individual cases would be submitted to the Cabinet Office (MPO)". But, quite apart from the risk of additional bureaucracy, I wonder if they can exert sufficient influence on what happens in a department after a retirement to ensure that a good return is obtained on the cost involved in an early retirement.

I suggest that you should seek assurances on the above points from the Head of the Civil Service and that it might be helpful if he reported back at the end of 1984/85 the results achieved by these proposals.

I believe the proposals draw attention yet again for the need to develop arrangements for merit pay - indeed, Lord Gowrie mentions this. I appreciate the importance of promotion as a motivating factor and also the need for any merit pay scheme to foster and not conflict with the concept of public service. However, the prospect of promotion will inevitably be a less powerful motivator in a civil service which is contracting and 100 additional retirements will not be sufficient to transform the situation. The suggested retirement scheme will not, for example, do much to help the good EO in a local office who often will have to wait many years before he or she has a chance of promotion.

I am copying this to Lord Gowrie, the Chancellor of the Exchequer and to Sir Robert Armstrong.

ROBIN IBBS
12 January 1984

12 JAN 1984

12
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6 5

COMMISSION





MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

PROMOTION BLOCKAGES IN THE CIVIL SERVICE

1. The minute attached makes specific proposals for a special early retirement scheme for senior civil servants. This will help to improve promotion opportunities for our brightest younger staff. The scheme is agreed with the Chancellor of the Exchequer and could be implemented immediately.
2. But the numbers affected are comparatively small, and I am reporting also on other measures which we could take in the longer term to deal with promotion blockages in the Civil Service. There is more work to be done on these and I propose to make recommendations on them to you and colleagues in the Spring.
3. The contraction in the size of the Civil Service which has been achieved since 1979, and particularly the reductions at senior levels, have inevitably reduced promotion prospects at all levels. Many other organisations in both the public and private sectors are in the same position. We, like them, have to decide how far we should go to relieve the resultant blockages. If we do nothing, morale and hence efficiency will suffer and a number of staff - including the brightest and those with specialist qualifications - will leave; there are already signs of this happening and the impact will increase with the years. Buying out staff through early retirement will help as a short-term measure. It is not unduly expensive in aggregate, if it helps to improve effectiveness and morale in the public service. But it does involve compensation terms to individuals which seem, and could be attacked as, too generous. Moreover there is an unavoidable risk that good-quality staff will take these terms as an incentive to go, as well as the staff we can afford to lose. Improving rewards other than promotion such as merit pay (on which I will be reporting to you shortly) is also expensive. But I believe that we need to do something and even with the measures we have in mind promotion prospects will still be poorer in the next decade or so than they have been for many years past.
4. If we wish to tackle the problem, therefore, we will have to take some risks: both of losing good as well as not so good staff, and of appearing to be generous in the terms we offer.

5. I recommend that we implement the special early retirement scheme for senior staff straightaway. For the longer term, colleagues will need to decide how much we can afford to spend to relieve promotion blockages throughout the Civil Service, balancing the expenditure that may be involved against the need to maintain the quality and motivation of our staff.

6. I am sending copies of this minute to the Chancellor of the Exchequer, Sir Robert Armstrong and Sir Robin Ibbs.

sg.

LORD GOWRIE

6 January 1984



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

Introduction

This minute describes the lines on which we are thinking for dealing with the problems of career and personnel management created by the reductions in the size of the Civil Service (particularly at senior levels). I shall be reporting further in due course on progress on the various matters discussed in paragraphs 4 to 11. In the meantime I seek your agreement to two immediate measures:

- (a) the introduction for one year of an extension of the existing premature retirement arrangements to cover retirements at senior levels, at management initiative or with management agreement, to ease promotion blockages (paragraphs 13 to 15);
- (b) an efficiency scrutiny of the means used to identify and develop internal talent (paragraph 17).

Promotion prospects and blockages

2. In your summing up of the discussion of public expenditure at the Cabinet on 21 July (CC(83) 24th Meeting, Minute 5) you said that it might be necessary, given the reductions in the size of the Civil Service, to establish early retirement terms which would facilitate premature retirement from the higher ranks of the Civil Service where that would improve promotion prospects of talented younger staff; and you subsequently asked the Secretary of the Cabinet to make proposals to this end. This minute reports progress on those remits, and on related work which the Cabinet Office has in hand to deal with some of the career and personnel management problems to which reductions in the Civil Service numbers are giving rise. The Secretary of the Cabinet has been associated with the preparation of this report and work leading up to it, and fully concurs in its conclusions.

3. The Cabinet Office has been reviewing the reduction in promotion prospects. I shall be letting you have before long a full report on this review, but it is clear from the work done so far that your concern about promotion prospects is very well founded. The problems created by the reductions in manpower

since 1979 are exacerbated by the scale of recruitment when the Service was growing in the 1960s and later 1970s. Blockages are already beginning to form, and they will become increasingly severe over the next ten years. To deal with the resulting problems will require us to take measures on motivation and incentives and on recruitment, as well as on early retirement.

Motivation and incentives

4. We are looking hard at possible merit pay schemes, taking advantage of the opportunities provided by the financial management initiative to develop defined tasks against which performance can be assessed. I will be reporting to you separately on merit pay shortly. Sir Robin Ibbs is contributing to our work on this. He, I know, thinks that we should be taking merit pay at least to Under Secretary level; so indeed do I, though we have to find a scheme which avoids the difficulties that led the Cabinet to reject a merit pay scheme for Under Secretaries during your first Administration.

5. We are looking hard at possible merit pay schemes and are consulting Sir Robin Ibbs who takes a keen interest. We hope to let you have a first report soon. There are of course technical problems arising from the size and complexity of the Civil Service; but there is also the major question of cost. Private sector experience suggests that a general scheme that is to be effective and successful will cost somewhere between 2 and 5 per cent of the total pay bill: that is, broadly between £100 million and £200 million, and probably nearer the upper than the lower end of that range. The benefits to be gained, on the other hand, are in their nature unquantifiable. Moreover merit pay could not be expected to commend itself to staff generally if they believed that the cost was to be met wholly or largely out of what would otherwise be available for a general pay increase, though, if matters were skilfully handled, it is not inconceivable that the introduction of merit pay elements into our general pay bargaining could lead staff and unions to accept a general lower pay increase than they would otherwise be seeking to achieve.

6. In the present system grading is pretty rigidly linked to the post, and it is almost impossible to promote somebody without moving him to a different job to which a higher grading is attached. Moreover our present arrangements for assessing the weight of the job and hence the rank of the person holding it, are not perfect. The boundaries are to a degree artificial. One possible form for rewarding merit would be to allow the possibility of personal promotions for individuals remaining in the same job.

Recruitment

7. One implication of the situation we face is likely to be acceptance of a considerably lower level of recruitment into the "fast stream" administration grades. We must clearly

MANAGEMENT IN CONFIDENCE

recruit enough very good talent to provide for the satisfactory running of the higher Civil Service in future decades. But that falls some way short of the numbers we need to do the work of the middle grades especially at Principal level. So a reduced level of "fast stream" recruitment of people newly graduated from the universities will need to be balanced by greater efforts to identify and develop our own internal talent; and probably by a greater readiness to recruit at later ages people who will not be looking for the same career expectations, on the lines of the Direct Entry Principal Scheme which was successfully revived last year.

Early retirement

8. Here we are looking at a number of possible changes:

- (a) We could introduce a scheme on the lines of the Canadian "85 year rule", under which a civil servant can choose to retire
by the age of 55 provided he has at least 30 years reckonable service. Canadian experience suggests that this scheme can be very attractive to staff who have reached the age of 55 or so and have no expectation of further advancement.
- (b) We could allow retirement at will at any age on an actuarially reduced level of pension.
- (c) We could allow retirement after the completion of a fixed period of service (say, 40 years which currently entitles a civil servant to full pension) as an optional alternative to retirement at a fixed age (60). This would be a particularly useful means of encouraging retirement before age 60 by staffs mainly at junior and middle management levels who joined the Service before the age of 20.

9. We are also looking at various alternatives to early retirement, for instance:

- (a) Encouraging people to take an outside employment before they reach retiring age. In particular:
 - (i) A civil servant who is appointed to a job in the gift of Ministers - a directorship in a nationalised industry, for instance - is debarred from receiving the full pay of the new job and his Civil Service pension: in other words, his new salary is "abated" so that the total of salary plus pension does not exceed the current salary of his last job in the Civil Service. A civil servant who goes to a job in private industry - or indeed to a job in the public sector which is not a Ministerial appointment - does not have to suffer this abatement. We could consider removing this discrimination.

MANAGEMENT IN CONFIDENCE

- (ii) At present we refuse early retirement terms to a civil servant whom we know wishes to leave in order to take up well paid employment outside. If we allowed such a man to take early retirement terms we should get some more early retirements.
- (b) Providing alternative employment within the public service, for instance:
 - (iii) We could be readier to consider, when circumstances permit, the filling of a post at a certain level by someone of higher rank without loss of pay. In effect we would be recognising, as the French do, that there are posts in which wisdom and experience count for more than "cutting edge" and which can be more than adequately filled by older staff. Our scope for matching horses to courses is unfortunately less than that of the French Government - which ruthlessly exploits the patronage at its disposal - but any possibilities which do emerge should not be neglected.
 - (iv) As a variant of this we could look at a scheme (again like one that operates in Canada) whereby up to five people can be employed at Permanent Secretary level in the Cabinet Office as special advisers, and used for special assignments as directed by the Prime Minister.

10. All of these measures to encourage early retirement would help to create promotion vacancies. Some would require agreement with the unions; failing that, we might need legislation. They would all also involve costs; and it is only realistic to recognise that it would not be just "deadbeats" who went: we should be bound to lose some people of high talent and vigour. So we should need to take a conscious decision to face the risk of criticism, and to be ready to justify the cost of the measures and the benefits to particular individuals by reference to the effectiveness and welfare of the public service.

11. I am in touch with the Chancellor of the Exchequer about the ideas which I have been describing, and I shall be reporting further to you when we have definite proposals to make. I hope to be in a position to combine some of those proposals with my report to you on the review of promotion prospects and blockages (see paragraph 2 above). But I do not think we need necessarily think in terms of a "package" of measures all announced together. It may make better sense to take them in series, introducing (and where appropriate announcing) each measure when we are ready to do so.

Immediate measures

12. There are, however, two measures which I should like, with your agreement, to take immediately and which can be taken without formal agreement with the unions (though I have no reason to suppose that they would object to them) and without legislation.

13. First, I should like to extend the criteria for early retirement at senior levels, to permit premature retirement for the express purpose of easing promotion blockages. The present criteria include medical reasons, redundancy following structural change, and diminished efficiency. The terms would allow a senior civil servant (with his Department's agreement) to retire before reaching the age of 60, drawing immediately the lump sum and an annual pension at the level which he would have earned by the age of 60, plus a compensation sum (untaxable) which can be as much as six months' pay but reduces, the closer the individual concerned is to being 60 years of age.

14. The cost would vary according to individual circumstances; but (ignoring the lump sum, which is simply an existing cost brought forward), the typical extra cost of retiring an Assistant Secretary aged 55 would be about £25,000 in the first year and half that sum annually thereafter until age 60.

15. The scheme would last for a year, ceasing at the end of 1984. It would be confined to staff aged 55 and over in grades from Permanent Secretary down to Assistant Secretary (or exceptionally Senior Principal). Departments could approach particular individuals to see if they would be willing to leave under the scheme; the terms available should be sufficient to encourage most if not all of those approached to agree to go. Individual cases would be submitted to the Cabinet Office (MPO), which would scrutinise each proposal with an eye on the specific structural and managerial advantages to be gained.

16. The Chancellor of the Exchequer has agreed to the provision of £6 million to cover the costs of such a scheme in 1984. Three-fifths of that amount are accounted for by the premature payment of lump sums which would in any case have to be paid to the individuals concerned when they reached the age of 60. This would be sufficient to finance about 100 additional early retirement at senior levels, and as a consequence promotion opportunities at about the same number at each lower grade.

17. The other immediate measure I should like to take relates to the development of internal talent. If we continue to keep "high flier" recruitment down to the historically low levels of the last two years - as I believe we shall have to - we shall have to put even more emphasis on the development of internal talent. I propose, with Sir Robin Ibbs's agreement to launch an interdepartmental scrutiny of the means used to identify and develop such talent. The scrutiny would be on normal efficiency scrutiny lines, and the Efficiency Unit would contribute to it.

MANAGEMENT IN CONFIDENCE

I intend that work should begin this month, with reports available for consideration by Ministers in June.

18. I am sending copies of this minute to the Chancellor of the Exchequer, Sir Robert Armstrong and Sir Robin Ibbs.

R.G.

LORD GOWRIE

6 January 1984



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 20/22

22nd December 1983

Dr RA

*nbpm
DWB
23/12*

*attachment to
See Reesley to DB
16/11*

Thank you for your letter of 15th November, in which you sought my advice on how my Department would be responding to the Government's efficiency programme.

Clive Whitmore has explained to you the outline of our strategy. The MINIS process has, as you have realised, a central position. It has already helped us to start work on clarifying management's objectives and responsibilities, and to define the need for change. As a result of the early MINIS meetings, I have set out to the Department some basic principles of management which I believe we should be applying to Defence, and am now concerned to see these turned into a programme of action related to the needs and circumstances of my Department, particularly to ensure that resources are applied to best effect in terms of combat effectiveness and deterrent value.

The course we are now charting brings together work on efficiency and on the Financial Management Initiative. Like you, I want to see lasting reforms achieved, especially in financial and personnel management; and I therefore welcome your support. There needs to be a change in the methods and style of management, as much in Defence

Sir Robin Ibbs



as elsewhere, which will require a concerted departmental programme. To help us in our task, I have acquired the services of Peter Levene, Chairman of United Scientific Holdings, as a part-time personal adviser, for the first half of 1984.

As you might imagine, the MOD has in hand at any moment a large programme of efficiency studies of various kinds, much of it at a micro-level geared to individual problems in the Armed Services and in the Ministry. Virtually no area escapes study of some sort. Although valuable in themselves, I believe that greater value is to be obtained from bringing together all this work within a single framework, targetting our effort where it is most likely to provide the greatest pay-off. At my request the work in hand or planned has been brought together in the attached Annexes so that I can judge how well it fits the major objectives which I have already set as "management principles". At this stage, this programme is provisional since I may wish to redirect some work or to commission new studies, particularly in the field of organisation. I shall arrange for you to be kept up to date with these developments.

For the present, I should draw your attention to the notes on MINIS and the development of responsibility budgets (Annex A), which form a very major part of my strategy for improvement. I should be happy for my officials to continue to keep you in touch with what we are doing. You will see that the other Annexes describe a great deal of other work, planned or now going on, most of it being conducted or led by MOD Service or civilian officials, but with increasing use of outside expertise.

It will be clear to you that our programme of work cannot be directed merely to the MOD's "headquarters", or to our civilian manpower. It has to encompass the Services - an unique dimension, in terms of the Government's efficiency programme. For example, the series of Army studies characterised as "Exercise LEAN LOOK" - mentioned



briefly at Annex C - is designed to seek very substantial economies indeed in support manpower to the advantage of the Front Line. Another study with an important military dimension is the examination of a proposal to create an RAF Maintenance Executive (described at Annex C) being carried out by Sir Alec Morris.

Studies of which you might take particular note for the present are the important review of Service and civilian manpower control systems (Annex A, para 6), and the proposed management audit of Marine Services (Annex B, para 4).

I hope this is helpful, if interim, advice on how our plans for 1984/5 are shaping up. As you suggest, you are welcome to discuss it further with my officials. I have asked the Director General of Management Audit to coordinate the study programme, and you and your staff should feel free to contact him to find out more about our developing defence efficiency programme.

I am sending a copy of this letter to the Prime Minister, the Chancellor of the Exchequer, and to Sir Robert Armstrong.

Michael Heseltine

THE MANAGEMENT INFORMATION AND BUDGETARY FRAMEWORK
FOR ACCOUNTABLE MANAGEMENT

1. The introduction of MINIS in MOD has provided a framework for the further development of management information and budgetary control in MOD. Work has been underway in MOD for some time on developing the concept of responsibility budgets, and the development of a comprehensive budgetary strategy within the MINIS framework will be one of the main objectives for efficiency work in 1984/85.

MINIS

2. The MINIS process will continue in 1984/85 with the second round. It is planned to start information collection in February, aimed towards MINIS meetings beginning in May. The coverage is to be extended to bring in "front line" Command Headquarters both in the United Kingdom and British Forces Germany. Changes to the format of information collected will be made to reflect the parallel developments in staff responsibility budgets. It is planned to introduce improvements into the management information provided in MINIS on procurement projects.

3. The general aims of the second MINIS round in MOD are the same as MINIS 1, and in particular the clarification of responsibilities for functions, the identification of areas for

further efficiency studies, or opportunities for greater competition or involvement of the private sector.

Responsibility Budgets

4. The strategic approach being developed envisages a wide application of responsibility budgets to line management areas, and individual executive operations, throughout the defence administration and support areas. Staff Responsibility Budgets (SRBs) are an essential part of the framework of management envisaged in the MINIS process, and are appropriate to organisations whose main or only inputs are staff and staff related. Work is in hand to design a system of such civilian staff budgets which will be computerised and which will be aligned with MINIS. In essence SRBs will be budgets of the civilian staff resources available to MINIS Senior Officers to meet their objectives to carry out their tasks as summarised in MINIS. The intention is that in due course the budget holder should have authority to vary the grade mix within his staff ceiling and to switch cash resources within his budget but these ideas will need to be developed through further study. The intention is to set up the staff budget system to operate from 1.4.84 to cover some 90% of MOD civilians (only excluding those in the front line).

5. An examination of the necessary arrangements for similar budgets for Service staff is being set in hand. The introduction of SRBs for civilian staff is in itself a substantial task, which

will absorb significant resources in 1984/85; developing SRBs for military staff (outside the front line) is likely to be more demanding in terms both of complexity and of systems development.

6. A major study next year (Crewe) is to examine the systems and practices of manpower control and scrutiny throughout the department, expose any resulting distortions of resource allocation and any other anomalies and inefficiencies, develop options for ensuring greater consistency between areas where greater efficiency would result and suggest improvements. Although wider in scope, this study will clarify the problems of introducing military staff budgets in the headquarters and support areas.

7. Other work planned for 1984 includes a detailed survey of line management units to identify management needs such as introduction and development of cost and management accounts and performance indicators, and to establish priorities for the introduction of new budgetary arrangements.

8. The decision has been taken in principle to introduce executive responsibility budgets (ERBs) on an extensive scale within the general support area, and the question of how this best can be achieved is now under detailed consideration. Trials of ERBs were inaugurated on 1 April 1983 and a review of these trials will be carried out in 1984/85. The basic concept is that a line manager should accept responsibility for achieving a

specified level of performance in a defined area of activity against an annual financial budget. The extension of these ERBs will involve a major management effort, and will absorb a significant part of the MOD's available management accountancy resources.

9. Work will continue in 1984/85 on the clarification of financial responsibilities and relationships in MOD, including the introduction of greater financial discipline in the funding of rationalised services. Financial training will be expanded in 1984/85, including both a new introduction to finance course, and an advanced Vote Management Course. A formal training course in investment appraisal is also to be introduced.

10. As part of the development of the overall budgetary strategy, work is planned to improve the control of administrative overheads which are budgetted for on an input basis, such as headquarters telecommunications, reprographic and graphics facilities, etc. A major study is to be undertaken in 1984 into headquarters accommodation in London. Work will continue into the requirement for a new defence fixed telecommunications system.

Inspection and Audit

11. As part of the Department's overall response to the Financial Management Initiative, consideration is being given to

was of strengthening the central capability for inspection and audit. The study is being carried out as part of the multi-departmental review (CIRC). This is likely to involve organisational change in this area in 1984.

Control of the Long Term Programme

12. Following organisational changes in 1982, improved arrangements are being introduced for the more systematic scrutiny and review of the long term defence programme, for improving flexibility within the programme and for the more effective determination of defence priorities. A number of changes have been agreed to the procedures for major equipment projects to reduce the administrative complexity of the decision making process. A standard format has been developed for presenting to Ministers the financial and factual information relating to equipment development and production decisions, and this will be in full use in 1984.

Specific Work on Budgets

13. Specific work on responsibility budgets is planned for 1984/85 in a number of areas of the department. Some details are given in Annex C. Further work will also be required on the budgetary framework for the Royal Dockyards, following the 1982 Hudson report on which decisions are still outstanding. The Special Adviser, Mr Levene, will be involved in further MOD consideration of this issue early in 1984.

ANNEX BTHE COST EFFECTIVE USE OF RESOURCESGeneral

1. One of the main thrusts of MINIS 1 has been to emphasise to senior line managers, and to individual MINIS Senior Officers, their responsibilities for securing the most cost effective use of resources. A great deal of efficiency work is already planned for 1984/85 within line management areas, and a significant effort will be required to carry through implementation in the next financial year of studies carried out last year or in progress now. In addition there is a small central programme of inspection and audit work designed to look at certain high priority areas on behalf of the Accounting Officers. US of S(AF) is also supervising through the TSSG a programme of studies into the rationalisation of training facilities, and there are a number of tri-Service studies in the supply field.

Management Audits

2. The management audit team led by the Inspector of Establishments(PE) which contributed to the MPO Multi-Departmental Review of the procurement of non-warlike stores is now examining the tasking, management and organisation of MOD's contract work (including the full range of purchasing

MANAGEMENT IN COM...
and specialist support provided by DGDC), with a view to identifying improvements in efficiency and effectiveness.

3. A management audit of a major defence ADP Bureau (Bureau West) by a multi-disciplinary team is planned to start in late Spring 1984.

4. A major special audit of the central functions of the Directorate of Marine Services, including study of the efficiency and credibility of the provision of marine services in certain regions, is under discussion as part of the 1984/5 DGMA programme.

Tri-Service Training and Supply Studies

5. A number of studies undertaken on a tri-Service basis will be continuing - or have now reached the implementation stage - in 1984 (several using outside consultants). They include:

- a. use of defence resources for engineer officer training. Consultant to report by end of 1983;
- b. combination of 3 single-Service Schools of Music into Defence School of Music proposed;

- c. Defence School of Languages (with anticipated savings of 11% on running costs, compared with current single-Service arrangements) to be established by end of 1984;
- d. ADP training - consultants have been reviewing balance of in-house and outside training;
- e. examination of scope for rationalisation/privatisation of physical training and seamanship training (reports expected in Spring, 1984);
- f. scope for rationalisation of training of Service dogs and resources devoted to Service horses (report by Spring 1984);
- g. recommendation that School of Physiotherapy should be closed and trained physiotherapists recruited from civilian life into an All-Commissioned Service (with estimated annual saving of £0.5M);
- h. 'Feeding Study' - looking at standards, efficiency and economy (including charging policy) of the system of Service feeding (report due by mid-1984);

j. recent PSA study completed of 'best practices' in Works Services for BAOR and RAF (Germany) now being considered jointly with MOD to determine how effectiveness of defence works can be improved.

Studies in Individual Line Management Areas

Navy Department

6. A number of measures are in hand designed to slim the Navy's shore training organisation (partly flowing from the Slimtrain study in 1981/82). They include:

- closure of several establishments by 1986, as recommended by Slimtrain (taking account of subsequent changes to requirements identified by CINCNAVHOME);
- co-location of RN and Army diving training on the HMS VERNON site (Portsmouth);
- in-house studies to improve utilisation of the Royal Naval Engineering College.

7. In addition, there are in hand a number of small-scale studies into RN branch structures, aimed at more effective use of manpower. The numbers requirement for the RNR and the RNXS is under study, as follow-up to a recent manpower audit.

8. Within the naval logistics area, there has been a recent study (Jones) of the dockyard support of Fleet and civil shore

establishments, and a follow-on study (Smithers, due in early 1984) aimed at establishing the costs of support and alternative arrangements where appropriate. The new Dockyard Efficiency Scheme is now fully operational at Devonport and should be implemented at Rosyth by the end of 1983 (Portsmouth being still at the development stage): it should help to meet lower manpower targets. At the Clyde Submarine Base, management consultants are designing an efficiency scheme (with savings of 400 staff looked for over 2 years).

9. In the Supply and Transport area, freight movement systems, storage requirements and packaging practices are being reviewed, with changes planned for 1985. New technology, with a view to staff savings, is being introduced to productivity and work measurement schemes. Consultants have proposed a more cost-effective maintenance cycle for vessels employed by the Marine Services, who are also planning to make greater use of ADP and to improve their overtime control system. Consultants are studying alternative support strategies, including procurement, to optimise naval aircraft availability, capability and Through Life Costs. Over the next year, an ADP work planning and monitoring system will be developed directed towards reducing turn round time for helicopter repair.

Army Department

10. Work for 1984 will include:

- PERFORMANCE IN COMBAT
- consideration/implementation of the major review of the Army's training organisation (Groom);

 - review of the functions of the Directorate of Army Education (report by General Sir Hugh Beach, assisted by outsiders, due in mid-1984);

 - follow-up to Rayner scrutiny on Service pay arrangements, including study of single input centre and single Manning and Record office, and combination of tasks;

 - review of provisioning and disposal procedures for spare parts;

 - aims to improve utilisation of Defence Estate by a Main Economy Review in each District (for which outside consultants may be needed);

 - follow-up work to recent management audit of Contract Repair Branch, REME;

 - the 22 studies planned to form part of Exercise 'LEAN LOOK' (see Annex C -terms of reference now being considered).

Air Force Department

11. Work for 1984 (not mentioned elsewhere) includes:
- implementation of study into structure of employment of civilian drivers (aimed at cost-cutting);

 - Air Secretary's study into more effective utilisation of GD manpower (scope for increasing flying tours of GD Squadron Leaders, age of entry, number of ground appointments and possible extension of Specialist Aircrew Scheme - for completion in early 1984);

 - study of Ground Branch Officers (optimum manning of Engineering, Supply, Administration and Security branches - for completion by March);

 - study of Ground Airman (review of terms of engagement, with a view to savings in training - for completion by March);

 - study of role of MOD training staff (commissioned by AMP - role of MOD and division of responsibility between MOD and Command staff for management of flying and ground training - for completion this month);

 - other follow-up action to the 2 reports by the Support Area Economy Review Team (SAERT).

The Procurement Executive

12. Within the PE, the following studies (in hand or awaiting implementation) are of particular importance:

- a. study of development of single management structure for the functions of the Land Systems R&D Establishments;
- b. detailed studies in first half of 1984 following the appointment of a single Director for the Sea Systems R&D Establishments;
- c. further implementation work on Rayner scrutinies of support services at R&D Establishments;
- d. staff inspection studies over next 18 months/2 years to follow up implementation of C of N's "New Look" organisation, with a view to establishing economies and increased efficiency;
- e. examination of project management within the Air Systems Controllerate including-allocation of manpower resources and means of improving effectiveness (to report by Spring 1984, led by a former DGRC);
- f. study in 1984/5 of in-Service quality assurance (RN),

to evaluate the requirement for ordnance safety assurance and to recommend alternative methods and resources; and of the requirement for the Principal Naval Overseers group and the use made of staff resources (not covered in the recent 'Interface with Industry' study, on which implementation work will continue in 1984).

Use of Information Technology and Statistical Techniques

13. A great deal of work is being done on the extension of ADP and other information technology as an aid to management (eg CERN's Central Information Retrieval System). In the Navy Department, for example, the Directorate of Naval Management Systems has in its programme work on about 60 separate projects (some involving outside consultants), almost all directed towards improved efficiency and/or staff savings. In the Army Department, a study (Ramsbotham) is to take place (reporting in mid-1984) into the Architectural Requirements of the Army Department General Purpose Computer System; and the Air Force Department are pursuing a number of computerisation proposals, in the wake of SAERT.

14. The overall direction of all this work was an issue raised at a MINIS meeting. The Chief Scientific Adviser is now undertaking a major review of the MOD's approach to Information Technology, aimed at recommending the strategy and organisation for all such development in the future.

15. Advances in the use of statistical techniques by management will also have a major part to play in the efficiency programme. In manpower planning work, a new system has been developed for extending statistics on RAF manpower, and it is being extended to the other Services. It has already facilitated staff savings. A sample survey of Service travel may help to bring about savings of £1M p.a. on British rail travel.

16. In stores and procurement work, examples of new applications of statistical techniques include:

- SPAREDEX III. Modelling system for improving balance of spares held on board RN ships while improving operational effectiveness developed and to be introduced next year. Expected to save several million pounds.

- "Design-To-Life-Costs" Modelling system for assessing total through-life cost of ownership of military equipment has been developed, with the assistance of outside consultants, and applied to produce savings on ordering of spares, etc.

- Quality Assurance. Techniques developed to reduce amount of ammunition required to produce significant results from test firings, and so reduce cost of weapon testing.

- Equipment Management. Models developed and in use to improve management of equipment, including 'B' vehicles and Naval armament stores.

- Defence Specific Price Indices are being developed to improve knowledge of movements in defence industry prices and hence management of procurement expenditure.

Defence Fixed Telecommunications

17. Further work is being undertaken to achieve the improvements in organisation and financial control of defence fixed telecommunications recommended in a Rayner scrutiny (Marsh). A major study, involving consultants, of the architecture for a UK Defence Fixed Telecommunications System, and the implications of developing it (including cost savings) has just been completed.

WORK DESIGNED TO ENABLE FURTHER DELEGATION OF
AUTHORITY AND RESPONSIBILITY TO INDIVIDUAL MANAGERS

1. As set out in the Secretary of State's management principles, if accountable managers of executive operations are to direct their operations efficiently, they must have a significantly greater measure of control over all aspects of their work. This principle is being applied throughout all the efficiency studies discussed in Annex B, but a number of specific reviews will address this problem directly.

2. A major example is the study of civilian personnel management (called for as the result of a MINIS meeting). This study (Mehew) is examining options for the greater delegation to the line manager of responsibility for personnel management; and is considering the implications of 75%, 50% and 25% cuts in the central CM organisation.

3. In the Navy Department, work will continue in 1984/85 on the delegation of responsibility to Dockyard General Managers following the Omand Report. Work is also continuing to refine the management responsibilities of the new naval bases in Portsmouth and Gibraltar and their relationship to MOD headquarters.

4. In the Army Department, a major development will be the setting up of the new post of Commander Training Establishments at UKLF. Work is in hand (to report by March) on the development of a responsibility budget. A report is also due (by March) on the application of the Responsibility Budget concept to the Service Children's Education Authority. A major series of 22 studies is starting to look at selected support areas of the Army to identify some 4000 posts which are to be transferred from the "tail" to the "teeth" (Exercise Lean Look).

5. In the Air Force Department, a major study (recently started by a team led by Air Marshal Sir Alec Morris) is to report on the potential benefits which would accrue to the RAF from the creation of a Maintenance Executive; its detailed functions, management and staffing; its relationships with the AFD, PE and Commands; its location, and the time-table for setting it up; and the potential costs and savings.

ANNEX DSCRUTINISING THE NATURE OF WORK DONE IN MOD,
AND INTRODUCING NEW ELEMENTS OF COMPETITION

1. Ministerial direction has been given that a greater measure of competition is to be sought, both in equipment procurement and in the provision of administrative and other support services. The principle being applied is that the only work which is carried out within the defence support organisation is that which is essential for clearly proven operational reasons, or where there is significant financial advantage for the tax payer.

2. The MOD is thus looking for greater competition in a number of ways: through privatisation, contracting out, hiving off or partnership with private enterprise. For operations that remain within the public sector we are seeking greater involvement of commercial expertise through consultancies, through exchanges or secondments with outside industry and commerce, and through developing potential for commercial exploitation.

3. Substantial work is proceeding on the plans for the change of status of the Royal Ordnance Factories with a target date for vesting day before 1.4.85. The personnel implications and the

effects on the Defence Sales and Contracts organisation (which will be significant) are all under study. At the same time, CERN is planning, subject to Ministerial decisions, to devolve design and development work and some applied research from the 3 Land Systems Establishments to the ROF's in 1984 (including devolution of the Rocket Motor activities of PERME). This is likely to involve major change in these areas.

4. Other privatisation options under study include the PE storage depot at Aston Down, the RMCS Shrivenham and the Army Work Study School, Dental Laboratories, and bridging work at MVEE Christchurch.

5. Consultants are examining (due to report in early 1984) the future management options for the Duke of York's Royal Military School and the Queen Victoria School, with the aim of reducing their dependence on public funds.

6. Prospects for contracting out work include grounds maintenance (where the Navy Department are considering the possibility of saving 300 posts by 1986); catering (where further studies are under consideration with possible savings of 700-800 posts) and refuse disposal; the running of hostels, barracks and messes; marine services work at Falmouth and the Kyle of Lochalsh; Service and civilian movements (in the light of a Rayner scrutiny), including the use of coaches and air charter; the use of contract personnel for security duties at

less sensitive installations and for the maintenance of ranges; and certain office services, such as typing, reprographic work and the distribution and storage of forms and publications. Other specific measures for possible contracting out were identified earlier in 1983 and are also now likely to require further study, in the light of decisions taken on the MOD's future civilian numbers. Many of these measures will be for implementation in 1985/6. The exercise to contract out cleaning work continues.

7. To introduce a greater measure of competition in the supply of support services (to which all the above measures may also be relevant), the Navy Department has been considering proposals for some warship refits and repair to be undertaken in the private sector, and there has been a study into ways of establishing valid comparisons between the performance of the dockyards and industry. The Army is considering the possible commercialisation of certain medical stores arrangements with implementation of changes expected by mid-1984. Following up SAERT, some aircraft servicing is being put out to contract, and the Air Force Board has been considering the balance of repair work between the Service and industry. Contract servicing at RAF Linton on Ouse will be introduced in 1984/85; and contract servicing is planned to be introduced at several other flying training schools in 1985-87. The practicability of putting to contract the maintenance of RAF flight simulators is also being studied.

8. In the training area, the scope for privatisation or contracting out has been a major feature of tri-Service training studies. Two contracting out trials of heavy goods vehicle training will be run in 1984. The contracting out of basic driver training for the RAF and RN is being expanded on a UK-wide basis in early 1984.

9. Action is in hand to designate the National Army Museum and the RAF Museum under the National Heritage Act to make these non-MOD bodies for funding and staffing. It is planned to transfer some 2400 MOD staff to the Territorial and Volunteer Reserve Associations by 1986.

10. Outside expertise is being used on an increasing scale. As one example, a consultant has been advising the Dockyards new Corporate Development Board on the promotion of new methods, including the selection and development of dockyard management.

ANNEX E

CLARIFYING AND SIMPLIFYING THE ROLES OF
SENIOR OFFICERS WITHIN HEADQUARTERS

1. MINIS meetings have indicated the need for greater clarity over responsibilities at 'headquarters' for particular executive operations, and within headquarters for particular 'policy' functions. As a result of MINIS, responsibilities for executive operations are being clarified; and, following the Reeves 2 recommendations charters are being issued to those officers, military and civilian, who are formally entrusted with financial responsibilities. Other work for 1984 (eg the CGS Study of Army numbers, see Annex C) may have implications for MOD organisation and structure. The recent reorganisation of CDS's staff is due to be reconsidered in staff inspections planned for the first half of 1984.

2. In the PE, CERN is reviewing the top structure of his organisation (including the interface with senior scientists). Report due in early 1984. A study is to be carried out during 1984/5 aimed at improving efficiency by transferring certain financial responsibilities from MGO to QMG.

3. As a result of MINIS, decisions (not yet announced) have

been taken on the top management structure of the Defence Intelligence Staff, designed to simplify reporting lines. Further consideration of the Medical/Dental top structure and occupational health responsibilities may be required in 1984 in the light of MINIS meetings.

4. Following MINIS meetings, preliminary analysis is under way into responsibilities and organisation in the area of operational concepts work. A submission to the Secretary of State is to be made shortly.

5. A study of the organisation and responsibilities of the Ordnance Board is being planned for 1984/5.

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10 DOWNING STREET

From the Private Secretary

21 December, 1983

The Prime Minister was grateful for your Minister's minute of 20 December about the Report on Race Relations in the Civil Service. She has noted that the designated officers would have a strictly advisory role, and that they would be drawn from existing members of departments' personnel divisions. She agrees that the title "Equal Opportunity Officers" should not appear in the announcement, and on this basis is content for Lord Gowrie to proceed with publication of the report.

(David Barclay)

A handwritten mark or signature, possibly initials, located in the lower right quadrant of the page.

P. Cann, Esq.,
Lord Gowrie's Office



CABINET OFFICE

Sub
21/12

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Great George Street

London SW1P 3AL

Telephone 01-233 8610

Tony Rawsthorne Esq
Principal Private Secretary to
the Secretary of State for the
Home Department
50 Queen Anne's Gate
London SW1H 9AT

21 December 1983

Dear Tony,

REPORT ON RACE RELATIONS IN THE CIVIL SERVICE *attached*

Further to my letter to you of 15 December on this subject, I now confirm that the report "Race relations: a review of policies and procedures in the Civil Service" will be published today, and arranged Written Answers are announcing publication in both Houses.

I am copying this letter to David Barclay, Mike Corcoran, Barnaby Shaw, Richard Hatfield, and to members of EOM and EOM(SD).

Yours sincerely,

Paul C

P L CANN
Assistant Private Secretary

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21 DEC 1983





MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

REPORT ON RACE RELATIONS IN THE CIVIL SERVICE

I appreciate your uncertainty about the role of Equal Opportunity Officers, as proposed in this Report. I do want to emphasise, however, that such staff would serve in the normal chain of command. They would be strictly advisory to management and would essentially act as co-ordinators within departments, as part of those departments' present personnel arrangements.

Indeed, an existing member of a department's Personnel Division would be given this extra responsibility. His role would be quite similar to that of the Departmental Disabled Persons' Officer. He would work under the direction of the Principal Establishment Officer and therefore, ultimately, of the departmental Minister. Like his other colleagues in personnel, he would keep abreast of legal requirements and could advise line management about compliance. He would collate information should senior managers request it, and he would be in a position to suggest sensible improvements in ordinary procedure and operations, should any particular group be thought to suffer disadvantage. These staff would not have responsibility for implementing policy, as the 1981 Civil Service Department Memorandum suggested. That executive responsibility rests with the Principal Establishment Officer.

I do believe it would be beneficial to be able to demonstrate our commitment to equal opportunity policy in this modest and practical way, at virtually no additional cost. Following your Private Secretary's letter, I would suggest that there be no reference in our announcement to the title 'Equal Opportunity Officer', which I agree might appear to be making a bureaucratic meal of our work in this area. The emphasis should be on sensible

/everyday



MINISTER OF STATE, PRIVY COUNCIL OFFICE

everyday personnel management. I attach copies of the revised material. ...

I have looked at this very closely and really do believe we can live with it — especially in view of the analogy with the disengagement work.

E/ryg

LORD GOWRIE
20 December 1983

DRAFT WRITTEN ANSWERS FOR
HOUSE OF LORDS AND
HOUSE OF COMMONS

To ask Her Majesty's Government /The Minister for the Civil Service when the report on the findings of the "race relations" review of personnel policies and procedures in the Civil Service will be published.

DRAFT REPLY

I am pleased to tell my Noble /Hon Friend that a report entitled "Race Relations: A Review of Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The review is evidence of our determination to ensure that there is full equality of opportunity in the Civil Service.

DRAFT PRESS RELEASE

RACE RELATIONS: PERSONNEL PRACTICE IN THE CIVIL SERVICE

The Lord Gowrie, Minister of State, Privy Council Office (in day to day charge of the Management and Personnel Office) today announced the publication of "Race Relations: A Review of Policies and Procedures in the Civil Service".

The report details its findings of a review of Civil Service personnel policies and procedures with regard to their impact on race relations. The Review was undertaken with the co-operation of the Council of Civil Service Unions and makes 30 recommendations.

Lord Gowrie, in a Written Answer in the House of Lords, said:-

"I am pleased to tell my Noble Friend that a report entitled 'Race Relations: A Review of Policies and Procedures in the Civil Service' is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The review is evidence of our determination to ensure that there is full equality of opportunity in the Civil Service."

NOTES FOR EDITORS

1. The report stems from a memorandum by Mr Barney Hayhoe MP (when Minister of State Civil Service Department) to the Race Relations and Immigration Sub-Committee of the House of Commons Home Affairs Committee in February 1981.¹ In this it was announced that the Government had decided to review personnel policies and procedures in the Civil Service with regard to their impact on race relations policy.

2. The Joint Working Party (Race Relations), on which both departments and the Council of Civil Service Unions are represented, drew up five questionnaires. These were circulated to departments, asking them to undertake the review by completing the questionnaire which covered four key areas - recruitment, promotion, allocation to duties and selection for training. Depending on the size and structure of the departments, separate replies were requested for any area where there was a distinct personnel management regime. Where there was a regional organisation, replies were requested from a selection of regional or equivalent offices and from a selection of local or other offices within these regions.

3. The Commission for Racial Equality had the opportunity of commenting on the report when it was in draft form.

4. A copy of the policy statement issued with the report
... is attached.

¹Reference HC 424 - iv

PRIME MINISTER

Report on Race Relations in the Civil Service

You saw a danger of confusion between advisory and executive responsibilities. This minute makes clear that the role of designated officers would be strictly advisory, and that they would be drawn from existing staff in personnel divisions. Lord Gowrie proposes to omit any specific reference from his announcement to the title "Equal Opportunity Officer", which he agrees might seem bureaucratic.

Content for him to proceed with publication of the report on this basis?

DUB

Yes
ML

20 December 1983

EQUAL OPPORTUNITY OFFICERS

Introduction

1. The Council of Civil Service Unions in their written evidence in July 1980 to the Race Relations and Immigration Sub-Committee of the Home Affairs Committee suggested that race relations officers should be appointed in individual departments and CSD. They should be of sufficiently high grade to take effective action in cases of discrimination. The then Minister of State CSD in his supplementary evidence to the Select Committee in February 1981 proposed the designation of an officer within each department who would have the responsibility for implementing the Civil Service policy of non-discrimination and who would act as the inter-departmental liaison officer with the Civil Service Department (now Management and Personnel Office). While such an officer would be concerned with equal opportunity policy generally a substantial element of that task would be concerned with racial equality. The Select Committee in its report welcomed this suggestion but commented that to be effective it would require officers at sufficiently high grade.

Responsibilities of Equal Opportunity Officers

2. This paper puts forward proposals for the designation of Equal Opportunity Officers within departments. As the title suggests the Officer or Officers concerned within a department will be responsible for the full scope of equal opportunity matters as they concern sex discrimination as well as race, although in larger departments this might not be possible (but see paragraph 7). They will be responsible for co-ordinating the Civil Service policy of non-discrimination within their particular department. They will act as interdepartmental liaison officers with the Management and Personnel Office. The role of Equal Opportunity Officers will be to act as a focal point within departments for the promulgation and monitoring of equal opportunities policies, and providing information and advice to management, individual members of staff, the departmental trade union side and the Management and Personnel Office.

3. The Equal Opportunity Officer could not perform a dual role of advising management as well as representing staff, neither should he or she become a complaints officer. Complaints should continue to be pursued through the normal channels of line/personnel management and through union representatives as appropriate, if need be ultimately to the Principal Establishment Officer and Head of Department. The Equal Opportunity Officer would act as the expert adviser within personnel divisions on this topic. As such management will inform the officer of any complaints so that he or she could monitor them with a view to recommending changes in departmental policy, if necessary. The Officer would also give advice to line and personnel management to resolve a complaint and will normally be present at any meeting between management and an individual but management will retain responsibility for any action to be taken including dealing with cases for Industrial Tribunals. Individuals should have access to the Officer if they want to ask for information. The Officer will act in such interviews as the adviser of management and not as a potential advocate of the complaints case or referee between the individual and management. If the individual is ultimately dissatisfied with the way the complaint has been handled, he or she can refer the case to the Equal Opportunities Commission or the Commission for Racial Equality and/or can take the complaint to an industrial tribunal.

4. The Equal Opportunity Officer will therefore have four main roles:

i. the Officer will monitor the present policy and give advice on its development and implementation as well as oversee the collection of statistics in accordance with national and departmental agreements and ensure that any change of policy or improvements are implemented

ii. the Officer will be the focus in each department providing a direct link with the Management and Personnel Office including periodic meetings to compare information and to discuss problems and progress on Civil Service non-discrimination policies

iii. the Officer will have direct access to those in Personnel Divisions responsible for decisions to provide specialist advice on equal opportunity policy to help the decision making process and will also be able to review departmental policy and recommend changes within the guidelines laid down by the Management and Personnel Office

iv. the Officer will be responsible for the dissemination of advice on policies and procedures to management as necessary and will deal with any queries or suggestions arising therefrom, if requested.

5. Joint management/union arrangements should be established by agreement departmentally within the existing Whitley machinery to plan and oversee the implementation of the policy on a continuing basis.

Designation of Equal Opportunity Officers

6. The designation Equal Opportunity Officer would normally be applied to a member of a department's Establishment or Personnel Division(s). If the role of such an Officer is to be fully effective the appointed Officer should have the confidence of the Principal Establishment Officer and be acceptable to the departmental trade union side. In the larger departments it is suggested that the Officer should be an Assistant Secretary/Senior Principal who, ideally, is not directly responsible for career or personnel management of staff. In smaller departments the Officer should not usually be more than two grades below that of the Principal Establishment Officer and should not, normally, be below Principal.

7. When designating Officers, departments will need to consider both their geographical organisation and internal structure. In larger departments it might be appropriate for Equal Opportunity officers to be appointed at regional or, possibly, local level. Larger departments may find it appropriate to appoint separate Equal Opportunity Officers at headquarters; one to deal with sex discrimination and the other with racial discrimination.

MR N. Clarke
MR Doran
MRS Kirk



cc NO

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

20 December 1983

OBLIGATIONS OF CIVIL SERVICE MANAGERS AND NOTING OF FILES

Thank you for my copy of your letter of 31 October to Michael Heseltine.

My Department has already made considerable progress in making it clear to managers what their obligations are. Last year the PEO here corresponded with Mr Gerry Gillman, the General Secretary of the Society of Civil and Public Servants, on the subject of what is expected of our local office managers in the event of industrial action. The correspondence, which makes clear our expectation that managers' obligations to manage takes precedence over their loyalties to their union, was promulgated to the 500 or so local office managers (of whatever rank - a few EOs, some HEOs, the majority being SEOs and Principals).

The correspondence was also circulated to SEOs and above in our North Fylde Central Office.

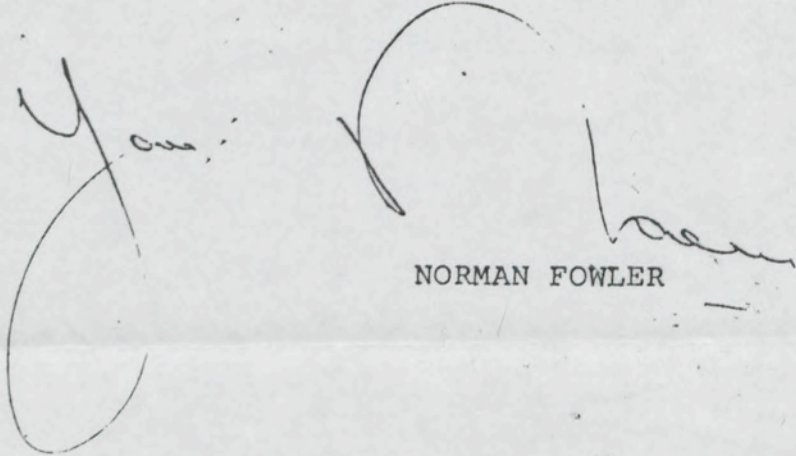
During 1983 we have been in correspondence with the Society and with the General Secretary of the First Division Association about the action of 12 officers of managerial rank in joining the one-day strike called here on 3 December 1982 to show solidarity with the strikers in Birmingham social security offices.

I propose to ask the Principal Establishment Officer to act in the way that your letter requires. But you will see that because of the way we have proceeded so far (by making our expectations clear by writing to the people affected) we really have little choice but to make any extensions of the groups affected in the same way. Before we embark on such a course, I wonder if you could confirm that you are content with the consequences. We should be issuing guidance to some 7,000 officers who are of HEO rank or higher, and this can hardly be an unobtrusive process.

E. R.

We will have no difficulty with informal procedures for monitoring selectively the reliability of staff and controlling their allocation to sensitive posts.

I am copying this letter to recipients of yours.

A large, stylized handwritten signature in black ink, appearing to read 'Norman Fowler', is written over the typed name.

NORMAN FOWLER

c.c. HMT (Mr. Hayhoe)
D/M
HO
CO



10 DOWNING STREET

From the Private Secretary

16 December, 1983.

Report on Race Relations in the Civil Service

Thank you for your further letter of 14 December about the Report on Race Relations in the Civil Service.

The Prime Minister was grateful for the further description of the proposal to appoint Equal Opportunities Officers, but she remains far from convinced about the wisdom of this. In particular, she considers the distinction between advisory and executive responsibilities to be unclear. She has commented that if the Equal Opportunities Officers were to advise management, presumably their advice could be rejected. If so, it is not clear how they could be expected to "implement the policy".

br | You kindly agreed to provide a further note for the Prime Minister setting out more precisely the justification for having Equal Opportunities Officers, their proposed role, and the delineation of policy, advisory and executive responsibilities.

I am sending copies of this letter to the recipients of yours.

David Barclay

Paul Cann, Esq.,
Office of Arts and Libraries.

A handwritten signature in the bottom right corner of the page.



CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Great George Street

London SW1P 3AL

Telephone 01-233 8610

Tony Rawsthorne Esq
Principal Private Secretary to the
Secretary of State for the
Home Department
50 Queen Anne's Gate
LONDON SW1H 9AT

15 December 1983

Drus
15/12

Dear Tony,

REPORT ON RACE RELATIONS IN THE CIVIL SERVICE

This is to say that the publication of the report "Race Relations: A Review of Policies and Procedures in the Civil Service", and the announcement of that event are postponed temporarily while Ministers consider further one aspect of the subject. I will write again to confirm the date of publication when it has been agreed.

I am copying this letter to David Barclay, Mike Corcoran, Barnaby Shaw, Richard Hatfield, and to members of EOM and EOM(SD).

Yours sincerely,

Paul Cann

P L CANN
Assistant Private Secretary



10 DOWNING STREET

Prime Minister

You had doubts about the proposal for Equal Opportunity Officers in Government departments.

This letter explains that what is envisaged is the designation of existing officers, not new posts. The draft Press Release has been amended to make this clearer.

Content for Lord Gowrie to proceed?

DMS

14/12



W.C.B.1

CABINET OFFICE

From the Minister of State
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

14 December 1983

David Barclay Esq
Private Secretary
10 Downing Street

I think there is no sense
in leaving it to advise
management? Can then
advise be needed?
And let them be responsible

Dear David,

REPORT ON RACE RELATIONS IN THE CIVIL SERVICE

The proposal to designate staff as Equal Opportunity Officers in Government Departments originated in Mr Hayhoe's memorandum of February 1981 when Minister of State, Civil Service Department, to the Race Relations and Immigration Sub Committee of the Select Committee on Home Affairs. This said that consideration should be given to the designation of such an officer to have the responsibility for implementing the Civil Service policy of non-discrimination and act as an inter-departmental liaison officer with the then Civil Service Department. The proposal was welcomed by the Select Committee in its Report in July 1981 (HC 424).

for
with knowledge
of the policy
This is
much
too much detail
not

The intention is that existing staff within departments' establishment or personnel divisions should be designated Equal Opportunity Officers, to be responsible for co-ordinating the policy of non-discrimination (on grounds of sex as well as race) within their particular department. Their purpose will be to advise management rather than represent staff. They will not act as a channel for complaints. Nor is there any question of creating fresh posts for the purpose.

?

If the Prime Minister is content, we will underline this point by amending item 3 in the Press Release to read "to designate existing personnel staff as Equal Opportunity Officers within Government Departments. The Draft PQ and Press Release have been amended to take on board the Home Secretary's suggestions for amendment in his letter of 13 December, with minor adjustments to the references to the title of the report. I attach copies of them and a copy of the Report itself, and I would be grateful for your further advice on publication. I am copying this letter, and a copy of the Report, to the recipients of Lord Gowrie's minute of 12 December to the Prime Minister.

Yours sincerely,
Paul CANN

P L CANN
Assistant Private Secretary

DEC 1983

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COMMUNICATION

CHRIST CHURCH



DRAFT WRITTEN ANSWERS FOR
HOUSE OF LORDS AND
HOUSE OF COMMONS:
15 DECEMBER 1983

To ask Her Majesty's Government [The Minister for the Civil Service] when the report on the findings of the "race relations" review of personnel policies and procedures in the Civil Service will be published.

DRAFT REPLY

I am pleased to tell my Noble [Hon] Friend that a report entitled "Race Relations: A Review of Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The review is evidence of our determination to ensure that there is full equality of opportunity in the Civil Service.

DRAFT PRESS RELEASE

RACE RELATIONS: PERSONNEL PRACTICE IN THE CIVIL SERVICE

The Lord Gowrie, Minister of State, Privy Council Office (in day to day charge of the Management and Personnel Office) today announced the publication of "Race Relations: A Review of Policies and Procedures in the Civil Service".

The report details its findings of a review of Civil Service personnel policies and procedures with regard to their impact on race relations. The Review was undertaken with the co-operation of the Council of Civil Service Unions and makes 30 recommendations.

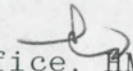
Lord Gowrie, in a Written Answer in the House of Lords, said:-

"I am pleased to tell my Noble Friend that a report entitled "Race Relations: A Review of Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The review is evidence of our determination to ensure that there is full equality of opportunity in the civil service."

Early action will be taken:-

1. to issue a race relations policy statement to all civil servants;
2. to include in all recruitment advertising a statement that the Civil Service is an Equal Opportunities Employer;
3. to designate existing personnel staff as Equal Opportunity Officers within government departments.



cc. 
Mr. Hayhoe's Office, HMT.
D/M
HO
CO

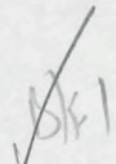
10 DOWNING STREET

From the Private Secretary

13 December, 1983.

Report on Race Relations

The Prime Minister was grateful for Lord Gowrie's minute of 12 December about publication of the Working Party Report on Race Relations in the Civil Service.

 The Prime Minister has enquired whether it is really necessary to designate Equal Opportunity Officers in Government Departments. I should be grateful for further advice on this aspect of the Report.

I am sending copies of this letter to the Private Secretaries to the recipients of your minute.

David Barclay

Paul Cann, Esq.,
Office of Arts and Libraries.

da



QUEEN ANNE'S GATE LONDON SW1H 9AT

13 December 1983

nbpm
JMB
13/12

R. G.

PUBLICATION OF REPORT ON REVIEW OF PERSONNEL POLICIES AND PROCEDURES

Thank you for your letter of 6 December.

I am, of course, content that you should publish the Report of the Joint Working Party on Race Relations in the Civil Service and, subject to John Wakeham's views, I am content that you should publish on 15 December as you propose.

May I, however, suggest what I think is only a minor modification to the draft arranged Question and Answer which you also sent me. I think that the last sentence of the proposed draft reply could usefully be replaced by something slightly less complicated in its construction. I attach a revised draft Question and Answer, together with a consequentially revised draft Press Release, to show what I have in mind. The draft Press Release also contains other minor modifications which my officials would be glad to explain to yours, if necessary.

I am sending copies of this letter to the recipients of yours.

[Handwritten signature]

Lord Gowrie

DRAFT WRITTEN ANSWERS FOR
HOUSE OF LORDS AND HOUSE
OF COMMONS: 15 DECEMBER 1983

To ask Her Majesty's Government [the Minister for the Civil Service] when the report on the findings of the "race relations" review of personnel policies and procedures in the Civil Service will be published.

DRAFT REPLY

I am pleased to tell my Noble [Hon] Friend that a report entitled "Race Relations: A Review of Personnel Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The review is evidence of our determination to ensure that there is full equality of opportunity in the civil service.

DRAFT PRESS RELEASE

REPORT ON RACE RELATIONS AND PERSONNEL
POLICIES AND PROCEDURES IN THE CIVIL SERVICE

The Lord Gowrie, Minister of State, Privy Council Office (in day to day charge of the Management and Personnel Office) today announced the publication of the Report on Race Relations and Personnel Policies and Procedures in the Civil Service.

The Report details its findings of a review of Civil Service personnel policies and procedures with regard to their impact on race relations. The Review was undertaken with the co-operation of the Council of Civil Service Unions and makes 30 recommendations.

Lord Gowrie, in a Written Answer in the House of Lords, said:-

"I am pleased to tell my Noble [Hon] Friend that a report entitled "Race Relations: A Review of Personnel Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The review is evidence of our determination to ensure that there is full equality of opportunity in the civil service.

Early action will be taken:-

1. to issue a race relations policy statement to all civil servants;
2. to include in all recruitment advertising a statement that the Civil Service is an Equal Opportunities Employer;

3. to designate Equal Opportunity Officers within government departments.

Civil Service :

Long term RL A-14 ●

13 DEC 1983





Prime Minister

Agree draft answer, subject to colleagues?

MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

Do we really have to

Sub 12/12

PUBLICATION OF REPORT ON RACE RELATIONS: REVIEW OF PERSONNEL POLICIES AND PROCEDURES

See inside cover of file.

designated - Liquid Opp. Officers within Govt. Dept.?

This report stems from a decision to review personnel policies and procedures in the Civil Service with regard to their impact on race relations policy, which was announced to the Race Relations and Immigration Sub-Committee of the Select Committee on Home Affairs by Barney Hayhoe in 1981 when Minister of State, Civil Service Department. We had been under pressure to undertake some form of ethnic monitoring of civil servants; this review was offered as an alternative, but was already under way when the later decisions were taken to undertake the pilot surveys first in Leeds and now, as you will recall, in the North West and Avon.

The report has been prepared by a joint working party of officials and trades union representatives (those representing the industrial unions however were marked by their absence: although the avoidance of discrimination is part of TUC policy, the particular individuals concerned are as yet not convinced that exercises of this sort are necessary). The Commission for Racial Equality has also been involved in the preparation of the report; and Principal Establishment Officers have endorsed it.

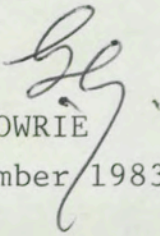
... As the attached draft Press Notice indicates, as well as the general procedural recommendations, three specific steps will be taken by departments:

1. to issue a race relations policy statement to all civil servants;
2. to include in all recruitment advertising a statement that the Civil Service is an Equal Opportunities Employer;

3. to designate Equal Opportunity Officers within Government departments.

I hope to be in a position very soon to promulgate a parallel policy statement on equal opportunities for men and women (about which I will minute you separately); at the same time it will be made clear that items 2 and 3 above relate to equal opportunities for women as well as for members of the ethnic minorities.

This report marks a valuable advance and one which will be generally welcomed. It does not merit a Press Conference, but because of its parliamentary origins I think that an announcement by means of Written Parliamentary Questions and Answers would be appropriate, and I attach drafts for answer on 15 December, subject to the concurrence of Leon Brittan and Tom King, to whom I have written separately. Copies of this minute go to them, to Barney Hayhoe and to Sir Robert Armstrong.


LORD GOWRIE
12 December 1983

DRAFT WRITTEN ANSWERS FOR HOUSE OF LORDS AND HOUSE OF COMMONS:
15 DECEMBER 1983

To ask Her Majesty's Government /The Minister for the Civil Service when the report on the findings of the race relations review of policies and procedures in the Civil Service will be published.

I am pleased to tell my Noble /Hon Friend that a report entitled "Race Relations: A Review of Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The publication of this report illustrates our determination to create an environment in which the Civil Service will continue to make equal opportunities a reality.

DRAFT PRESS RELEASE

RACE RELATIONS REPORT ON PERSONNEL POLICIES AND PROCEDURES IN
THE CIVIL SERVICE


The Lord Gowrie, Minister of State, Privy Council Office (in day-to-day charge of the Management and Personnel Office) today announced the publication of the Race Relations Report on Personnel Policies and procedures in the Civil Service.

The Report details its findings of a review of Civil Service personnel policies and procedures with regard to their impact on race relations. The Review was undertaken with the co-operation of the Council of Civil Service Unions and makes 30 recommendations.

Lord Gowrie, in a Written Answer in the House of Lords said

"I am pleased to tell my Noble Friend that a Report entitled 'Race Relations: A review of policies and procedure in the Civil Service' is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations, as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The publication of this report illustrates our determination to create an environment in which the Civil Service will continue to make equal opportunities a reality."

Early action will be taken -

1. to issue a race relations policy statement to all civil servants;
 2. to include in all recruitment advertising a statement that the Civil Service is an Equal Opportunities Employer;
 3. to designate Equal Opportunity Officers within Government departments.
- 



10 DOWNING STREET

From the Private Secretary

9 December, 1983

Dear John,

Civil Service Manpower

The Prime Minister has seen the Chief Secretary's minute of 6 December. She is content with the way in which he will be seeking savings in Civil Service manpower during the course of the 1984 public expenditure survey.

I am copying this letter to Private Secretaries to other members of Cabinet, to Sir Robin Ibbs and to Richard Hatfield (Cabinet Office).

Yours sincerely
Andrew Turnbull

ANDREW TURNBULL

John Gieve, Esq.,
Chief Secretary's Office

PERSONAL AND CONFIDENTIAL

Sir R. Ibbs
cc: 20
DHSS
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CS: Lang term Policy 14

D10

CC 250

CF: I've asked Lord Gowrie's office for a minute from him to the PM giving further



CABINET OFFICE

From the Minister of State
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

DMS
9/12

The Rt Hon Leon Brittan QC MP
Secretary of State of the
Home Department
50 Queen Anne's Gate
LONDON SW1H 9AT

6 December 1983

Leon Leon,

PUBLICATION OF REPORT ON REVIEW OF PERSONNEL POLICIES AND PROCEDURES

A report on a Review of Personnel Policies and Procedures as they affect race relations in the Civil Service is now ready for publication. The report has been prepared by the Joint Working Party on Race Relations in the Civil Service, composed of officials from the Cabinet Office (MPO), other departments including your own, the Council of Civil Service Unions, and - nominally only - the Trade Union Side of the Joint Co-ordinating Committee for Government Industrial Establishments. I enclose a draft of the Parliamentary Question and Answers by means of which I would propose to announce the publication of the report, on 15 December, together with a draft Press Notice.

The report stems from Barney Hayhoe's memorandum in February 1981, when Minister of State, Civil Service Department, to the Race Relations and Immigration Sub-Committee of the Select Committee on Home Affairs. This announced that the Government had decided to review personnel policies and procedures in the Civil Service with regard to their impact on race relations policy.

I am copying this letter to the Prime Minister, Barney Hayhoe, Tom King, John Wakeham (as regards timing), and to Sir Robert Armstrong.

Yours,
e/m

LORD GOWRIE

DRAFT WRITTEN ANSWERS FOR
HOUSE OF LORDS AND HOUSE OF COMMONS:
15 DECEMBER 1983

To ask Her Majesty's Government [the Minister for the Civil Service] when the report on the findings of the race relations review of policies and procedures in the Civil Service will be published.

I am pleased to tell my Noble [Hon] Friend that a report entitled "Race Relations: A Review of Policies and Procedures in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The publication of this report illustrates our determination to create an environment in which the Civil Service will continue to make equal opportunities a reality.

DRAFT PRESS RELEASE

RACE RELATIONS REPORT ON
PERSONNEL POLICIES AND PROCEDURES IN THE CIVIL SERVICE

The Lord Gowrie, Minister of State, Privy Council Office (in day-to-day charge of the Management and Personnel Office) today announced the publication of the Race Relations Report on Personnel Policies and Procedures in the Civil Service.

The Report details its findings of a review of Civil Service personnel policies and procedures with regard to their impact on race relations. The Review was undertaken with the co-operation of the Council of Civil Service Unions and makes 30 recommendations.

Lord Gowrie, in a Written Answer in the House of Lords said

"I am pleased to tell my Noble Friend that a Report entitled "Race Relations: A review of policies and procedure in the Civil Service" is published today. Copies have been placed in the Library. This report details the findings of the review and makes 30 recommendations, as to how procedures can be improved to eliminate the possibility of unfair racial discrimination. The publication of this report illustrates our determination to create an environment in which the Civil Service will continue to make equal opportunities a reality."

Immediate action will be taken -

1. to issue a race relations policy statement to all civil servants;
2. to include in all recruitment advertising a statement that the Civil Service is an Equal Opportunities Employer;
3. to designate Equal Opportunity Officers within Government departments.

NOTES FOR EDITORS

1. The report stems from a memorandum by Mr Barney Hayhoe MP (when Minister of State Civil Service Department) to the Race Relations and Immigration Sub-Committee of the House of Commons Home Affairs Committee in February 1981.¹ In this it was announced that the Government had decided to review personnel policies and procedures in the Civil Service, with regard to their impact on race relations policy, and with a review to issuing an equal opportunity policy statement, and to the designation of Equal Opportunity Officers.
2. The Joint Working Party (Race Relations), on which both departments and the Council of Civil Service Unions are represented, drew up five questionnaires. These were circulated to departments, asking them to undertake the review by completing the questionnaires which covered four key areas - recruitment, promotion, allocation to duties and selection for training. Depending on the size and structure of the department, separate replies were requested for any area where there was a distinct personnel management regime. Where there was a regional organisation, replies were requested from a selection of regional or equivalent offices and from a selection of local or other offices within these regions.
3. The Commission for Racial Equality had the opportunity of commenting on the report when it was in draft form.
4. A copy of the policy statement issued with the report is attached.

¹ Reference HC 424 - iv

FBI DEC 1983



FROM: THE CHIEF SECRETARY

DATE: 6 December 1983



Prime Minister

PRIME MINISTER

MS

You sent me a copy of your personal minute of 21 November to the Secretary of State for Defence about civil service manpower.

My understanding of the Cabinet's decision is the same as yours.

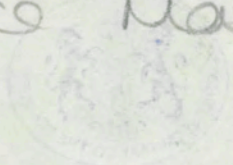
As you suggest, I will certainly take another look at this in the course of the 1984 Public Expenditure Survey. As departments develop their new machinery under the financial management initiative for reviewing the effectiveness and efficiency of their activities, I expect to see increased scope for considering fresh options for the better use of their resources. I know that Michael Heseltine, in particular, expects to take forward his use of MINIS for this purpose over the next few months. I will make a point of this in my discussions with colleagues in the next Survey.

Copies of this minute go to the recipients of yours.

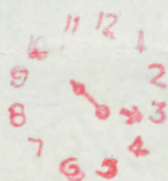
PR

PETER REES

Civil Service ^{long term} Manpower Pt 14



7 DEC 1983



COMMUNICATIONS
LONDON



10 DOWNING STREET

From the Private Secretary

30 November 1983

Personnel Work in the Civil Service

The Prime Minister saw your Secretary of State's minute of 25 November about personnel work in the Civil Service on her return from India.

The Prime Minister agrees that it would be helpful if Lord Gowrie's next report on this subject could cover relaxation of central controls over personnel matters.

I am sending copies of this letter to Paul Cann (Lord Gowrie's Office) and to Richard Hatfield (Cabinet Office).

MR. D. BARCLAY

John Ballard Esq
Department of the Environment.

A handwritten signature in the bottom right corner of the page.

MR BARCLAY

Original returned
to Mr Beesley
30/11.

PERSONNEL WORK IN THE CIVIL SERVICE

A further thought on Mr Jenkin's minute of 25 November ^{with AT} if the Prime Minister wants real progress in slimming down central prescription to a minimum in the personnel field.

She might ask the Chancellor and the Minister of State (Privy Council Office) to undertake a scrutiny with joint examining officers and with terms of reference designed to identify the minimum need for central prescription in the light of the Financial Management Initiative.

There would be resistance in the Treasury and both Departments would argue that the task would take longer than 90 working days. The central trade unions would also be opposed, but there would be widespread support in departments.

133

IAN B BEESLEY
Head of the Efficiency Unit
29 November 1983

Mr Beesley

I think if you agree that this is a proposal which Sir Peter Hobbs probably ought to put formally to the AM in New Year when he is next round of proposals.



PRIME MINISTER

PERSONNEL WORK IN THE CIVIL SERVICE

I am very glad that you have agreed that the further work proposed in Lord Gowrie's minute of 8 November should go ahead; and that we should have a report in 6 months on the apparent discrepancies between Departments in the effort devoted to different areas of personnel work.

The review team were concerned that unnecessary central prescription of rules and procedures should not inhibit sensible management freedom and they recommended that the MPO and Department should pursue vigorously the relaxation of central controls. This is not just a matter of Departments giving more freedom to line management but of relaxing controls in the personnel field by Treasury and MPO over Departments. I understand that Treasury and MPO are reviewing existing rules with a view to reducing central prescription to a minimum. I hope that the further report in 6 months may cover this work also.

Prime Minister

Agree Lord Gowrie's next report should cover relaxation of central controls over personnel matters?

Yes - please keep me in touch

DMG
28/11

[Copied to Lord Gowrie and RIA]

PJ

P J

25 NOV 83

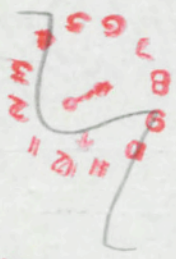
Civil Service Long term Management



PH 1



25 NOV 1988



25 NOV 1988

NBPM AT 27/11



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~831722~~ 218 2111/3

MO 2/2/6

23rd November 1983

Dear Sir,

I understand you asked to see a copy of the minute from the Defence Secretary of 3rd November referred to in the Prime Minister's personal minute (M/12/83) of 21st November. A copy is attached.

I am copying this letter and the attachment to the Private Secretaries to other members of the Cabinet and to Richard Hatfield (Cabinet Office).

Yours ever,

Richard Mottram

(R C MOTTRAM)
Private Secretary

J Gieve Esq



MO 2/2/6

PRIME MINISTERCIVILIAN MANPOWER NUMBERS

Because we have both been occupied in other ways over the last week, I have not mentioned to you before my concern over the follow-up to the Cabinet discussion on 20th October about Civil Service numbers after 1984. It was my impression of that meeting that it was decided to carry out further work on the scope for larger reductions before reaching a final view on the proposals put forward by the Chief Secretary. When I checked back with my Officials on the conduct of this further work, I found that the record of your summing up in the limited circulation annex to CC(83)30th Conclusions was expressed in much more general terms. I wonder if it is in fact your intention to take this rather further than is implied by the Minutes?

Wright

Ministry of Defence
3rd November 1983



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. 11/12/83

SECRETARY OF STATE FOR DEFENCE

Thank you for your minute of 3 November about the follow-up to the Cabinet discussion on 20 October about Civil Service numbers after 1984.

My understanding was that the Cabinet accepted the Chief Secretary's proposals on the understanding that they were a minimum and that colleagues should do better where they could.

I hope we shall all do better. But I think that, before we commit ourselves publicly to going further, we should be clear how the further reductions are to be achieved. Apart from the scope for further privatisation, I believe that there is still organisational slack and much scope for improving value for money in the public service. These matters have to be pursued Department by Department, and each Minister in charge of Department has to decide (in consultation with the Treasury) where to go for better value for money, and whether to take out the benefit of improved value for money in reduced manpower or improvements in service (or a combination of the two).

PERSONAL AND CONFIDENTIAL

/ Sir Robin Ibbs

- 2 -

Sir Robin Ibbs has outlined to me his plans to pursue improvements in efficiency and value for money in his talks with departmental Ministers, and I see that as an important element in the thrust for improving performance in the Civil Service and (where possible) reducing numbers below the level proposed by the Chief Secretary.

I am sending copies of this minute to the Chief Secretary, Treasury, to other Members of the Cabinet, and to Sir Robin Ibbs; and I hope that the Chief Secretary will look further at Civil Service numbers generally, and will be able to bring forward to the Cabinet in due course, and in any case in the context of next year's review of public expenditure, proposals which will take us to lower Civil Service numbers by 1988 than those accepted by the Cabinet this year.

21 November 1983



GR. Pityre
18/11

10 DOWNING STREET

Prime Minister

You felt that Sir Robert's
earlier draft was not
positive enough on continuing
the search for further
manpower savings.

Agree this draft?

AT

18/11

As amended
MS



10 DOWNING STREET

From the Private Secretary

18 November 1983

Unified Grading

The Prime Minister was grateful for Lord Gowrie's minute of 15 November about the extension of unified grading in the Civil Service.

The Prime Minister agrees that Lord Gowrie should proceed with his proposed Parliamentary statement, and is content with the terms of the draft.

I am sending a copy of this letter to Judith Simpson (HM Treasury) and Richard Hatfield (Cabinet Office).

David Barclay

Mrs. Mary Brown,
Office of the Minister for the Arts.

CONFIDENTIAL

Hc



Ref. A083/3300

MR TURNBULL

Civilian Manpower Numbers

Thank you for your minute of ~~15~~ November.

2. If there is to be a further look at manpower numbers, the question arises when this should be, and in what context. There has just been a great exercise on the subject, which resulted in the memorandum which the Chief Secretary submitted to the Cabinet for discussion on 20 October. I think that it would be difficult to justify mounting a further exercise so soon after that.

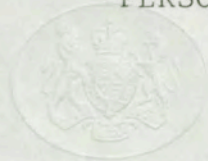
3. But Sir Robin Ibbs is doing the rounds of Ministers and Permanent Secretaries, and I know that he thinks that there is more to be achieved by way of improving efficiency (and so reducing manpower). I suggest that the Prime Minister should ask the Chief Secretary to look further at Civil Service numbers in the light of that, with a view to bringing forward to the Cabinet in due course, and in any case in the context of next year's review of public expenditure, proposals to take us to lower Civil Service numbers by 1988.

4. I attach a revised draft minute for the Prime Minister to send to the Secretary of State for Defence accordingly.

RA

ROBERT ARMSTRONG

18 November 1983



DRAFT MINUTE FROM THE PRIME MINISTER
SECRETARY OF STATE FOR DEFENCE

Thank you for your minute of 3 November about the follow-up to the Cabinet discussion on 20 October about Civil Service numbers after 1984.

2. My understanding was that the Cabinet accepted the Chief Secretary's proposals on the understanding that they were a minimum and that colleagues should do better where they could.

3. I hope we shall all do better. But I think that, before we commit ourselves publicly to going further, we should be clear how the further reductions are to be achieved. Apart from the scope for further privatisation, I believe that there is still organisational slack (~~in the Ministry of Defence as well as elsewhere~~) and much scope for improving value for money in the public service. These matters have to be pursued Department by Department, and each Minister in charge of Department has to decide (in consultation with the Treasury) where to go for better value for money, and whether to take out the



benefit of improved value for money in reduced manpower or improvements in service (or a combination of the two).

4. ~~The Efficiency Unit has an important part to play in this.~~ Sir Robin Ibbs has outlined to me his plans to pursue improvements in efficiency and value for money in his talks with departmental Ministers, and I see that as an important element in the thrust for improving performance in the Civil Service and (where possible) reducing numbers below the level proposed by the Chief Secretary.

to other members of the Cabinet,

5. I am sending copies of this minute to the Chief Secretary, Treasury, and to Sir Robin Ibbs; and I hope that the Chief Secretary will look further at Civil Service numbers generally, and will be able to bring forward to the Cabinet in due course, and in any case in the context of next year's review of public expenditure, proposals which will take us to lower Civil Service numbers by 1988 than those accepted by the Cabinet this year.

CIV SEM



LONG TERM

Pt 14

COMPTROLLER



file

H. M. TREASURY

Parliament Street, London SW1P 3AG, Press Office: 01-233 3415
Telex: 262405

17 November 1983

CIVIL SERVICE NUMBERS TO FALL BY A FURTHER SIX PER CENT

Civil Service numbers are to come down by a further six per cent in the next four years from 630,000 to 593,000 by 1988.

This will follow on a 14% reduction in staffing being made between 1979 and 1984 with numbers falling from 732,000 to 630,000.

The transfer of the Royal Ordnance Factories out of the Civil Service will account for 18,500 of the new 37,000 reduction in numbers. The remainder will come from a wide range of departmental savings (see attached table).

The Chief Secretary to the Treasury, Mr Peter Rees QC MP, announcing the new target in a Commons written reply today said:

"The continued efficiency in the use of resources, including manpower, makes an important contribution to the control of public expenditure. Therefore, the Government has reviewed its manpower requirements for the years up to 1988, and has decided on new plans which are set out in the table below. The aim has been to improve the efficiency of the Civil Service and to match staff numbers closely to the necessary functions of departments. The figures show a continuing steady reduction in the size of the Civil Service to about 593,000 by 1988, a further fall of 6%.

These manpower plans rest on the same assumptions about future policy and workload as the expenditure plans in my Rt Hon Friend the Chancellor of the Exchequer's Autumn Statement and the forthcoming Public Expenditure White Paper. They make allowance for productivity gains during the period (including those from computerisation). They also reflect plans for privatisation and hiving-off, and for contracting out services where this gives good value for money. The figures will be reviewed each year as part of the regular expenditure survey to take account of changing workload and other developments. A small contingency margin is included to give a measure of flexibility in planning. Subject to that, the presumption will be that the figures will be adhered to, or reduced further if changing circumstances make this possible.

PRESS OFFICE
HM TREASURY
PARLIAMENT STREET
LONDON SW1P 3AG

208/83

NOTE FOR EDITORS

In 1980 the Government announced its aim of reducing the size of the Civil Service by 14 per cent from 732,000 as at 1 April 1979 to around 630,000 by 1 April 1984. The 630,000 target should be achieved before, or by, 1 April 1984. During the next period the Government's aim will be to maintain a steady pressure on staff numbers so that full use can be made of all opportunities for improving efficiency.

The plans provide for savings from improvements in productivity during the period, and from wider use of computers and new technology. They also reflect plans for transferring work out of government departments when it makes good management sense to do so and represents value for money for the taxpayer. They provide for increases in staff where increasing workloads make this necessary. The reduction of 37,000 is a net figure.

The figures result from an assessment by each department of its manpower needs from 1984-88. These assessments revealed that developments in some departments over the next four years would enable some departments to achieve bigger savings than others, and that some would require additional manpower.

The figures now published will be reviewed each year as part of the annual Public Expenditure Survey to take account of changing workload and other developments.

Treasury officials are meeting representatives of the Council of Civil Service Unions at 4.30pm today to inform them about these plans, and to answer their questions about them. There will subsequently be further discussions between the management of individual departments and their departmental union representatives.

	1.4.84	1.4.85	1.4.86	1.4.87	1.4.88
AGRICULTURE FISHERIES AND FOOD					
Ministry of Agriculture Fisheries & Food	11,193	11,150	11,406	11,310	11,260
Intervention Board for Agricultural Produce	623	610	590	566	560
CHANCELLOR OF THE EXCHEQUER					
Inland Revenue	69,850	70,200	69,300	66,300	62,900
Customs and Excise	25,150	25,350	25,100	24,900	24,700
Department for National Savings	3,050	8,025	7,900	7,875	7,590
HMSO	1,000	3,700	3,500	3,460	3,440
Treasury	3,320	3,570	3,535	3,500	3,455
Royal Mint	977	965	981	970	960
Central Office of Information	949	952	955	945	935
Registry of Friendly Societies	129	129	129	127	120
Government Actuary	64½	64½	64½	64½	64½
National Investment & Loans Office	52	52	52	52	52
EDUCATION AND SCIENCE					
Department of Education and Science	2,402	2,472	2,437	2,417	2,392
EMPLOYMENT					
Department of Employment	31,048	30,238	29,995	29,211	28,505
Health & Safety Commission/Executive	3,742	3,662	3,652	3,644	3,644
Manpower Services Commission	22,229	21,677	21,297	21,297	21,297
Advisory, Conciliation & Arbitration Service	645	639	632	629	629
ENERGY					
Department of Energy	1,110	1,106	1,085	1,062	1,033
ENVIRONMENT					
Department of the Environment	6,695	6,615	6,515	6,435	6,370
Property Services Agency	27,502	26,986	26,347	25,693	25,296
Ordnance Survey	2,815	2,948	2,934	2,920	2,906
FOREIGN AND COMMONWEALTH OFFICE					
Foreign and Commonwealth Office	9,437	9,373	9,214	9,109	9,026
Overseas Development Administration	1,793½	1,565	1,545	1,525	1,500
HOME OFFICE					
Home Office	35,755	36,633	38,193	40,123	41,132
LORD CHANCELLOR					
Lord Chancellor's Department (including Public Trustee Office)	10,125	10,195	10,195	10,170	10,000
Land Registry	6,725	6,845	6,910	6,910	6,950
Public Record Office	406	406	413	419	425
NORTHERN IRELAND					
Northern Ireland Office	200	196	191	188	186
SCOTLAND					
Scottish Office	9,800	9,909	9,791	9,622	9,542
Scottish Courts Administration	879	879	879	879	879
General Register Office Scotland	283	266	268	278	274
Registers of Scotland	754	800	832	854	889
Scottish Record Office	132	128	125	122	118
SOCIAL SERVICES					
Department of Health and Social Security	90,709	90,000	89,500	88,850	87,850
Office of Population Censuses and Surveys	2,162	2,152	2,132	2,102	2,155
TRADE AND INDUSTRY					
Department of Trade and Industry	12,759	12,754	12,754	12,754	12,754
Export Credits Guarantee Department	1,840	1,840	1,835	1,835	1,830
Office of Fair Trading	320	313	313	313	313
TRANSPORT					
Department of Transport	14,206	14,514	14,699	14,497	14,160
WELSH OFFICE					
Welsh Office	2,195	2,206	2,206	2,206	2,206
SMALL DEPARTMENTS					
Cabinet Office	518	518	518	518	518
Charity Commission	329	329	320	320	320
Crown Estate Office	114	116	117	118	119
Director of Public Prosecutions	237	242	241	240	240
Law Officers' Department	22	22	22	22	22
Lord Advocate's Department	22	22	22	22	22
Management and Personnel Office	1,198	1,188	1,178	1,168	1,158
Office of Arts and Libraries	45	45	45	45	45
Paymaster General's Office	870	873	912	938	967
Privy Council Office	33	33	33	33	33
Crown Office & Procurator Fiscal Service	966	980	1,000	1,020	1,040
Treasury Solicitor's Department	460	456	452	447	442
DEFENCE					
Ministry of Defence	200,000	179,000	176,000	173,000	170,000
CONTINGENCY MARGIN	1,360	2,000	4,000	6,500	7,500
TOTAL	630,000	608,208	605,255	600,554	592,723

Civil Service 80

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pa
DMS
12/11



Prime Minister

for information.

MR BARCLAY

DMS
16/11

The Prime Minister may be interested to see the terms in which Sir Robin Ibbs has written to senior Ministers.

IAN B BEESLEY
16 November 1983



EFFICIENCY UNIT

70 WHITEHALL, LONDON SW1A 2AS

Enquiries : 01-233 8412

Direct line : 01-233 7359

15 November 1983

I expect you will have seen the letter of 6 October from the Principal Private Secretary setting out how the Prime Minister would like me to help Ministers continue to improve efficiency.

I discussed these matters with Permanent Secretaries recently at their autumn Sunningdale conference and I have since written to your Permanent Secretary and offered further discussion of the management task ahead.

My general feeling is that success in improving value for money during the first administration was encouraging but that further substantial improvement is possible, though the precise figure will vary from department to department.

In this context I attach great importance to establishing the lasting reforms -especially in financial and personnel management- as vigorous parts of the normal management system and not as bureaucratic formalities. Effort has to be concentrated at points where the reforms will yield maximum benefit. There is a substantial task of managing the transition from the traditional approach to civil service jobs to a new situation where every civil servant accepts an active responsibility to improve value for money year on year.

In support of this I have to report to the Prime Minister about the extent to which Departments' MINIS-type systems are being used to direct value for money work, and to establish the lasting reforms as instruments for securing better value for money.

I also have to put together from this a well-selected programme of scrutinies and review. It should support Ministers' use of MINIS-type systems in achieving worthwhile improvements and securing other benefits of the Financial Management Initiative.

Naturally, the majority of scrutinies and reviews will be carried out wholly in the department concerned. But I envisage that there will be a central interest in the most important and that the Prime Minister will ask me to take an interest on her behalf in a number of these.

I should be grateful, therefore, if you could let me know what are your target improvements for the department in 1984/85 and what programme of studies is planned to support these and future years' improvements. It would be helpful if I could have this by 9 December. I or the Efficiency Unit will discuss with your officials what help we can offer you towards the targets and which work would usefully be part of the central efficiency programme, which henceforth I envisage should cover the financial year.

ROBIN IBBS

Circulation List:

Lord Chancellor

Secretary of State for Foreign and Commonwealth Affairs

Secretary of State for the Home Department

Chancellor of the Exchequer

Secretary of State for Education and Science

Secretary of State for Northern Ireland

Secretary of State for Energy

Secretary of State for Defence

Secretary of State for Scotland

Secretary of State for Wales

Secretary of State for the Environment

Secretary of State for Social Services

Secretary of State for Trade and Industry

Secretary of State for Employment

Minister of Agriculture, Fisheries and Food

Secretary of State for Transport

Attorney-General

Minister of State, Privy Council Office

Grot Mach: Rayner Pt 14

16 NOV 1983





MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

→ DB

From the Minister

CONFIDENTIAL

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

nbpm
DWB
17/11

16 November 1983

David - you
asked me to
engage it!
Swain

file with DB.

Thank you for copying to me your letter of 3 November to Nigel Lawson in which you ask for views on your proposals and agreement to you making a statement in the House.

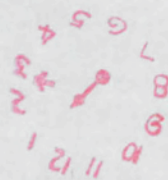
As you will know from the detailed discussion between our officials, we have been concerned that the particularly high proportion of MAFF establishments (45%), which will be served by Defence 'dedicated' District Works Offices, might suffer a deterioration of service. However, your officials' explanations and in particular Mr Alfred's letter of 4 November to Michael Franklin show that you appreciate our concern and are proposing procedures intended to ensure that our establishments dependent on a defence DWO do not suffer. Naturally we will be anxious to see that this aim is achieved in practice.

I must also register my concern that this further major change in PSA's arrangements should be carried through on a realistic timetable. There have been many problems with the move to PRS; and at least some of these seem to have stemmed from an over-ambitious timetable. While I understand the point in the enclosure to your letter about some disruption being inevitable, I do think that, in formulating your plans and timetable, you should give very considerable weight to minimising this.

I am copying this to those who had copies of your letter.

MICHAEL JOPLING

Civil
Service
Long Term
Policy
Part 14



16 NOV 1983



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

ms mt

Prime Minister

Agree draft statement?

Dmb
17/11

EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

PH
13

You received a copy of my letter of 8 August to the Chancellor of the Exchequer, in which I was able to report good progress towards reforming some 100 grades in the senior management levels of the Service into three new unified grades. The members of the Cabinet welcomed this reform as offering a significant contribution to efficiency in the Service and agreed that we should press ahead to implementing it from 1 January 1984. It is of course one of our priorities for action in the personnel field which I announced on 14 July.

The Civil Service unions concerned are divided on the issue, and we have recognised, and colleagues have accepted in the correspondence stemming from my earlier letter, that we would at the end of the day need to proceed without the agreement of the First Division Association (FDA) or the Society of Civil and Public Servants (SCPS). The third union involved, the Institution of Professional Civil Servants (IPCS), favours unified grading.

My officials have now held further discussions with the FDA and the SCPS which have confirmed that an agreement will not be possible; but the unions recognise that we are entitled to proceed without their agreement on grading issues. I therefore propose to inform them of our intention to do so. My judgement is that the FDA are likely to acquiesce in the face of our determination to push this structural reform through, since some of their members in the specialist grades are already in favour of it. As regards the SCPS, their negative attitude is unlikely to change, but I do not believe that this alone should weaken our resolve to proceed as I have outlined above, and my officials judge that the union is resigned to this.

Treasury officials have been conducting parallel discussions with the unions on the alignment of the pay rates of the grades concerned. Given these inter-union differences, the Council of Civil Service Unions will not formally agree to the proposals which the Chancellor has authorised, and it is therefore proposed to impose them by administrative action. The proposals ensure that no-one will be adversely affected on assimilation to the new structure, but there will be phasing for those who gain significantly.

We shall also be taking the opportunity of this extension of unified grading to simplify and improve our system of grading terminology in the new, enlarged, Open Structure, by adopting a numbering system in place of the present broad (and sometimes meaningless) grade titles. This system (akin to that used in the Diplomatic Service) will

CONFIDENTIAL

have the advantage of encouraging the wider use of job titles which define the particular function being performed. Some existing grade titles will appropriately continue in use as job titles, (eg Permanent Secretary, which in the new system will be at Grade level 1).

... I propose to make an announcement about the implementation date by way of a written Parliamentary statement of which I attach the draft. The precise timing of it is complicated by other factors but my present intention is that it should be made on 23 November. Steps will be taken to inform the unions at about the same time. And my officials are making arrangements with the employing departments for messages to staff explaining the purpose and effect of the changes.

I am sending a copy of this letter to the Chancellor of the Exchequer.

A copy has
also been
sent to
R.A.

DMS
17/11

Gey

LORD GOWRIE

15 November 1983

STATEMENT ON THE EXTENSION OF UNIFIED GRADING

- Q. To ask Her Majesty's Government, what progress they have made in extending unified grading in the Civil Service and whether they will make a statement?

DRAFT REPLY

In my statement to your Lordships' House on 14 July I announced that one of our major priorities in the personnel field for this year was to extend unified grading arrangements in the senior levels of the Civil Service.

Pay and grading structures can have a significant impact on efficiency because they affect the organisation of the work itself, as well as the way in which the skills and abilities of staff are deployed. At present, unified pay and grading arrangements apply only at very senior levels - the grades of Under Secretary and above - in what is known as the Open Structure. The Government now intends to rationalise and simplify the grading structure at the next levels by extending unified grading downwards to the Senior Principal grading level.

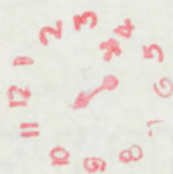
As a result, some 100 separate occupational grades, covering nearly 6000 senior managerial staff, will be replaced by three unified grades. These will broadly equate to the Senior Principal and Assistant Secretary levels, and a level between Assistant and Under Secretary.

Unified grading removes occupational distinctions which can be artificial impediments to the deployment of staff at levels where managerial abilities and skills are often more important than the practice of particular specialisms. This will make it easier to move staff between jobs to develop talent and broaden experience; and so help to improve the efficiency of the Civil Service by helping to ensure that the best man or woman is selected for each job on merit. It is of particular importance that we have arrangements to make the best use of staff in a smaller Civil Service.

The preparatory work for this change has been carried forward sufficiently for me to be able to announce now that the new unified grading structure at these levels will be brought into effect from 1 January 1984. Steps to align pay in the new unified grades will also take effect from that date, subject to transitional arrangements where appropriate. The cost will be met within existing public expenditure provision.

Civil Service : by km Pt 14

16 NOV 1983





MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 20/17/6

15th November 1983

See Nigel

*nbpm
DMS
17/4*

OBLIGATIONS OF CIVIL SERVICE MANAGERS AND
NOTING OF FILES

Thank you for your letter of 31st October enclosing a note by officials about how best to record instances of industrial action by individual members of staff.

I note that it is not intended at present to make a formal announcement about 'negative noting'. We shall need to think carefully about the effect such an announcement could have against the circumstances of the time before deciding when it should be made.

My Department already has a regular pattern of briefing managers about responsibilities including obligations in relation to industrial action. The Principal Establishment Officer here is again reviewing existing procedures to ensure that active supporters of industrial action are not placed in sensitive jobs.

I am copying this letter to those who had copies of yours.

Yours ever
MH
Michael Heseltine

The Rt Hon Nigel Lawson MP

Civil Service
Long Term
Pt 14

1/11
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11 NOV 1983

11 12 1 2 3 4 5 6 7 8 9 10

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10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

Civilian Manpower Numbers

The Prime Minister has seen Sir Robert Armstrong's minute of 11 November (A083/3219) and the draft reply to the Secretary of State for Defence which was attached to it. The Prime Minister was unwilling to reply along the lines of the draft. She has commented that there should be a further look at Civil Service numbers generally. Thus, although the Chief Secretary's proposals have been accepted by Cabinet she does not think the search for further reductions should be abandoned.

B/E | I would be grateful if Sir Robert could consider how this further work might be done and could put new proposals to the Prime Minister.

MR. A. TURNBULL

15 November 1983PERSONAL AND CONFIDENTIAL

sy



10 DOWNING STREET

From the Private Secretary

14 November, 1983

PERSONNEL WORK IN THE CIVIL SERVICE

The Prime Minister was grateful for Lord Gowrie's minute of 8 November about Personnel Work in the Civil Service.

The Prime Minister agrees that Lord Gowrie should now pursue his proposals for examining apparent discrepancies between Departments. She would be grateful for a further report in six months time, covering in particular the MOD exercise to which Lord Gowrie refers.

I am copying this letter to John Ballard (Department of the Environment), Sir Robin Ibbs and to Richard Hatfield (Cabinet Office).

(David Barclay)

Mrs Mary Brown
Lord Gowrie's Office



JU896

Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

14 November 1983

CONFIDENTIAL

The Rt Hon Peter Rees QC MP
Chief Secretary
HM Treasury
Parliament Street
London SW1

NBPM

AT 15/11

D Peter,

Your minute of 18 October sought agreement to your proposal to publish future civil service manpower figures and to review them in the course of public expenditure surveys. I have seen Norman Fowler's comment in his letter of 28 October. I agree with your proposal but share Norman Fowler's reservation, in particular concerning any increases in workload stemming from our collective decisions.

I am copying this letter to the Prime Minister, Cabinet colleagues, Lord Gowrie and Sir Robert Armstrong.

*Yours
Norman*

NORMAN TEBBIT

F E R Butler Esq



CABINET OFFICE

With the compliments of
Sir Robert Armstrong GCB CVO
Secretary of the Cabinet
and Head of the
Home Civil Service

70 Whitehall, London SW1A 2AS

Telephone 01-233 8319



70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref.A083/3218

HOME SECRETARY

Responsibility for Discipline in the Civil Service

Thank you for your minute of 10 November.

2. In disseminating the proposed guidance on responsibility for discipline in the Civil Service, I would propose (in a separate document) to make it clear that nothing in the formulation was intended to inhibit or discourage a Permanent Secretary from consulting his Minister in any case in which it seemed appropriate to do so and particularly in any case which it seemed at all liable to become the subject of political or press comment. As you say, the judgment on what is a sensitive case has to be left to the Permanent Secretary; if the relationship between the Permanent Secretary and his Minister is right there should be no problem about that.

3. Like you, I see no need to spell out what would occur in the case of a substantive difference of view between a Permanent Secretary and his Minister. But I envisage that it would be rather like a situation in which a Minister wants to do something which a Permanent Secretary believes would be in breach of his responsibilities as an Accounting Officer. I think that the Permanent Secretary should report the issue to the Head of the Civil Service. The Head of the Civil Service might use his good offices to try to resolve

the matter in dispute, but in the last resort the matter would clearly have to go to the Prime Minister.

4. I am sending copies of this minute to those who received copies of yours.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

11 November 1983

Civil Service

Contracts of

Employment
July 88

ROBERT ARMSTRONG

Ref.A083/3219

MR TURNBULL

No - I think the Prime Minister ^①
 should be a further content to reply as
 at not. possibly drafted by RTA?
 AF "11"

Flag A

You asked for advice on a minute which the Secretary of State for Defence sent to the Prime Minister on 3 November (MO 2/2/6) about civilian manpower numbers.

hundred
 ??

2. The Secretariat certainly did not read the discussion at Cabinet on 20 October as "a decision to carry out further work on the scope for larger reductions before a final view on the Chief Secretary's proposals". I have gone back to my notes, and I do not think that any decision was explicitly stated. The Secretary of State for Defence said that on manpower he was the odd man out. The Government had done a marvellous job in the Prime Minister's first Administration, cutting one thousand staff in five years. The much more modest reduction for the next four years ($4\frac{3}{4}$ per cent) compared with nearly 14 per cent in the first five years would be a modest target and would not apply much management pressure. Ministers have allowed themselves to be persuaded that there was no further to go than that. He did not believe it. The Prime Minister commented that she had asked me to come forward with a scheme for encouraging premature retirements to make way for fliers; she said that she wanted to see a scheme of merit pay; she thought that there was still organisational slack in the Civil Service; and she said that Sir Robin Ibbs had put in a "quite brilliant" minute outlining his plans in the next stage in the drive for increased efficiency. This led the Secretary of State for Trade and Industry to comment that the Cabinet should not be forced to cut financial programmes which Ministers regarded as essential in favour of local authority expenditure which they did not regard as essential.

3. The Prime Minister did not revert to the manpower question in subsequent discussion, and (as the minutes make clear) we took it that the decision was to accept the Chief Secretary's

proposals as a minimum and try to do better, with Sir Robin Ibbs and his Unit being seen as a main spearhead in that work.

4. I attach a draft of a minute for the Prime Minister to send to the Secretary of State for Defence.

Rf

*(Approved by Sir Robert
Amstrong and signed in his absence).*

C.S. 2 Pakiri P.M.C.

COMPTROLLER

11

DRAFT MINUTE FROM THE PRIME MINISTER TO THE
SECRETARY OF STATE FOR DEFENCE

Thank you for your minute of 3 November about the follow-up to the Cabinet discussion on 20 October about Civil Service numbers after 1984.

2. I do not remember that there was a decision to carry out further work on the scope for larger reductions before reaching a final view on the Chief Secretary's proposals. On the contrary, I remember that you prefaced your own intervention with the observation that on this subject you were the odd man out. There was not in fact very much discussion of manpower, but my impression was that (as the minutes suggest) the Cabinet endorsed the Chief Secretary's proposals on the understanding that they were a minimum and that colleagues should do better where they could.

3. I think that the point here is that, if there are to be (as I hope there will be) reductions over and above the Chief Secretary's proposals, we should be clear before we commit ourselves to them how they are to be achieved. I believe that there continues to be scope for "privatising" functions now performed by Government Departments; and I am sure that

(as I said in Cabinet) there is still organisational slack (in the Ministry of Defence as well as elsewhere) and much scope for improving value for money in the public service. These matters have to be pursued Department by Department, and Ministers in charge of Departments have to make up their minds whether to take out the benefit of improved value for money in reduced manpower or improvements in service (or a combination of the two).

4. As I said at Cabinet, the Efficiency Unit has a leading part to play on this. Sir Robin Ibbs has outlined to me his plans to pursue improvements in efficiency and value for money in his talks with Departmental Ministers, and I look to that as a main element in the thrust for improving performance in the Civil Service and (where possible) reducing numbers below the levels proposed by the Chief Secretary.

PRIME MINISTER

Personnel Work in the Civil Service

The attached minute by Lord Gowrie reports on his initial examination of Mr. Jenkin's criticism of personnel work in the Civil Service. You will recall that Mr. Jenkin suggested that disproportionate resources were being devoted to personnel management, as compared with best practice in the private sector.

If you have time, you may like to glance at the high-lighted passages in the report by officials as well as at Lord Gowrie's minute. The report leaves some quite important questions unanswered. Why is it, for example, that personnel staff are 3% of total staff managed in the Employment Group departments, whereas the highest private sector figure found (Marks & Spencer, with an impeccable reputation for personnel management) is only 2.2%?

Nonetheless, Lord Gowrie's conclusions are that:

- (i) The Civil Service as a whole is not greatly out of line with the private sector in the resources it devotes to personnel matters, although efforts vary widely between departments, and there are a number of individual cases which merit further investigation.
- (ii) An exercise commissioned by Mr. Heseltine in the Ministry of Defence should shed further light on the effects of aligning the Civil Service more closely with private sector practice. This study will look in particular at the effects of greater delegation of personnel work - to individuals in terms of responsibility for their own careers, and to line managers.

You originally thought in terms of holding a meeting with colleagues once this initial report had been received. Would you

/ like

like to proceed with this (it would be difficult to fit in before December), or would you like to accept Lord Gowrie's offer to pursue a case by case investigation on your behalf? He suggests asking departments to report in 6 months.

Handwritten: Amend
ms

If you decide in favour of a meeting, do you agree that the papers should be circulated to other Ministers with large numbers of staff (Lord Gowrie suggests the Chancellor and the Secretaries of State for Defence, Social Services and Employment)?.

Handwritten: Dms

10 November 1983



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

PERSONNEL WORK IN THE CIVIL SERVICE

You will recall that Patrick Jenkin minuted you in July suggesting that there might be a gross disparity in the number of people employed on personnel work in the civil service compared with similar private sector organisations. I then suggested, and you agreed, that before taking the point any further we should ask officials from the Cabinet Office (MPO), the Efficiency Unit and Mr Jenkin's department to conduct a preliminary factual survey as a basis for later discussion.

... I now attach the report of the survey team. It shows that the significant differences in the size of the personnel function and effort appear to lie not between the civil service and the private sector as a whole but between individual private firms and individual government departments. In other words the factors at work do not appear to be inherent in the nature of public or private sector operations as such but to lie deeper in such matters as management style and the nature of the business activity being carried on.

This does not mean that there are not very useful lessons to be learned from detailed comparison of individual government departments and comparable private firms and I propose to invite a few key departments to pursue this on the lines recommended in paragraph 25(a) of the report. I am, however, even more interested in the possibility opened up by the report that closer comparison of apparent discrepancies between departments themselves could open up ways of achieving really worthwhile savings. My officials are therefore asking the departments which seem to be the highest spenders on personnel management to scrutinise their expenditure in the light of the report, comparing it with that of some of the lower spenders, and to report results within, say, 6 months. This way of proceeding ties in well with the work which is already going forward on the Financial Management Initiative and with the trend to increase delegation of personnel work - a trend, incidentally, which I believe is in itself likely to lead to reductions in the central personnel function in departments, quite apart from what I hope will result from the special exercise.

If you are content I could pursue this without the need for you to hold a meeting. If however you prefer to discuss the report then I think it would be helpful if the circle of ministers

involved were widened to include the main civil service employers like Nigel Lawson, Michael Heseltine, Norman Fowler and Tom King.

At this stage I am copying this minute and enclosure only to Patrick Jenkin, Sir Robin Ibbs and Sir Robert Armstrong.

9.9.

LORD GOWRIE
8 November 1983

MANAGEMENT IN CONFIDENCE

NUMBERS EMPLOYED ON PERSONNEL WORK: A COMPARISON BETWEEN THE CIVIL SERVICE AND PRIVATE SECTOR ORGANISATIONS

REPORT OF SURVEY TEAM

REMIT

1. This Report summarises the results of an examination commissioned by Ministers into comparative numbers and costs of staff engaged in personnel work as between the Civil Service and outside organisations. The Secretary of State for the Environment had suggested that there was a gross disparity between the numbers of personnel people employed in the Civil Service compared with similar private sector organisations; that the number of personnel staff required to administer the system because of the increasing over elaboration of staff management policies was wholly disproportionate to the size of the Civil Service as a whole; and that this could be in part the result of too much central prescription. We were asked to report quickly, so that Ministers could consider next steps informed by some prima facie evidence.

2. We have interpreted our remit as covering:-

a. An examination of the ratio of personnel managers to staff managed in a number of private sector firms, as compared with the situation in selected Government Departments.

b. An analysis of the movement of the non industrial staffing figures since 1979 in these Departments, to check whether the overall reductions have been matched by changes in the numbers of staff engaged in personnel work.

c. A check on work currently in hand to reduce excessive central prescription, in matters which unnecessarily complicate Departments' personnel work.

METHODOLOGY

3. We took as a working definition a fairly broad interpretation of personnel work, (details at Annex A). However, in many Departments the Principal Establishment Officer's command covers a wider field, including Office Services, (e.g. typists, messengers), Organisation and Methods, Staff Inspection, and various other matters. In the private sector much of this falls under line managers. One result of the Financial Management Initiative will be to bring this type of Civil Service activity more within line managers' budgets.

4. We wrote to 28 firms in the private sector, mainly those on the list earlier prepared by Mr Patrick Jenkin. 19 firms provided useable information, some of which did not arrive until early October. A number of firms explained they were unable to reply because they lacked the information required: many of those who did supply information stressed that it was given in confidence and strictly for the purpose of this particular survey. We also wrote to

10 Government Departments who in total account for about 75% of the non-industrial Civil Service. (Details of firms and Government Departments at Annex B.)

5. The survey was undertaken by a team of three, all of whom had significant other duties at the time. The opportunity cost of the survey was therefore small, and limited essentially to modest photocopying, telephone and postage expenditure.

COMPARISON WITH PRIVATE SECTOR FIRMS: THE NUMBERS AND COSTS

6. The number of personnel managers per 100 staff managed in the private sector varied from 0.3 to 2.2. Most were under 2.0. Figures in Government Departments were 1.4 to 3.0 with over half in the range 2.2-2.5. The percentage of the staff budget spent on personnel management effort in the private sector ranged from 0.6% to 5.1%, with about half above 2%. The Government Departments' figures were 1.7% to 3.6%, about half above 2.2%. A complete breakdown is at Tables 1 and 2.

7. The Civil Service figures covered all the personnel functions identified for each Department, plus an allocation to each of their proportionate share of central overheads (e.g. training, recruitment). Almost all Departments succeeded in providing the required breakdown, though they stressed that the allocation was necessarily somewhat rough and ready. Many private sector companies however were not able to provide a detailed breakdown: and an equally large number did not supply details of some functions which were paralleled by Civil Service personnel effort. They stated that a significant proportion of this work was done by their line managers. Because of these two factors, many of the private sector figures understate their overall personnel effort compared with the Government Department ones.

PRIVATE SECTOR COMMENTS ON PROBLEMS OF COMPARISON

8. There are thus major definitional problems (given the wide and varied nature of personnel work) in making comparisons of like with like. Indeed the Institute of Personnel Management wrote to us stating that "efficiency is associated with arrangements tailored to suit particular circumstances comparisons between a chunk of the private sector and the Civil Service are likely to be based on invalid and unreliable data an overall figure would be meaningless". The TI Group stated specifically that, "our work orientation is so different that comparison could be more misleading than helpful". One Company refused to supply data on the grounds that the differences with the Civil Service were so great as to render this meaningless. Despite all this, we were able to elicit information which enables some crude comparisons to be made, on the basis of some pretty heroic assumptions.

MAJOR FACTORS AFFECTING COMPARISON

9. We concluded from the replies that there were three linked factors which were significant in determining the effort devoted to personnel matters:-

a. The actual nature of the business activity itself. Shell pointed out, as far as their main operating divisions were concerned, that the personnel function 'reflects their own unique business requirements'. Other companies, e.g. the brewers, drew attention to the particular nature of their own retail establishments. Austin Rover commented that there was 'very little alignment between the organisation of the ARG personnel staff and the Civil Service functional structure'. In short, the effort devoted to personnel work is crucially dependent on the business and structure of the company it supports.

b. The broad philosophy a company selects on how to approach its operations. Marks and Spencer who believe in the importance of strong and effective centralised personnel management spend 2.2% of their staff effort (or 5.1% of their staff budget) on personnel functions: others with a different approach and whose type of operations lend themselves to decentralisation spend much less. (Boots for example with 1200 Stores, have a staff manager in only 107 Departmental Stores - in the others the line manager performs all the functions).

c. The amount of authority in the personnel field delegated to line management. The majority of companies delegated considerably more authority than is the case in the Civil Service. For example, ICI stated that "the broad involvement of line managers in staff management could well be of the order of 40% of total management time". BP expect their line managers to settle recruitment, pay, and much of the career development of their staff.

10. We consider accordingly that the very wide variety of institutional practice shown by the survey does not permit any single conclusion to be drawn, though it does illuminate some interesting divergences. We doubt therefore whether very broad brush comparisons of this nature can of themselves yield particularly focussed lessons.

THE CIVIL SERVICE AND THE PRIVATE SECTOR

11. In reaching a view on proportionate effort on personnel work, we had to recognise that personnel work does not exist as an end in itself. Its function is to provide an essential service to the front line in the pursuit of the organisation's objectives; to help optimise the use of a vital asset, people; and to provide in a cost effective manner a wide variety of support services.

12. The Civil Service has its own individual characteristics. It employs some half-million non-industrial staff, over half of whom are at clerical level, and three-quarters of whom are employed outside London. It has 28 general service classes, and over 2,500 Departmental grades, performing a very wide variety of tasks. Government personnel management has to operate against this background, adapt to a changing world (e.g. a smaller better qualified staff) and face a variety of constraints, some of its own making, e.g.:-

- a. The Service remains for the most part a career service: with a 'cradle to grave' approach to staff management, including succession planning and long term career development, particularly for the more able staff.
 - b. A large number of matters are determined Service wide and are implemented with a high degree of uniformity e.g. pay, pensions, leave, travel and subsistence.
 - c. There is a highly developed Trade Union system at national, Departmental and local level. This has some benefits and some disadvantages, notably the amount of consultation required and the problems of introducing change.
 - d. There is a long tradition of "overt fairness". This in turn leads to certain types of procedures, e.g. "fair and open" recruitment policies and promotion and disciplinary procedures with built in appeals systems. There is a significant degree of wider accountability.
 - e. Promotion in most cases is to a grade not to a post.
13. Per contra, in the private sector very broadly:-
- a. Line managers have more responsibility for personnel decisions: there is less stress on uniformity and "fairness".
 - b. The individual has more responsibility for developing his own career, and is expected to apply for specific advertised vacancies inside (and outside) the company, as the main avenue for promotion.
 - c. Personnel staff are usually more specialist; and act in an advisory, supportive and monitoring role, rather than taking the initiative in postings, promotions etc.
 - d. Appointments are made to specific jobs: there is less use made of a pool of generalist talent.
 - e. Staff appraisal tends to be less elaborate.
 - f. There is less concern in avoiding mistakes and with checking, and also less detailed worry about "proper use of public monies": e.g. commercial considerations can lead to tolerance of a controlled amount of pilferage, or of unchecked entertainment claims etc.

LESSONS FROM PRIVATE SECTOR FIGURES

14. There are already a number of efforts (following the Review of Personnel Work and the Financial Management Initiative) to graft good private sector practice onto Civil Service procedures - greater delegation to line management, more open reporting and so on, but taking account of many of the present constraints. If radical alterations in the organisation and numbers of personnel staff in the Civil Service were desired so as to align the position more closely with the slimmest private sector practice, then equally radical changes would be needed over many other existing Civil Service policies and procedures.

15. Relevant here is that arising out of a MINIS examination in MOD, the Secretary of State for Defence has asked that a detailed in depth study be undertaken of the implications of an alternative approach to personnel management. This would entail giving individuals more responsibility for planning their careers, and delegating much more of the personnel management function to line managers. This study is due to report by the end of the year. It should illuminate the consequence of radical changes in the balance between line and personnel, and the role of the individual over 'self posting'. It will thus be looking at issues we have identified. It too will consider private sector practice.

16. There is considerable variety in private sector practice, and significant differences in the way they organise their personnel functions as compared with the Civil Service. Nevertheless we consider that effective comparisons can fruitfully be made, but on the basis of a case by case examination of specific and defined functions. This could be between firms and parts of the Civil Service engaged in like activities. The identification of "twins" could yield positive results - e.g. the contacts already built up between Nat West and the Inland Revenue. Broad brush comparisons are of limited use. Those we have made would appear to indicate that Civil Service effort on personnel work is not markedly out of line with those companies with a similar approach.

COMPARATIVE MOVEMENTS IN THE CIVIL SERVICE STAFF NUMBERS SINCE 1979

17. The figures we have elicited show the pattern below (fuller details are at Table 1).

	Non Industrials	Numbers engaged in their personnel work
1979	418,601	9,301
1983	381,825	8,017
%tage reduction 1983/1979	8.8%	13.8%

18. These figures show that overall the personnel function has borne over 50% more than its proportionate share of staff cuts, and this at a time when personnel commands have been under pressure to cope both with the effects of the run down of the Service, and with various new central initiatives. But there are interesting differences between Departments, and (as significantly) between different aspects of the personnel function. In the final analysis it is of course up to Departments, subject to collective Ministerial agreement over the overall numbers, to decide how best they should allocate their staff. There may well be reasons for differential amounts of staff time on personnel: e.g. the mix of staff, the changing nature of the Departmental function, and ad hoc exercises (for example major privatisations are particularly demanding of personnel effort).

19. Nevertheless, further effort could be made by Departments and Cabinet Office (MPO) to explore the value of these comparisons in particular areas. Departments could check the allocation of their personnel resources as against their priorities over time, building on their existing management information systems. Further investigation of apparent discrepancies of effort between Departments (see Table 3) might reveal points where action could be taken to secure greater value for money. If the results were promising, a more systematic series of key ratios which might illuminate comparative performance could be built up.

TOO MUCH CENTRAL PRESCRIPTION

20. Some Departments have claimed they are bound too tightly by detailed rules and procedures laid down by the Centre in the personnel field. There is a need for balance: uniform rules across the Service can avoid separate negotiations, leapfrogging and duplication of work and thus save cost. On the other hand unnecessary bureaucratic centralisation inhibits sensible management freedom and leads to time consuming referring back.

21. We noted that a number of initiatives have been set in hand to look at the potential for increased delegation. In the context of the Financial Management Initiative and the Review of Running Costs, Treasury and MPO have invited Departments' specific suggestions about relaxing existing rules. The MPO is also mounting a special review of the Civil Service Pay and Conditions of Service Code and Establishment Officers' Guide with a view to keeping prescription to the minimum and making clear what is mandatory and what is guidance.

22. This is an area which needs detailed examination case by case. Whilst it may not throw up staff savings in the personnel area, it could well permit effort to be deployed more effectively.

SCOPE FOR STREAMLINING

23. Moreover, it would be wrong to overlook the areas where central intervention can be effective in assisting in staff savings in the personnel field. For example, in the field of Superannuation Treasury has been able to use centralised expertise to take on board assessment work from some other Departments at an overall saving, and to give advice about the optimal methods of computerisation. In this field, a saving of 409 staff is expected by 1986 on the 1979 figure of 721 staff - a massive reduction. This is an example of what can be achieved: the RPW identified further scope for streamlining of existing Civil Service practice.

CONCLUSIONS

24. We conclude that:-

- a. There is a wide range of effort on personnel matters within and between private sector firms and Government Departments. The amount of this effort is crucially dependent on the nature of the operation and the organisation's management style.

- b. Many firms devoted fewer resources to the personnel function than Government Departments, others devoted more. These broad brush comparisons would not however appear to indicate that the Civil Service has got the scale of its total effort quite wrong.
- c. In the period 1979-83, personnel staff in the Departments reduced by over 50% more than their proportionate share of staff cuts.
- d. Work is in hand on the examination of central regulations, prescriptions etc.
- e. Efforts are being made to graft cost effective private sector personnel practice on to Civil Service procedures: in addition a more radical study is being mounted in MOD into the possibility of delegating more personnel work to line management.

25. We believe that there is scope for further work by MPO and Departments:-

- a. to pursue comparisons of personnel practice with suitable private sector "twins" where particular problems appear to warrant such comparisons;
- b. to investigate whether apparent discrepancies of effort on different aspects of personnel work between Departments in particular areas reveal points on which cost effective action should be taken;
- c. to pursue vigorously the relaxation of unnecessary central prescription;
- d. and to see whether the MOD exercise yields anything of more general application.

N Gurney
E Bowman
T R Hornsby

18 October 1983

NUMBERS EMPLOYED ON PERSONNEL WORK: COMPARISON BETWEEN THE CIVIL SERVICE AND OUTSIDE ORGANISATIONS

FUNCTIONS TO BE INCLUDED

1. Policy

Reviewing and updating personnel policies and procedures, both at department's discretion and in response to central initiatives. Includes any general consultations with staff unions and overall manpower planning.

2. Staff Management

Covers support by personnel staff to line managers and staff in the development and deployment of staff. Includes matching the jobs to be done as closely as possible to the abilities of the staff available to do them; planning the careers of staff through a succession of jobs to develop their potential; interviewing them on a fairly regular basis; and liaising with line managers on their needs for staff. This function also includes involvement by personnel staff in secondments to other employers; in retirements, resignations, redundancies and dismissals; and in conduct and discipline cases.

3. Training

All training and support staff, but excluding student costs and non-staff items, such as the cost of equipment, lecture rooms, residential facilities etc.

4. Recruitment and probation

Covering personnel staff effort across whole range of recruitment undertaken by the organisation (but excluding such non-staff items as advertising) and subsequent involvement in probation, if used.

5. Promotion

The personnel effort involved in operating the promotion system used in the organisation.

6. Administration of pay and maintenance of staff records

Calculating and notifying changes of pay and implementing centrally negotiated pay settlements. Maintenance and development of information records for staff, including details of new entrants and departures and changes of job, grade or location. This does not include operation of the payroll computer system, or specialised programming staff or computer operation.

7. Administration of travel and subsistence rules and claims

8. Administration of leave and attendance

Maintaining attendance and leave records, including in particular sick and special leave; review of cases of long sick absence; approval and monitoring of overtime and other pay-related allowances.

9. Superannuation

Work on pensions policy and administration of superannuation schemes, including calculation and payment of pension and other benefits and arrangements for transfer of pension rights for staff moving to and from other employers.

10. Welfare

Any separate provision for helping staff with personal or domestic difficulties which affect work performance, eg providing private counselling; assisting staff subject to redundancy, relocation or disciplinary measures.

NUMBERS EMPLOYED ON PERSONNEL WORK: COMPARISON BETWEEN THE
CIVIL SERVICE AND OUTSIDE ORGANISATIONSI Firms approached for informationa. Those which replied

Austin Rover Group Ltd
Allied Breweries Ltd
Barclays Bank plc
The Boots Company plc
British Gas Corporation
BP Oil
Delta Metal Co Ltd
Guardian Royal Exchange Assurance
Halifax Building Society
ICI plc
The Littlewoods Organisation plc
Lucas Industries plc
Marks and Spencer plc
Mars Confectionery
Midland Bank plc
Rowntree Mackintosh plc
Shell UK Ltd
Tube Investments Group plc
Whitbread and Co plc

b. Those which did not reply or provided unuseable information

Abbey National Building Society
Bass Mitchells and Butlers Ltd
Courtaulds Ltd
Dunlop Holdings plc
GEC Electrical Projects Ltd
The Goodyear Tyre and Rubber Co (GB) Ltd
Prudential Assurance Co Ltd
Rank Xerox (UK) Ltd
Reckett and Colman plc

II Government Departments

Ministry of Defence
Department of Health & Social Security
Inland Revenue
Department of Employment Group
Department of the Environment & Department of Transport
Department of the Environment - Property Services Agency
Department of Trade & Industry
Ministry of Agriculture, Fisheries & Food
Department of Energy
Royal Mint

TABLE 1

GOVERNMENT DEPARTMENTS - PERSONNEL STAFF: ALL STAFF (NUMBERS AND COSTS); REDUCTION IN PERSONNEL AND TOTAL STAFF NUMBERS 1979-83

GOVERNMENT DEPARTMENTS	INLAND REVENUE	PSA	DHSS			MINT	DOE/DTP ex DLVC	DVLC	DTI	DEFENCE			ENERGY	MAFF	DE GROUP			
			HQ	NEW-CASTLE	TOTAL					(non ind)	ROFs (ind)	RDkyds			HQ	EMPLOYMENT REGIONS	MSC	GROUP TOTAL
NUMBERS																		
TOTAL STAFF MANAGED	72000	16197	5999	11483	91888	1016	15821	4796	14317	105600	13715	17760	1101	10979	3560	29998	21823	59771
PERSONNEL STAFF	898	333	95	96	1883	21	335	108	322	2452	187	200	29	304	96	690	754	1679
DEPARTMENTAL RATIO PERSONNEL STAFF/STAFF MANAGED	1.2	2.1	(1.6)	(0.8)	2.0	2.1	2.1	2.2	2.2	2.3	(1.4)	(1.1)	2.6	2.8	(2.7)	(2.3)	(3.5)	2.8
PRO-RATA ALLOCATION OF CENTRAL ACTIVITIES	109	24	9	17	138	2	24	7	21	159	20	27	2	16	5	46	33	91
OVERALL RATIO PERSONNEL STAFF/STAFF MANAGED	1.4	2.2	(1.7)	(1.0)	2.2	2.3	2.3	2.4	2.4	2.5	(1.5)	(1.3)	2.8	2.9	(2.8)	(2.4)	(3.6)	3.0
COSTS (Salary only) £000s																		
TOTAL STAFF COSTS	530000	140000	67249	71000	639000	7866	136170	-	116868	900000	75750	98300	11303	92646	25718	147309	149509	541109
PERSONNEL COSTS	8081	2800	881	600	13016	152	3357	810	2916	16850	1500	1650	286	2432	762	5254	5575	18830
DEPARTMENTAL RATIO PERSONNEL COSTS/TOTAL STAFF COSTS	1.5	2.0	(1.3)	(0.8)	2.1	1.9	2.5	-	2.5	1.9	(2.0)	(1.7)	2.5	2.6	(3.0)	(3.6)	(3.7)	3.5
PRO-RATA ALLOCATION OF CENTRAL ACTIVITIES COSTS	839	188	70	131	108	156	185	55	165	1241	156	210	16	126	39	359	260	720
OVERALL RATIO PERSONNEL COSTS/TOTAL STAFF COSTS	1.7	2.1	(1.4)	(1.0)	2.2	2.1	2.6	-	2.6	2.0	(2.2)	(1.9)	2.7	2.8	(3.1)	(3.8)	(3.9)	3.6
REDUCTION 1979-83																		
%REDUCTION: ALL STAFF	14.8	16.9	19.8	13.0	5.5	26.7	17.8	31.1	13.0	12.4	18.4	NK	13.1	13.0	12.3	+51.4	7.0	+14.0
%REDUCTION: PERSONNEL STAFF	8.4	30.2	22.1	11.9	12.1	34.4	17.3	31.2	18.9	17.0 ²	24.9	NK	19.6	13.0 ¹	3.0	+20.6	16.9	3.5

Footnotes

¹ Figures not available. Policy has been to secure proportionately equal cuts in all areas of the Department "MAFF Personnel has contributed its full share!"

² Exact figure not available. Based on reductions in 2 under secretary commands dealing with personnel work for non-industrials.

COMPANIES	BOOTS*	TUBE INVESTMENTS*	DELTA METAL*	GRE	BP*	LUCAS	WILTTHREADS*	ALLIED BREWERIES*	BARCLAYS*	HALIFAX	LITTLEWOODS	AUSTIN ROVER	MIDLAND	ICI*	MARS	BRITISH GAS	ROWNTREE MACKINTOSH	SHELL	HQ	MARKS & SPENCER	TOTAL
NUMBERS																					
TOTAL STAFF MANAGED	68562	26500	13,000	7700	7142	29759	10,000	10380	66500	10800	32215	38249	45239	56600	3029	101200	2473	18000	3474	47934	51408
PERSONNEL STAFF	207	123	79	53	60	272	100	123	776	127	397	518	649	836	51	1980	50	370	161	945	1106
FUNCTIONS																					
1. Policy				(2)		23		22	25				61	71	3	700	8		20	/	
2. Staff Management				30		132		18	122				247	501	1	(1)	23		63	945	
3. Training				8		95		21	280				279	228	4	1050	12		34	(2)	
4. Recruitment/ Probation				(2)		(2)		28	110				(2)	(2)	3	(1)	7		17	(2)	
5. Promotion				(2)		(2)		7	(2)				5	(2)	1	(1)	(2)		(2)	(2)	
6. Pay and Records				15		22		27	175				1/4	(2)	5	(1)	(2)		13	(2)	
7. T&S				/		/		/	57				/	(2)	/	/	/		/	/	
8. Leave and Attendance				/		/		/	(7)				(2)	(2)	15	/	(2)		(2)	(2)	
9. Superannuation				/		/		/	7				13	36	4	/	/		14	/	
10. Welfare				/		(2)		/	(7)				(2)	(2)	15	230	(2)		(2)	(2)	
RATIO OF PERSONNEL STAFF TO STAFF MANAGED																					
	0.3	0.5	0.6	0.7	0.8	0.9	1.0	1.2	1.2	1.2	1.2	1.4	1.4	1.5	1.7	2.0	2.0	2.1	4.6	2.0	2.2
COSTS Salary £000s																					
TOTAL STAFF COSTS	263600	164300	88000	56500	21300	167055	NA	90769	450000	68660	115000	377000	330000	472600	55000	800,000	21284	224000	44320	168988	213308
PERSONNEL COSTS	1500	1400	581	475	880	2107	NA	1289	8209	1147	1928	4379	6637	9875	1137	19,500	483	4604	2636	8336	10972
RATIO OF PERSONNEL COSTS TO STAFF COSTS																					
	0.6	0.9	0.7	0.8	4.1	1.3	-	1.4	1.8	1.7	1.7	1.2	2.0	2.1	2.1 ^{2.}	2.4	2.3	2.1 ^{3.}	5.9	4.9	5.1

Brackets indicate function in which included

/ indicates function not included in return

* companies which specifically mentioned significant line management personnel responsibility

Footnotes

1. Covers central function only.

2. Based on 'total remuneration' of personnel staff rather than 'salary'.

3. Based on average salary of £12,400. Likely to be an underestimate as all personnel staff are white collar.

% OF PERSONNEL STAFF/FUNCTION

GOVERNMENT DEPARTMENTS	INLAND ^{1.} REVENUE	DOE/DTP (excl DVLC)	PSA	ENERGY	DE	MSC	DHSS	DTI	MAFF	MOD
1. Policy	2	6	11	7	2	4	3	2	6	3
2. Staff management	5	41	23	28	43	29	7	49	18	56
3. Training	58	18	23	10	44	41	34	15	10	17
4. Recruitment and Probation	7	5	4	17	(2)	(2)	4	2	7	(2)
5. Promotion	3	4	6	7	(2)	(2)	3	3	10	(2)
6. Pay and Records	8	5	9	14	5	23	25	10	20	14
7. T & S	7	2	6	3	1	(1)	7	4	12	6
8. Leave and Attendance	0	6	5	7	(6.2)	(6)	5	1	5	(2)
9. Superannuation	(6)	7	7	3	(6.2)	(6)	4	7	5	3
10. Welfare	9	6	4	7	5	3	7	6	7	2

COMPANIES	LUCAS	GRE	BARCLAYS	ALLIED BREWERIES	ICI	MARS	ROWNTREE MACKINTOSH	BRITISH GAS	M&S	MIDLAND
1. Policy	8	(2)	3	18	8	6	16	35	2	9
2. Staff management	28	57	16	15	60	2	46	(1)	91	38
3. Training	35	15	36	18	27	8	24	53	3(2)	43
4. Recruitment and Probation	(2)	(2)	14	23	(2)	6	14	(1)	1(2)	(2)
5. Promotion	(2)	(2)	(2)	6	(2)	2	(2)	(1)	(2)	1
6. Pay and Records	8	28	22	22	(2)	10	(2)	(1)	1	7
7. T & S	/	/	7	/	(2)	/	/	/	/	/
8. Leave and Attendance	/	/	(7)	/	(2)	29	(2)	/	(2)	(2)
9. Superannuation	/	/	1	/	4	8	/	/	1	2
10. Welfare	(2)	/	(7)	/	(2)	29	(2)	12	(2)	(2)

Brackets include function in which included
/ function not included in return

Footnote

1. Covers central function only

Unit / Sense /
Long term
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Prime Minister (2)

Good progress

AT 7/11



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

7 November 1983

Andrew Turnbull Esq
Private Secretary
10 Downing Street
LONDON SW1

ms

Dear Andrew,

CIVIL SERVICE NUMBERS

The Prime Minister will wish to know the latest - very encouraging - Civil Service manpower figures.

We now have Departments' staff-in-post figures for 1 October 1983. The total stands at 636,300 - a reduction of 6,500 on the last quarter. The size of the Civil Service has fallen by 96,000 (13.1 per cent) since the beginning of the last Parliament and we now have the smallest Civil Service since the Second World War. The reduction in numbers means a full year's gross savings in pay costs at current rates of about £749 million. This is partially offset by the costs of services contracted out to the private sector or hived off to other public sector bodies but these cannot be separately identified.

The reduction of 6,500 in the last quarter is made up of 4,000 non-industrial and 2,500 industrials. Gross savings totalled about 7,050 of which the most significant proportions occurred in DHSS (2,310, partly due to reductions in the Social Security local office network), Ministry of Defence (1,640, reflecting the continuing rundown of Chatham and Portsmouth Dockyards), Inland Revenue (820, due to permanent staff leaving collection office posts, which will shortly disappear as work on schedule D is computerised), and HMSO (380, following the sale of the Gateshead Press). There were offsetting increases of about 550, of which about 190 were in the Home Office, where extra staff have been recruited in the Prison Department, and about 150 in the Land Registry following recruitment of permanent staff



to bring their manpower levels towards complement.

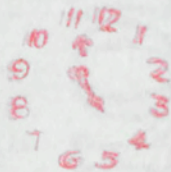
The Minister of State will be announcing the October figures by means of a Written Answer within the next day or so.

Yours sincerely,

Margaret O'Mara

MISS M O'MARA
Private Secretary

-7 NOV 1953



CONFIDENTIAL

~~CO NO.~~



NBPM 7/11

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Fowler MP
Secretary of State for Social Services
Department of Health & Social Security
Alexander Fleming House
Elephant & Castle
LONDON
SE1 6BY

4 November 1983

Dear Secretary of State

CIVIL SERVICE MANPOWER

Thank you for your letter of 28 October agreeing to my proposals to publish future civil service manpower figures, and to their review in the course of public expenditure surveys.

I accept in principle your point about demand led work-load changes and recourse to the contingency margin. You will understand of course that should the case arise the Treasury will have to be convinced that increased staff are needed and that there are no offsetting savings to be had elsewhere.

I am copying this letter to the Prime Minister, Cabinet colleagues, Lord Gowrie and Sir Robert Armstrong.

Yours sincerely

J. G. G. G.

Jr. PETER REES

[Approved by the Chief Secretary]

CONFIDENTIAL

Civil Servant: ~~Manjinder~~ Kaur PT14

7 NOV 1985

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PRIME MINISTER

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Mr Hatfield replica
ATCIVILIAN MANPOWER NUMBERS

Because we have both been occupied in other ways over the last week, I have not mentioned to you before my concern over the follow-up to the Cabinet discussion on 20th October about Civil Service numbers after 1984. It was my impression of that meeting that it was decided to carry out further work on the scope for larger reductions before reaching a final view on the proposals put forward by the Chief Secretary. When I checked back with my Officials on the conduct of this further work, I found that the record of your summing up in the limited circulation annex to CC(83)30th Conclusions was expressed in much more general terms. I wonder if it is in fact your intention to take this rather further than is implied by the Minutes?

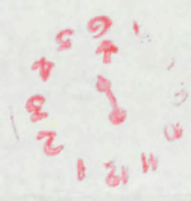
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Ministry of Defence
3rd November 1983

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4 NOV 1983



NOV 1983

CE NO 3



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

31 October 1983

The Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
LONDON SW1A 2HB

John Major

OBLIGATIONS OF CIVIL SERVICE MANAGERS AND NOTING OF FILES

With his letter of 17 March to Janet Young, Geoffrey Howe copied to colleagues the studies by the Standing Group on Industrial Action (GIA) of the obligations of civil service managers in relation to industrial action, and of the case for noting on personal files instances of industrial action by individual members of staff. The Prime Minister was content with the proposals relating to obligations but had reservations about the recommendation that there should be no change in the policy that industrial action is not formally recorded (Michael Scholar's letter of 3 May). Officials were asked to examine ways in which 'negative noting' might be introduced.

... The enclosed note by officials concludes that the most effective system of recording would be the noting of personal files, and that it should be confined to those of Higher Executive Officer level and above.

✓ The Prime Minister and I have agreed that it would not be sensible to proceed at present with a formal announcement about 'negative noting'; but that Departments should press on with the work of explaining the obligations of managers, and of ensuring that there are effective informal procedures to monitor selectively the reliability of staff and to control the allocation of staff to sensitive posts.

Establishment Officers of all Departments will be asked to put this work in hand, and I very much hope that you and the other



colleagues to whom I am copying this will do your best to ensure that it is taken forward in your own Departments as I shall do here.

I am copying this to the Prime Minister, Norman Fowler, Norman Tebbit, Tom King, Michael Havers, Grey Gowrie and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Nigel Lawson', with a long horizontal stroke extending to the right.

NIGEL LAWSON

PROPOSALS FOR RECORDING OF INDUSTRIAL ACTION

Note by Officials

Introduction

1. Following the reports prepared by GIA on the obligations of managers and on the noting of files officials have been asked to consider ways in which formal records could be kept of the involvement of individual civil servants in industrial action so that this can be taken into account in considering their future postings and promotion. This note considers the possible options; their application in practice, and the timing of any move to introduce new procedures of this kind.

The GIA proposal

2. The GIA report on noting recommends that the present policy of not formally recording all instances of industrial action on personal files as a matter of routine should be continued; but that other steps should be taken informally to ensure that staff who have a propensity to take industrial action are not posted to management positions or other sensitive jobs at lower levels. These procedures would not have excluded the noting of files in certain circumstances but would have relied primarily on management judgements rather than on any formalised procedures. There is, however, concern that this approach might be too haphazard and ineffective.

Possible courses

3. There are three possible approaches which might be adopted:
- i. a formal procedure requiring industrial action to be noted on annual staff reports;
 - ii the maintenance of centrally held records in each department;
 - iii noting separately the personal files of the individuals involved in industrial action.

i. Noting annual reports

4. The annual report is a formal record of performance produced for all staff and held on personal files, and is normally referred to in consideration of promotability. But there are practical difficulties in the way of relying on the annual report for noting industrial action:

a. completion of annual reports is delegated throughout the service, usually to the immediate superior who may be at no more than Executive Officer level. Consistency would be hard to achieve, and central guidance would be difficult to produce, highly contentious and possibly counter-productive;

b. reporting officers may well be involved in industrial action themselves; this too would militate against consistency;

c. annual reports may not be referred to in later years during posting or promotion action.

ii. A central record

5. The maintenance of a central record listing staff who have taken industrial action (and which could be consulted when management was considering postings and promotions) would be less arbitrary than the noting of annual reports. There would be a lesser risk than in the noting of files that it might be perceived as a form of disciplinary action. But there are two main objections to it. First, centrally (or locally) held records would soon become regarded as "black lists", open to the criticism of being less private than personal files. Second, larger departments, which deal with postings and promotions on a regional basis, would need several lists, which apart from leading to practical difficulties could also result in inconsistencies. Also in larger departments there is a greater risk of the lists becoming public.

iii. Noting personal files

6. The third, and preferable, course would be for instances of industrial action to be formally noted on the personal files of the individuals concerned. With the issue of relatively simple guidance

as to the form of words to be used, this could offer less risk of inconsistency or discrimination in the way information was recorded - although there might inevitably be inconsistency in the way in which it was used but this would be true under any of these approaches.

Form and practice of noting

7. It would be necessary to decide what formal records of industrial action should be maintained on personal files. The details of any disciplinary offences, whether relating to an industrial dispute or not, are already placed on an individual's file. In addition a copy could be placed on the individual's personal file of any instruction for a deduction from an individual's pay as the result of industrial action. A formal instruction is already issued to pay centres when pay is adjusted following industrial action. By limiting formal noting to cases of this kind management would in effect be recording when an individual had been:

- (a) on strike;
- (b) subject to Temporary Relief from Duty;
- (c) subject to a reduction in pay for failure to carry out the full range of his duties.

8. The record would not include cases where an individual had taken industrial action which did not involve breach of contract leading to a loss of pay, for example in the case of refusal to work non-contractual overtime. But apart from cases involving loss of pay or the institution of disciplinary procedures an individual could argue that since no action had been taken against him it would be inequitable for a record to be made on his file. To limit noting to those instances would make it less subjective, more easily definable and more defensible. Individual departments would need to clarify the mechanisms to bring to attention information recorded in this way when decisions on posting or promotion were being taken.

Coverage

9. It could be argued that only those in management positions should have absences recorded. This would be more consistent with the GIA proposals on the obligations of managers and many departments consider

it would avert the inevitable hostile reaction to "negative noting" from junior staff for whom such a policy is seen as counter productive. There are also real practical difficulties in recording industrial action for large numbers of junior staff, not least the ability of Personnel Managers to deal with it and cost but also securing acceptable "return to work" agreements. But it is not always possible to have a clear definition of the dividing line between management and staff and there are posts at junior levels which are sensitive. Moreover, many of those in the lower grades will be considered either in the short term or in later years for managerial or supervisory posts. The balance of arguments is seen by departments as being in favour of confining it to HEO level and above.

Disciplinary action

10. Participation in industrial action in support of a civil service dispute is not, as a matter of policy, made the subject of disciplinary proceedings and it would be desirable to retain this position. But to avoid the suggestion that management was, in effect, seeking to introduce disciplinary penalties by another route, it would be necessary to make it clear to staff that a record on a file would be only one of the factors to be taken into account in considering individuals for particular posts or for promotion. The arrangements would not, therefore automatically bar individuals from particular posts, nor would they amount to a bar on promotion or consideration for promotion; these penalties could only apply in the event of disciplinary proceedings. It would therefore be necessary to make it clear that the new administrative arrangements were being introduced simply to ensure that management had available to it all relevant information when considering staff for posting to management positions, for other sensitive posts or for promotion.

Timing

11. Since the intention would be to influence the future behaviour of staff it would be necessary to publicise the new procedures. There would be an immediate and hostile reaction from the unions and from staff and the trade union movement as a whole might pursue it as an issue of principle. There would inevitably be a set-back to the

SECRET AND PERSONAL

present limited improvement in industrial relations with the Civil Service unions and this could have an adverse effect on the present discussions with them of new long-term pay arrangements. If the announcement of new procedures was delayed until there was an apparent threat of widespread industrial action the new measures could be related more directly to that threat and their announcement act as a deterrent to industrial action. But in a highly charged atmosphere the announcement would certainly be seen as a provocative act. On the timing of any announcement there is, therefore, a balance of argument.

Notice to staff

12. Annex A illustrates the kind of notice that should be distributed to staff. (it is based on the assumption that noting will be confined to grades at HEO level and above). Any such notice would need to make it clear that the policy applies only to future industrial action in order to respect provisions in the return to work agreements concluded at the end of the 1981 national pay dispute and of some subsequent departmental disputes recording undertakings that industrial action taken on those occasions would not be noted on personal records.

ANNEX A

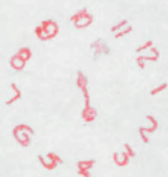
DRAFT CIRCULAR TO ALL CIVIL SERVANTS

1. This circular sets out and clarifies for the information of all staff the Government's revised policy towards industrial action taken by civil servants.
2. Taking part in industrial action either by being on strike or taking action short of a strike, where a civil servant fails to fulfil his terms and conditions of service, is a breach of contract.
3. Civil servants who take industrial action in connection with disputes which are not about Civil Service terms and conditions of service are liable not only to loss of pay and allowances but also to disciplinary proceedings in accordance with departmental procedures. However, disciplinary procedures are not normally initiated in the case of unauthorised absence or refusal to perform duties in accordance with terms and conditions of service where these actions are taken in furtherance of a dispute about the terms and conditions of service of civil servants.
4. In considering promotions or postings to management levels departments must necessarily take into account all relevant information, including the attitude of staff towards industrial action and their obligations as managers. In this context participation in industrial action is a relevant factor in forming a judgement on the suitability of an individual for management positions. Taking part in industrial action will not in itself be a bar to appointment to a post or consideration for promotion. But it will be a factor to be taken into account at the appropriate levels along with an individual's record as a whole in reaching decisions of this kind.
5. In order that the necessary information is available on a consistent basis, any industrial action which is taken by civil servants at HEO or equivalent level or above which results in a loss of pay will in

SECRET AND PERSONAL

future result in a record of that action and the subsequent loss of pay being recorded on his personal file. Staff will wish to be aware of this change in the administrative arrangements for recording cases of industrial action.

C/S: Long term Policy: Pt-12



1 NOV 1985

CONFIDENTIAL

ec NO



NBPM

AT

31/10

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

28 October 1983

CIVIL SERVICE MANPOWER

Your minute of 18 October to the Prime Minister sought agreement to your proposals to publish future civil service manpower figures, and to review them in the course of public expenditure surveys.

I am content on both points, but ought to place on record the understanding between our officials that workload changes will be a call on or addition to the central contingency margin. I will seek to achieve savings beyond those implicit in the figures but must have some measure of protection from changes in demand-led work over which I have little control.

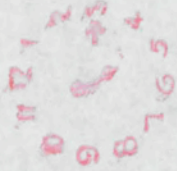
I am copying this letter to the Prime Minister, Cabinet colleagues, Lord Gowrie and Sir Robert Armstrong.

NORMAN FOWLER

CONFIDENTIAL

Civil Service Long term Pt 14

31 OCT 1981





DMB
27/10

David

NBPM

Treasury Chambers, Parliament Street, SW1P 3AG

1 tick

T J Flesher Esq
10 Downing Street
LONDON SW1

27 October 1983

Dear Mr Flesher,

I spoke to David Barclay at the end of last week to give him some background about the debate on the Civil Service which will take place in the House this Friday and during the course of which the Minister of State will speak. I said I would let you have some more information this week, particularly in view of the Prime Minister's interest as Minister for the Civil Service.

There has, for some time now, been interest expressed by Members in having a debate on the Civil Service and the Minister regards Friday's debate as, primarily, an House of Commons occasion. The Minister has deliberately not finalised his speech until now, wanting to take account of the interests of Members' on their return and of the likely order of speakers. On the latter, Mr du Cann will open the debate and, depending upon its course, the Minister hopes to intervene between 11 o'clock and 12 o'clock, offering to take 5 or 10 minutes at the end to deal with any further points. Alan Williams will be the main Opposition Speaker and hopes to follow the Minister immediately.

The Minister will set his speech against the background of rapid and considerable growth in the public services as a whole before honing in on the growth in the Civil Service. In doing so, he will remind the House of the huge range of activities undertaken by the Civil Service, but his intention is to provide a context for the Government's aims on coming to office in 1979 to reduce the burden of the public sector and to promote better management and greater economy and efficiency.

The Government's achievements on manpower and the search for efficiency and effectiveness will form the core of the Minister's speech. He will emphasise that the Government is not content to rest on its achievements and that its aim is not just to cut costs. Rather, it is to secure more value for money and to provide a better service while, at the same time, reinforcing and promoting changes in attitudes and approaches which are taking place and will continue - as was said in the context of the FMI: "It is a programme for the life of a Parliament and beyond".

The core of the speech, then, will discuss manpower - without, of course, prejudging decisions about manpower after 1984 - the efficiency programme, MINIS, leading up to the Financial Management Initiative in general and the recent White Paper on "Financial Management in Government Departments" (Cmnd 9058). The Minister will refer to the TCSC and their recommendations on efficiency and effectiveness in the Civil Service. Beyond that, there are a good many points on which the Minister might speak (for example, privatisation and the reduction in Quangos; the Machinery of Government; pay, conditions of service and personnel policies) and there are a good many issues on which he is prepared to speak should they arise. But much will depend upon the course of the debate.

In conclusion, the Minister will want to underline the value the Government attaches to the Civil Service and its work; to underline the changes already taking place in attitudes and practices; and to repeat that the Government's aims are to reinforce and promote trends, already running inside and outside the Service, which are producing a more effective Service and one more relevant to present conditions as well as a better service to the public at a lower cost.

I am copying this to Mary Brown, David Heyhoe and Murdo Maclean.

Yours sincerely

Debbie McCambridge

P.P.

M E CORCORAN
Private Secretary

27 OCT 1983





da

10 DOWNING STREET

From the Private Secretary

24 October 1983

Regional Directors in the North and the
East Midlands

The Prime Minister has seen your Secretary of State's minute of 21 October. She agrees, reluctantly, with the case put forward for providing separate Regional Directors for the four Regional Offices which are currently twinned.

I am copying this letter to Dinah Nichols (Department of Transport), John Kerr (HM Treasury), Callum McCarthy (Department of Trade and Industry), Barnaby Shaw (Department of Employment) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

SH



Prime Minister ①

Agree?

Reluctantly - Yes mb AT 21/10

PRIME MINISTER

REGIONAL DIRECTORS IN THE NORTH AND THE EAST MIDLANDS

I think you might like to know of two changes that I am proposing to make in the Regional office arrangements for my Department.

Four of our eight Regional Offices are "twinned". Northern Region and Yorkshire and Humberside Region are separately based in Newcastle and Leeds, but share the same Regional Director. A similar arrangement operates between the West Midlands Region in Birmingham and the East Midlands Region in Nottingham. These arrangements were introduced in early 1981 as a modification of a Rayner scrutiny recommendation about which Michael Heseltine minuted you at the time.

It has become apparent over the last two years that twinning is not working satisfactorily. In the case of the Newcastle/Leeds post, the demands of the two regions have become too much for one man to deal with efficiently, and the signs of this have provoked considerable criticism from local government and commerce. With the abolition of the Metropolitan County Councils now under way, I see the position worsening. I am satisfied that there is a need for separate Regional Directors in both the Northern and Yorkshire and Humberside regions and I propose to re-establish a separate Regional Director post at Under-Secretary level in Newcastle. I am sure that this will be well received, especially in the North East.

In the case of the Birmingham/Nottingham post, the demands of the West Midlands have meant that the post-holder has been unable to devote much of his attention to the East Midlands. I therefore propose that the present Regional Director should concentrate wholly on the West Midlands and that a separate Regional Director should handle the East Midlands. This would not



entail an additional post, as we would merely up-grade one of the existing assistant secretary posts to Executive Director. This would aptly reflect the rather different weighting of the East Midlands region.

Since you were aware of the original "Twinning" proposals I thought you would like to know about the changes. There are considerable presentational as well as operational advantages in enhancing our presence in the Regions in this way, especially given the "ambassadorial" role that Regional Directors must perform for Government policy. Our proposals have been cleared at official level with the Treasury, and I hope to make an announcement very shortly.

Nicholas Ridley does of course have an equal interest in these proposals since the Regional Offices are shared between our two departments. I understand that he is content.

I am copying this minute to Nicholas Ridley, Nigel Lawson, Norman Tebbit, Tom King and Sir Robert Armstrong.

PJ

PJ

21 October 1983

cc 1/10



FROM: CHIEF SECRETARY
DATE: 18 October 1983

Prime Minister ②
For Cabinet meeting

AT 19/10

PRIME MINISTER

CIVIL SERVICE MANPOWER

I reported to Cabinet on 21 July that it should be possible to achieve a further reduction in civil service numbers from 630,000 to below 600,000 by 1 April 1988. Cabinet agreed that I should pursue the possibilities with colleagues during my bilateral discussions. This minute reports the outcome so far.

2. I have now agreed with all but one of our colleagues on target figures for 1 April 1988 and each intervening year. The figures are at Annex A. Allowing for a contingency margin of 7,500 they amount to a total of around 593,000 at 1 April 1988 for the Civil Service as a whole, a further reduction of 6 per cent on the target figure for 1 April, 1984.

3. The outstanding issue is civilian manpower in the Ministry of Defence. Because of the size of the department, this is crucial. The Ministry's survey bid was for 182,000 (ie. no reduction on the 1984 figure apart from the hiving-off of the Royal Ordnance Factories). It is, I believe, common ground between Michael Heseltine and

myself that he should be able to do a good deal better than that. I have proposed a target figure of 170,000 (a further reduction of 6.3%), though I hope for more in due course once MINIS has got into full swing in the MOD. Michael Heseltine has not committed himself to any particular target but I hope he will now feel able to accept the figure I have proposed.

5. The manpower figures are consistent with the expenditure programmes on which I am reporting in a separate minute. They reflect the best estimate we can make of the manpower needed to perform the essential tasks of each department as they are now foreseen. The contingency margin is included to give a measure of flexibility in planning; it is larger than it would have otherwise been in 1987 and 1988 to allow scope for the establishment of the proposed National Prosecution Service, if it is decided that it should be staffed by civil servants. As far as possible, allowance has been made for productivity gains expected during the period (including those from computerisation). The figures also reflect agreed plans for privatisation and hiving-off or contracting out of certain services now performed in-house. But it is probable that further savings will be identified over the period, and the figures will therefore be reviewed in the course of each subsequent public expenditure survey.

6. I propose that the figures should be published alongside the expenditure plans, in the Autumn Statement. In publishing them, it will be made clear that they will be reviewed annually during the Survey but that the presumption is that they will be adhered to, or reduced where circumstances warrant it. Firm control will continue to be needed to ensure that numbers do not creep up again.

7. I have undertaken to inform the Civil Service Unions about our decisions on manpower after 1984. I propose to let them have a copy of the figures in the Autumn Statement as soon as the Chancellor has made the statement.

CONFIDENTIAL

8. I am copying this letter to Cabinet colleagues, Lord Gowrie and Sir Robert Armstrong. Subject to a satisfactory outcome on the outstanding point, I invite your agreement and theirs to my proposal to publish the figures and to review and control them thereafter, as proposed above.

PR.

PETER REES

CONQUEROR
M
LONDON

CONFIDENTIAL

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GOVERNMENT OF INDIA

1953

1953

MANPOWER PLANNING FIGURES

ANNEX A

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AGRICULTURE FISHERIES AND FOOD					
Industry of Agriculture Fisheries & Food	11,493	11,450	11,400	11,340	11,260
Intervention Board for Agricultural Produce	623	610	590	566	560
CHANCELLOR OF THE EXCHEQUER					
Inland Revenue	69,850	70,200	69,300	66,300	62,900
Customs and Excise	25,150	25,350	25,100	24,900	24,700
Department for National Savings	3,050	3,025	7,900	7,875	7,590
HMSO	4,000	3,700	3,500	3,460	3,440
Treasury	3,820	3,570	3,535	3,500	3,455
Royal Mint	977	965	981	970	960
Central Office of Information	949	952	955	945	935
Registry of Friendly Societies	129	129	129	127	120
Government Actuary	64½	64½	64½	64½	64½
National Investment & Loans Office	52	52	52	52	52
EDUCATION AND SCIENCE					
Department of Education and Science ⁺	2,398	2,470	2,435	2,415	2,390
EMPLOYMENT					
Department of Employment	31,048	30,238	29,995	29,211	28,505
Health & Safety Commission/Executive	3,742	3,662	3,652	3,644	3,644
Manpower Services Commission	22,229	21,677	21,297	21,297	21,297
Advisory, Conciliation & Arbitration Service	645	639	632	629	629
ENERGY					
Department of Energy	1,110	1,106	1,085	1,062	1,033
ENVIRONMENT					
Department of the Environment	6,650	6,570	6,470	6,390	6,325
Property Services Agency	27,506	26,990	26,351	25,697	25,300
Ordnance Survey	2,815	2,815	2,801	2,787	2,773
FOREIGN AND COMMONWEALTH OFFICE					
Foreign and Commonwealth Office	9,433	9,314	9,199	9,033	8,903
Overseas Development Administration	1,793½	1,685	1,663	1,648	1,633
HOME OFFICE					
Home Office ⁺	35,761	36,639	38,199	40,129	41,138
LORD CHANCELLOR					
Lord Chancellor's Department (including Public Trustee Office)	10,125	10,195	10,195	10,170	10,000
Land Registry	6,725	6,845	6,910	6,910	6,950
Public Record Office	406	406	413	419	425
NORTHERN IRELAND					
Northern Ireland Office	200	196	191	188	182
SCOTLAND					
Scottish Office	9,800	9,809	9,791	9,622	9,542
Scottish Courts Administration	879	879	879	879	879
General Register Office Scotland	283	266	268	278	274
Registers of Scotland	754	800	832	854	889
Scottish Record Office	132	128	125	122	118
SOCIAL SERVICES					
Department of Health and Social Security	90,709	90,000	89,500	88,850	87,850
Office of Population Censuses and Surveys	2,162	2,152	2,132	2,102	2,155
TRADE AND INDUSTRY					
Department of Trade and Industry ⁺	12,751	12,751	12,751	12,751	12,751
Export Credits Guarantee Department	1,840	1,840	1,835	1,835	1,830
Office of Fair Trading	320	313	313	313	313
TRANSPORT					
Department of Transport ⁺	14,317	14,625	14,810	14,608	14,271
WELSH OFFICE					
Welsh Office	2,195	2,195	2,195	2,195	2,195
SMALL DEPARTMENTS					
Cabinet Office	518	518	518	518	518
Charity Commission	329	329	320	320	320
Crown Estate Office	114	116	117	118	119
Director of Public Prosecutions	237	242	241	240	240
Law Officers' Department	22	22	22	22	22
Lord Advocate's Department	22	22	22	22	22
Management and Personnel Office	1,198	1,188	1,178	1,168	1,158
Office of Arts and Libraries ⁺	45	45	45	45	45
Paymaster General's Office	872	898	934	960	989
Privy Council Office	33	33	33	33	33
Crown Office & Procurator Fiscal Service	966	980	1,000	1,020	1,040
Treasury Solicitor's Department	460	456	452	447	442
DEFENCE					
Ministry of Defence	200,000	179,000*	176,000*	173,000*	170,000*
CONTINGENCY MARGIN	1,298	2,000	4,000	6,500	7,500
TOTAL	630,000	608,121	605,307	600,550	592,678

⁺Machinery of government changes subject to confirmation (some figures still provisional)

*Treasury proposals not yet agreed by department



FWB

2

(W)

cc N.O.

10 DOWNING STREET

From the Private Secretary

17 October, 1983

The Prime Minister was grateful for the Chancellor's minute of 10 October about "negative noting". She agrees not to proceed at present with a formal announcement about "negative noting", and to circulation to colleagues of the official note, as proposed in paragraph 8 of the Chancellor's minute.

I am sending a copy of this letter to Mary Brown (Lord Gowrie's Office) and Richard Hatfield (Cabinet Office).

(David Barclay)

J. Kerr, Esq.,
HM Treasury

A handwritten signature, possibly 'JL', in dark ink.



FUE

607

10 DOWNING STREET

From the Private Secretary

17 October, 1983

The Prime Minister was grateful for your Minister's minute of 13 October, with which he enclosed a copy of the discussion document on Qualifications.

The Prime Minister has taken note.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

(David Barclay)

Mrs Mary Brown
Privy Council Office

RM

Sir Robin Ibbs

cc ✓ Mr Flesher (No 10)
Mr Hatfield
Mrs Flanagan

DR
19/10

CIVIL SERVICE DEBATE

1. There is to be a debate on the civil service on Friday morning, 28 October. I understand that it will be a low-key affair. Nevertheless, it seems likely that efficiency and effectiveness in the civil service will be a prominent theme and Mr Hayhoe, who will be speaking on behalf of the Government, will want to put the case reasonably forcefully for what is being done to reform the service.

2. The speech and briefing material are being put together by the MPO and the Treasury. Those responsible have asked me whether it would be possible to quote from the Prime Minister's commission to you of last week as hard evidence of renewed determination.

3. Subject to advice from Mr Flesher and Mr Hatfield I have agreed with Mrs Flanagan that we should not use directly the ammunition provided by the commission on this occasion. It is too unimportant an event to justify that. I would much prefer to reserve the material, possibly for use at a Select Committee appearance.

4. Nevertheless, I think would be appropriate for Mr Hayhoe to draw on two thoughts in the commission, paraphrasing as necessary. These are:

- "Public servants generally must be convinced that the only way forward is to get more output, year by year, from the resources at their disposal."
- "..... the [scrutiny] technique might be applied to securing better value for money in Government policy, with the aim of achieving really significant

contributions to maintaining the quality of Government services within what the taxpayer can afford."

I judge that it would be useful for the Government's spokesman to make both of these points, so providing a leadership statement to the civil service as well as an indication to the wider world that the momentum is not slackening. He might want to go on to say that you will be helping the Government achieve these goals. But I do not think that he should refer, at this stage, to the existence of a commission, still less to quote from it.

1/3

IAN B BEESLEY
14 October 1983



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

Prime Minister

For information
ms

DMS
14/10

QUALIFICATIONS

I thought you would like to know of a discussion document which the Management and Personnel Office has recently published. The document, "Qualifications", considers "the role of qualifications in the post-recruitment development of civil servants for administrative work" and is the report of a study by the Training Division of the MPO.
... I attach a copy of the report, together with a summary of its findings. We have published it as a discussion document so that I can take into account all the many responses to it, particularly those from outside Government, before moving to an action plan early in 1984. I will of course be consulting you and keeping you informed of progress.

The report recommends a discriminating use of certain qualifications as a means of deepening the knowledge and expertise of civil servants. But it does not see qualifications as an end in themselves - rather as part of an integrated approach to career development. The report does not recommend the development of a new qualification for the exclusive use of the Civil Service, which would not be sufficiently flexible to accommodate our widely differing needs. It also looks forward to greater structuring of the training of young executives, to make use of the best opportunities both inside and outside the organisation.

There is of course a resource cost in the proposal, which falls not so much in the direct cost of courses of study but in the opportunity cost of students' absence from their work. This important factor will have to be taken fully into account when considering the report's recommendations and determining just where to strike the balance.

I believe this is a well-researched and impressive study; and Miss Nisbet, who led the team, is to be congratulated. I am copying this minute to Sir Robert Armstrong.

sg.

LORD GOWRIE

13 October 1983



QUALIFICATIONS

The role of qualifications in the post-recruitment
development of civil servants for administrative work

A discussion document

Isabel Nisbet
Training Division
Management and Personnel Office
CABINET OFFICE
1983

Price £3.00

PREFACE

The study which led to this report has benefited from contributions by a large number of individuals and organisations both within and outside government. Sincere thanks are due to all of them.

The report is a **discussion document**, not a statement of policy. Comments would be welcomed, and any views from outside individuals or organisations should be addressed to:

Training Division
Management and Personnel Office
Whitehall*
LONDON SW1A 2AZ

and arrive before **31 December 1983**. Those who have already contributed to the study should not, however, feel that they need to repeat their views in response to the report.

Additional copies of this report are available, price £3.20 (incl p&p) from:

Central Management Library
Management and Personnel Office
Whitehall**
LONDON SW1A 2AZ (telephone 01-273 5577)

Cheques or postal orders should be made payable to **Management and Personnel Office** and must be enclosed with the order.

MEMBERS OF STUDY TEAM

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QUALIFICATIONS

THE ROLE OF QUALIFICATIONS IN THE POST-RECRUITMENT
DEVELOPMENT OF CIVIL SERVANTS FOR ADMINISTRATIVE WORK

A DISCUSSION DOCUMENT

SUMMARY

Isabel Nisbet
Training Division
Management and Personnel Office
CABINET OFFICE
1983

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Use of qualifications by other employers

1.13 A survey of the practice of other large employers in industry and commerce revealed that on the whole they were indifferent to professional qualifications for managers, with some exceptions, notably accountancy qualifications. There was also some hostility to Master's degrees in Business Administration. Practice in local government was very different: there qualifications were widely used and this was seen to have benefits both to the employer and to the individual. Some of these are relevant to the Civil Service. There were also costs, notably the resource costs of managers' time devoted to influencing the content of qualifications and making contact with colleges and professional bodies (Chapter 2).

Professionalism and professional qualifications

1.14 The demands of work in government in the 80s and beyond require a deepening of the knowledge and expertise of civil servants and that is the policy base of this report (paragraph 3.3). Discriminating use of certain qualifications has a part to play as a means to achieving this, but qualifications are not an end in themselves: they must be seen as part of an integrated approach to career development extending beyond the achievement of the qualification. It is necessary to achieve the correct balance among the different kinds of knowledge and skills required by managers (eg strategic, managerial and specialised skills) and I welcome the recommendation in "Civil Service Management Development in the 1980s" that pilot studies of these needs be carried out (paragraph 3.6).

1.15 Some needs can best be met by training within the Civil Service, but there are arguments for civil servants to undergo some training outside, including the advantages of mixing with fellow-students from other organisations and of developing a broader outlook on policy and management questions. There should therefore be greater involvement of the outside world in the education and training of civil servants. This might include involving outsiders in the planning as well as the delivery of some internal training programmes. The possibility of outside accreditation of some internal courses should also be explored (paragraphs 3.6-3.15).

1.16 Qualifications have a number of potential benefits to the Service, notably in providing employers with a sign, to themselves and to outsiders, that their staff have a certain level of knowledge, independently assessed, and in improving communication with the outside world. For the individual employee, they are a goal to aim for and a sign of achievement. The main value to employers and employees in the Civil Service would, however, derive from the content of the training rather than the badge of the qualification (paragraphs 3.15-3.22). The belief that working for a qualification will help civil servants to obtain jobs elsewhere is not always well-founded. It must, however, be acknowledged that greater involvement of the outside world in Civil Service training and development does imply losing some civil servants to the outside world. This risk is worth taking and is not a good reason for the Service to turn its back on qualifications. General arguments in favour of qualifications do not justify a blanket policy of using all qualifications. The case for each qualification needs to be considered on its merits (paragraph 3.33). Quite apart from the question of qualifications, more civil servants ought to develop links with professional bodies as part of a positive policy to open doors to the outside world (paragraphs 3.45-3.46).

1.17. The Civil Service should not develop a new qualification for its exclusive use. A qualification unique to the Service would lack esteem both outside and within government and it is difficult to envisage how any one qualification could be sufficiently flexible to accommodate the wide variety of career development patterns envisaged in "Civil Service Management Development in the 1980s." Introducing a Civil Service qualification would not encourage the Service to become more outward-looking through greater interaction with other areas of employment, and there are also grounds for doubting the practicality of developing a new qualification of this kind (paragraphs 3.41-3.44).

1.18 Wherever outside qualifications are used by the Civil Service, the approach adopted should be a triangular one, involving employers, professional institutes or validating bodies and colleges with a view to steering Civil Service students towards particular courses rather than leaving them to find their own courses. The involvement of departments should include advice to students while studying and the provision of opportunities designed to enable the student to make use of his knowledge after qualifying (paragraphs 4.11-4.12). It is essential that any development with qualifications include the involvement of fast-streamers, but doing this efficiently will require flexibility in modes of learning and in exemptions policy (paragraphs 4.14-4.22).

1.19 Developments in distance learning and in the use of new training technology are of considerable importance to the Civil Service and access to these may determine the extent to which the Service will be able to use qualifications (paragraphs 4.23-4.28).

1.20 The recommended approach will impose on the MPO a limited information role, involving keeping a record of Civil Service developments with particular qualifications and circulating the record regularly (paragraphs 4.29-4.31).

Qualifications in personnel management

1.21 The future role of personnel management, as envisaged by the Personnel Work Review, requires expertise including some contextual knowledge and a strategic view covering various aspects of the field. Each major department should have a leavening of personnel staff with the full qualification of the Institute of Personnel Management (IPM). There is also a need for skills training at a more basic level, and there are advantages in linking this to a qualification recognised outside, such as the IPM's Foundation Certificate in Personnel Practice. A number of staff in the MPO dealing with personnel management policy should also obtain the full IPM qualification, and the MPO should seek to import, through short-term loans, some qualified staff from operational departments (paragraphs 5.5-5.15).

Other specialised areas

1.22 Current work on financial training should be extended forthwith to cover the potential role of externally recognised qualifications with a financial bias for managers who are not in finance divisions, but have financial responsibilities. In other areas (eg contract work, purchasing and supply, export and overseas trade), small groups should be set up to consider how outside expertise might best be harnessed by the Service, and, in particular, whether qualifications would be useful. In some cases, the best solution may not involve use of qualifications (paragraphs 5.16-5.18).

Qualifications in general areas

1.23 It is difficult to quantify departmental need for qualifications in general areas such as public administration or general management. The approach should be to obtain as precise a statement as possible of the aims of each qualification and, if it seems likely that these would benefit departments, to take care to match qualifications and courses to individuals and to provide opportunities for the knowledge to be applied (paragraphs 6.1-6.4). The best way in which the Service can benefit from degree-level programmes in public administration is by a flexible approach involving use of modules or sections of courses (paragraphs 6.5-6.10). There would be scope for some civil servants to benefit from the "Public Service Stream" of the qualification of the Institute of Chartered Secretaries and Administrators, if the syllabus were slightly adapted, and there might be greater scope if it were possible for some candidates to combine elements of the "Public Service Stream" and the "General and Financial Administration Stream" (paragraphs 6.11-6.16). It is, however, unlikely that the ICSA qualification will be the standard one for most civil servants. In Scotland some civil servants should be steered towards the Diploma in Public Administration (paragraphs 6.17-6.19).

1.24 A small working group, comprising administrators and government lawyers, should be set up to consider the legal training needs of administrators other than those specific to legal departments. It is unlikely, however, that an existing outside qualification will be appropriate to meet these needs (paragraphs 6.21-6.26).

A new framework for the training of young executives

1.25 The Civil Service should aim to develop a framework for structuring the training of its young executives (ie Executive Officers, Higher Executive Officers and equivalent grades in their 20s, including the fast stream). Both the designing of the framework and its eventual operation should involve the outside world and the Civil Service in collaboration (paragraphs 7.1-7.13). The end result might be a modular structure with some units accredited by outside bodies. Designing the framework would involve identifying needs and devising a structure: a joint internal/external working group should be set up for both stages (paragraphs 7.12-

7.14). If this exercise is not undertaken, further work will be required with a view to identifying ways of meeting needs which fall short of full professional qualifications, eg through use of parts of existing syllabuses or of qualifications at sub-professional level (paragraphs 7.16-7.18).

Postgraduate qualifications

1.26 I looked in detail at some advanced part-time post-experience programmes in public administration and general management. Chapter 8 aims to give guidance to departments in matching courses to individuals as closely as possible. Individual programmes at this level vary greatly, and it is essential for management to make contact with schools or colleges before sending staff to them. The objectives of the qualifications discussed in this chapter are relevant to the Service, and justify experimental use, in whole or in part, of some public administration/public policy programmes (paragraphs 8.17-8.19) and Master's programmes in Business Administration (paragraphs 8.24-8.27), despite the unpopularity of the latter among other large employers. An experiment should be set up by one or more departments with a regional/local office network involving use of the Diploma in Management Studies (paragraphs 8.20-8.23).

Incentives to individuals

1.27 The most important factor in motivating individuals to work for a qualification is the belief that doing so will help them to get on in their careers. The fact that an individual has been successful in obtaining a relevant qualification should therefore be taken into account by promotion boards as providing information about the candidate relevant to the objectives of the department. Qualifications should not, however, be a **guarantee** of promotion to any grade in the Administration Group (paragraph 9.6). Neither should they be a general requirement for promotion to all posts at a particular grade. It may, however, be justifiable to make a qualification a requirement for an appointment to a particular post or group of posts (paragraph 9.10).

1.28 Large-scale financial payments of a sufficient magnitude to act on their own as an incentive to staff to work for a qualification, are not recommended. There is, however, a role for financial payments as an incentive to remain in the Service after qualifying. This depends on employment market circumstances, and central machinery should be sufficiently flexible to allow for market change.

1.29 Within the philosophy of performance related pay, there may be scope for single lump-sum payments as a reward for qualifying and as part of a package of incentives. Payment of these lump sums should be accommodated within the total budget for performance-related pay. If the rationale of the eventual system does not accommodate this, compensatory measures should be introduced to prevent performance-related pay from acting as a disincentive to qualify (paragraphs 9.26-9.28). The present system governing support for students under External Training terms involves too much detailed prescription from the centre. The relevant section of the Establishment Officers' Guide should be rewritten with the aim of providing for maximum departmental discretion.

Costs

1.30 The cost to departments of these recommendations in terms of money and staff resources is estimated in Chapter 10. The fees for long courses leading to qualifications are comparatively low, and, as with all training, the greatest cost is the opportunity cost of students' absence from the office. The recommendations in Chapters 5, 6 and 8 about existing qualifications and the new framework of the

training of young executives recommended in Chapter 7 imply additional expenditure because they imply more training, not because the training is external or leads to a qualification.

Conclusion

1.31 In summary, this report recommends greater involvement of the outside educational and professional world in the training of civil servants for administrative work. Qualifications have potential benefits for the Service but a blanket policy endorsing them all would not be the most efficient way to meet need. The approach must be one starting from needs for knowledge and skills and carefully matching courses to individuals in a way that integrates with their career development profiles, with a preference for opening doors to the outside world. Professional and educational bodies have a lot to give to the Civil Service, as well as a lot to gain from a closer relationship. The discriminating approach favoured by this report aims to harness their expertise in the most efficient way in order to make departments more effective in meeting the demands of the future.

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CHAPTER 1

INTRODUCTION AND SUMMARY

1.1 In July 1982 I was commissioned to report within a year on whether more civil servants doing administrative work ought to study for qualifications recognised outside. Over a number of years it had become clear that the general rationale of the Civil Service's use of qualifications should be reconsidered. Some staff were already working for qualifications, notably in accountancy and computer studies. This raised general issues about career development and training policy and the question of whether the Service might benefit from greater use of other qualifications. The commissioning of the study also reflected Ministers' emphasis upon improving the efficiency and effectiveness of the Civil Service and on equipping those working in government to adapt to new demands in the same way as other managers who required to do so in order to keep ahead of competitors.

1.2 The earlier part of the study was primarily concerned with the viewpoint of actual and potential customers of qualifications. We spoke to senior managers in 22 government departments (listed in Annex A) and, for purposes of comparison, sub-studies were undertaken of the practice of other large employers and of local government. Some information was also obtained about civil service practice in other countries. We contacted a number of individual civil servants who were studying for qualifications and talked informally with them about their progress and about the relation between their studies and their future careers. These discussions proved very useful indeed.

1.3 In February 1983 a seminar was held at the Civil Service College, Sunningdale, chaired by Mr J S Cassels, then Second Permanent Secretary at the Management and Personnel Office, which brought together a group of Principal Establishment Officers from government departments and senior representatives of a number of professional institutes and educational bodies. The views expressed at that seminar greatly influenced this report. The later part of the study focussed on the providers of qualifications and involved meetings and correspondence with professional institutes, universities and educational bodies. I also talked to a number of individuals, both inside and outside government, including academics who were known to have views about civil service training. The Council of Civil Service Unions was kept abreast of developments throughout the course of the study and submitted views in writing which are reproduced as Annex H.

Scope of the study

1.4 I was concerned with training policy after recruitment, although, arguably, the philosophy of parts of this report has implications for recruitment policy. The qualifications which were considered were primarily those awarded by professional bodies, universities and other institutions at about the level of full professional qualifications or first degrees. The study did not assume a clear distinction between academic and professional qualifications. Some of the qualifications at this level which were considered were in subjects relevant to specific functions within the Service, while others were potentially relevant more generally. The scope of the study extended, however, both below and above this educational level: I identified a need which outside educational and professional bodies could help to meet but which fell short of a need for full professional qualifications, and also considered postgraduate qualifications, including master's degrees.

1.5 The study was concerned with the relevance of qualifications to administrative work in government, and not with the value of specialist qualifications

(eg in chemistry or statistics) for the corresponding specialist group in the Service (eg chemists, statisticians). The civil servants whose needs were relevant were not, however, confined to the Administration Group: officers in specialist grades who did administrative work or who might do so in the future were also included. Broadly speaking, our target population was **civil servants between the age of around 18 and around 35, in a range of grades from Executive Officer to Principal, and some in equivalent specialist grades.** This group totals well over 30,000.

The policy context

1.6 Training and education after recruitment is one aspect of career development. The policy context for the study was dominated by two exercises which were in progress during 1982-83 and whose reports set the framework within which the recommendations of this study should be read. These are: the report of the **Review of Personnel Work**¹ and "**Civil Service Management Development in the 1980s**"². In particular, the latter report's remarks about specialisation and career development were used as the basis for my recommendations in Chapter 5 about specialised qualifications. More generally, both reports emphasise the importance of the role of the individual in his or her own development, and this study sought to apply that philosophy to the question of qualifications. My conclusions are offered as the best approach to qualifications in the context of the changes of philosophy in personnel management and career development reflected in the other two reports.

1.7 A number of other developments were of importance to the study. An accountancy functional specialism was set up within the Administration Group and the Government announced the objective of doubling the number of qualified accountants in the Service. The Civil Service College and outside colleges were collaborating in the training of computer staff for professional qualifications. In 1981 the Ministry of Defence established a scheme whereby a number of staff each year were given support to study for certain professional qualifications. This followed the submission of an internal report³ which, together with information which we subsequently obtained from MOD on the experience of the first years of the scheme, were invaluable to us. The MOD scheme raised the question of whether other departments would benefit from a similar approach.

Civil service attitudes

1.8 Our consultations with departmental managers and individual civil servants revealed that attitudes had changed in many respects since the pre-Fulton era. In particular, the management role of staff, including those in senior grades, was often regarded as equal in importance to the more strategic "policy" role. Indeed, for

¹Review of Personnel Work. Report to the Prime Minister by Mr J S Cassels CB, formerly Second Permanent Secretary, Management and Personnel Office. Management and Personnel Office, July 1983.

²Civil Service Management Development in the 1980s. Management and Personnel Office, July 1983.

³Professionalism in the Administration Group in the Ministry of Defence. D/CM(A) 1/12/2TT.

training purposes it was arguably more important, as new developments in this field, such as the Financial Management Initiative,¹ meant that civil servants who had not hitherto seen themselves primarily as "managers" were now doing so, and realised that they might require new kinds of knowledge and skills.

1.9 Attitudes to professional qualifications were mixed. The views put to us reflected an approach to work which might be described as pragmatic, emphasising the importance of "getting on with the job", and with less interest in theoretical questions or in studying the context of civil service work. In the words of Tawney, many civil servants were "more interested in the state of the roads than in their place on the map"². Qualifications did not have a high profile in the culture of civil service administrators: they were not cited in office directories and outsiders with long lists of letters after their names were sometimes for that reason objects of amusement.

1.10 There was also some remnant of a cultural distinction analogous to that between "gentlemen" and "players", with matters of detail - together with professional qualifications and the whole world of further education - seen as more appropriate for main-streamers than for high-flying administrators. This is discussed further in Chapter 4.

1.11 We also encountered a fear that increasing specialisation would have the harmful effect of "locking" staff who developed specialised expertise into a narrow area of work and restricting their career opportunities. Some felt that obtaining a specialised qualification would have the effect of turning the key in the lock. These attitudes are discussed further in Chapter 9.

Current use of qualifications by the Civil Service

1.12 We attempted to find out how many civil servants in the target population (see paragraph 1.4) currently held or were working for externally recognised qualifications. This proved impossible without lengthy and expensive additional work as no such aggregate figures for the UK were readily available. Statistics were, however, provided by one of the largest departmental groups - Environment and Transport (including the Property Services Agency). In 1981-82, 34% of administrative civil servants between the grades of Higher Executive Officer and Assistant Secretary held degrees, professional or technical qualifications. This might be compared with an OPCS finding that "less than 20% of British managers held university degrees or professional qualifications"³, although such comparisons are fraught with difficulty, eg over the definition of "manager". Our impression was that most graduates in the Service obtained their degrees before recruitment and that many who studied for qualifications after recruitment did so in the pursuit of personal interests rather than for job-related reasons. Excluding 16-18 year olds (who are encouraged to undertake further education) and officers working in certain functions, it is regarded as mildly unusual for an administrative civil servant to study for a qualification recognised outside.

¹Described in Appendix 3 of **Efficiency and Effectiveness in the Civil Service**, Cmnd 8616.

²RH Tawney, **The Acquisitive Society**, Wheatsheaf Books 1982, page 9.

³**Labour Force Survey**, HMSO, 1981

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Use of qualifications by other employers

1.13 A survey of the practice of other large employers in industry and commerce revealed that on the whole they were indifferent to professional qualifications for managers, with some exceptions, notably accountancy qualifications. There was also some hostility to Master's degrees in Business Administration. Practice in local government was very different: there qualifications were widely used and this was seen to have benefits both to the employer and to the individual. Some of these are relevant to the Civil Service. There were also costs, notably the resource costs of managers' time devoted to influencing the content of qualifications and making contact with colleges and professional bodies (Chapter 2).

Professionalism and professional qualifications

1.14 The demands of work in government in the 80s and beyond require a deepening of the knowledge and expertise of civil servants and that is the policy base of this report (paragraph 3.3). Discriminating use of certain qualifications has a part to play as a means to achieving this, but qualifications are not an end in themselves: they must be seen as part of an integrated approach to career development extending beyond the achievement of the qualification. It is necessary to achieve the correct balance among the different kinds of knowledge and skills required by managers (eg strategic, managerial and specialised skills) and I welcome the recommendation in "Civil Service Management Development in the 1980s" that pilot studies of these needs be carried out (paragraph 3.6).

1.15 Some needs can best be met by training within the Civil Service, but there are arguments for civil servants to undergo some training outside, including the advantages of mixing with fellow-students from other organisations and of developing a broader outlook on policy and management questions. There should therefore be greater involvement of the outside world in the education and training of civil servants. This might include involving outsiders in the planning as well as the delivery of some internal training programmes. The possibility of outside accreditation of some internal courses should also be explored (paragraphs 3.6-3.15).

1.16 Qualifications have a number of potential benefits to the Service, notably in providing employers with a sign, to themselves and to outsiders, that their staff have a certain level of knowledge, independently assessed, and in improving communication with the outside world. For the individual employee, they are a goal to aim for and a sign of achievement. The main value to employers and employees in the Civil Service would, however, derive from the content of the training rather than the badge of the qualification (paragraphs 3.15-3.22). The belief that working for a qualification will help civil servants to obtain jobs elsewhere is not always well-founded. It must, however, be acknowledged that greater involvement of the outside world in Civil Service training and development does imply losing some civil servants to the outside world. This risk is worth taking and is not a good reason for the Service to turn its back on qualifications. General arguments in favour of qualifications do not justify a blanket policy of using all qualifications. The case for each qualification needs to be considered on its merits (paragraph 3.33). Quite apart from the question of qualifications, more civil servants ought to develop links with professional bodies as part of a positive policy to open doors to the outside world (paragraphs 3.45-3.46).

1.17. The Civil Service should **not** develop a new qualification for its exclusive use. A qualification unique to the Service would lack esteem both outside and within government and it is difficult to envisage how any one qualification could be

sufficiently flexible to accommodate the wide variety of career development patterns envisaged in "Civil Service Management Development in the 1980s." Introducing a Civil Service qualification would not encourage the Service to become more outward-looking through greater interaction with other areas of employment, and there are also grounds for doubting the practicality of developing a new qualification of this kind (paragraphs 3.41-3.44).

1.18 Wherever outside qualifications are used by the Civil Service, the approach adopted should be a triangular one, involving employers, professional institutes or validating bodies and colleges with a view to steering Civil Service students towards particular courses rather than leaving them to find their own courses. The involvement of departments should include advice to students while studying and the provision of opportunities designed to enable the student to make use of his knowledge after qualifying (paragraphs 4.11-4.12). It is essential that any development with qualifications include the involvement of fast-streamers, but doing this efficiently will require flexibility in modes of learning and in exemptions policy (paragraphs 4.14-4.22).

1.19 Developments in distance learning and in the use of new training technology are of considerable importance to the Civil Service and access to these may determine the extent to which the Service will be able to use qualifications (paragraphs 4.23-4.28).

1.20 The recommended approach will impose on the MPO a limited information role, involving keeping a record of Civil Service developments with particular qualifications and circulating the record regularly (paragraphs 4.29-4.31).

Qualifications in personnel management

1.21 The future role of personnel management, as envisaged by the Personnel Work Review, requires expertise including some contextual knowledge and a strategic view covering various aspects of the field. Each major department should have a leavening of personnel staff with the full qualification of the Institute of Personnel Management (IPM). There is also a need for skills training at a more basic level, and there are advantages in linking this to a qualification recognised outside, such as the IPM's Foundation Certificate in Personnel Practice. A number of staff in the MPO dealing with personnel management policy should also obtain the full IPM qualification, and the MPO should seek to import, through short-term loans, some qualified staff from operational departments (paragraphs 5.5-5.15).

Other specialised areas

1.22 Current work on financial training should be extended forthwith to cover the potential role of externally recognised qualifications with a financial bias for managers who are not in finance divisions, but have financial responsibilities. In other areas (eg contract work, purchasing and supply, export and overseas trade), small groups should be set up to consider how outside expertise might best be harnessed by the Service, and, in particular, whether qualifications would be useful. In some cases, the best solution may not involve use of qualifications (paragraphs 5.16-5.18).

Qualifications in general areas

1.23 It is difficult to quantify departmental need for qualifications in general areas such as public administration or general management. The approach should be to obtain as precise a statement as possible of the aims of each qualification and, if it seems likely that these would benefit departments, to take care to match

qualifications and courses to individuals and to provide opportunities for the knowledge to be applied (paragraphs 6.1-6.4). The best way in which the Service can benefit from degree-level programmes in public administration is by a flexible approach involving use of modules or sections of courses (paragraphs 6.5-6.10). There would be scope for some civil servants to benefit from the "Public Service Stream" of the qualification of the Institute of Chartered Secretaries and Administrators, if the syllabus were slightly adapted, and there might be greater scope if it were possible for some candidates to combine elements of the "Public Service Stream" and the "General and Financial Administration Stream" (paragraphs 6.11-6.16). It is, however, unlikely that the ICSA qualification will be the standard one for most civil servants. In Scotland some civil servants should be steered towards the Diploma in Public Administration (paragraphs 6.17-6.19).

1.24 A small working group, comprising administrators and government lawyers, should be set up to consider the legal training needs of administrators other than those specific to legal departments. It is unlikely, however, that an existing outside qualification will be appropriate to meet these needs (paragraphs 6.21-6.26).

A new framework for the training of young executives

1.25 The Civil Service should aim to develop a framework for structuring the training of its young executives (ie Executive Officers, Higher Executive Officers and equivalent grades in their 20s, including the fast stream). Both the designing of the framework and its eventual operation should involve the outside world and the Civil Service in collaboration (paragraphs 7.1-7.13). The end result might be a modular structure with some units accredited by outside bodies. Designing the framework would involve identifying needs and devising a structure: a joint internal/external working group should be set up for both stages (paragraphs 7.12-7.14). If this exercise is not undertaken, further work will be required with a view to identifying ways of meeting needs which fall short of full professional qualifications, eg through use of parts of existing syllabuses or of qualifications at sub-professional level (paragraphs 7.16-7.18).

Postgraduate qualifications

1.26 I looked in detail at some advanced part-time post-experience programmes in public administration and general management. Chapter 8 aims to give guidance to departments in matching courses to individuals as closely as possible. Individual programmes at this level vary greatly, and it is essential for management to make contact with schools or colleges before sending staff to them. The objectives of the qualifications discussed in this chapter are relevant to the Service, and justify experimental use, in whole or in part, of some public administration/public policy programmes (paragraphs 8.17-8.19) and Master's programmes in Business Administration (paragraphs 8.24-8.27), despite the unpopularity of the latter among other large employers. An experiment should be set up by one or more departments with a regional/local office network involving use of the Diploma in Management Studies (paragraphs 8.20-8.23).

Incentives to individuals

1.27 The most important factor in motivating individuals to work for a qualification is the belief that doing so will help them to get on in their careers. The fact that an individual has been successful in obtaining a relevant qualification should therefore be taken into account by promotion boards as providing information about the candidate relevant to the objectives of the department. Qualifications should not, however, be a **guarantee** of promotion to any grade in the Administration Group (paragraph 9.6). Neither should they be a general requirement for promotion to all posts at a particular grade. It may, however, be justifiable to make a

qualification a requirement for an appointment to a particular post or group of posts (paragraph 9.10).

1.28 Large-scale financial payments of a sufficient magnitude to act on their own as an incentive to staff to work for a qualification, are not recommended. There is, however, a role for financial payments as an incentive to remain in the Service after qualifying. This depends on employment market circumstances, and central machinery should be sufficiently flexible to allow for market change.

1.29 Within the philosophy of performance related pay, there may be scope for single lump-sum payments as a reward for qualifying and as part of a package of incentives. Payment of these lump sums should be accommodated within the total budget for performance-related pay. If the rationale of the eventual system does not accommodate this, compensatory measures should be introduced to prevent performance-related pay from acting as a disincentive to qualify (paragraphs 9.26-9.28). The present system governing support for students under External Training terms involves too much detailed prescription from the centre. The relevant section of the Establishment Officers' Guide should be rewritten with the aim of providing for maximum departmental discretion.

Costs

1.30 The cost to departments of these recommendations in terms of money and staff resources is estimated in Chapter 10. The fees for long courses leading to qualifications are comparatively low, and, as with all training, the greatest cost is the opportunity cost of students' absence from the office. The recommendations in Chapters 5, 6 and 8 about existing qualifications and the new framework of the training of young executives recommended in Chapter 7 imply additional expenditure **because they imply more training**, not because the training is external or leads to a qualification.

Conclusion

1.31 In summary, this report recommends greater involvement of the outside educational and professional world in the training of civil servants for administrative work. Qualifications have potential benefits for the Service but a blanket policy endorsing them all would not be the most efficient way to meet need. The approach must be one starting from needs for knowledge and skills and carefully matching courses to individuals in a way that integrates with their career development profiles, with a preference for opening doors to the outside world. Professional and educational bodies have a lot to give to the Civil Service, as well as a lot to gain from a closer relationship. The discriminating approach favoured by this report aims to harness their expertise in the most efficient way in order to make departments more effective in meeting the demands of the future.

CHAPTER 2

PRACTICE ELSEWHERE

2.1 In considering the customer's perspective on professional qualifications, we undertook sub-studies on the use of professional qualifications in the UK (i) by large employers in industry and commerce, and (ii) by local authorities. The information which we obtained about the attitude of other large employers to professional qualifications was something of a surprise, as the general finding was that, with some important exceptions, these employers did not value qualifications highly. This sub-study, which included the commissioning of a short survey by management consultants, covered a range of training issues as well as the question of qualifications, and a fuller account of it is given in Annex B. Local government managers told a very different story. Their staff made extensive use of qualifications and they were therefore able to give us a manager's perspective on qualifications based on considerable experience of sponsoring staff to work for them.

i. The practice of large employers in industry and commerce

2.2 We visited 5 large companies from a variety of industrial, commercial and financial sectors, including one public sector organisation and one bank. These are listed in Annex A. Large companies were chosen as they were analogous in terms of size to many government departments and we selected companies with reputations as good employers as the objective was to see what lessons could be learned from practice elsewhere. We also commissioned management consultants (Harbridge House Europe) to conduct and analyse a short survey of the use of qualifications by a wider range of large organisations - a target figure of 180 companies selected from the Times "Top 1,000". Drawing conclusions from our visits and the consultants' survey requires some caution for the reasons given in paragraph 2.7. Nevertheless, the trends detected were sufficiently distinctive to be worthy of note.

Functional specialism

2.3 In all the companies which we visited individual careers were more likely to develop within a single function than over several, although there was some variation within that pattern. In addition, unlike the Civil Service, they all appointed and promoted staff to individual specific posts rather than to grade levels. This facilitated the development of functionally specialised careers as it meant that someone could be promoted to a post requiring functional expertise even if he was not necessarily suitable for promotion to other posts at the same level.

Professional qualifications

2.4 On the whole, companies were indifferent to professional qualifications. As the consultants' report put it, "It is difficult to convey the feelings of indifference towards management qualifications [professional qualifications and Master's degrees in Business Administration] which we received from the majority of respondents. Not once were they spoken of as either beneficial or detrimental to company causes". There were, however, some exceptions: notably, accountancy qualifications were the norm in financial functions; some use was also made of the Institute of Personnel Management qualification and of certain supervisory qualifications. In addition, a number of companies used "industry-wide" qualifications such as the Associateship of the Institute of Bankers, which sometimes was a prerequisite for promotion to middle management grades. Another interesting trend was that public sector firms showed significantly more enthusiasm for professional qualifications than did private companies.

2.5 Almost all companies did, however, make use on an ad hoc basis of a variety of qualifications in more technical areas, ranging from architecture to effluent engineering. In more technical or specialised functions, membership of professional institutes was common. A variety of reasons were offered for this: in certain functions qualifications were statutory requirements; in others staff were given the opportunity to qualify as an incentive to join or to remain in the company; in others they were seen as intrinsically valuable. There was, however, no general correlation between the degree of functional specialisation in a company and the amount of enthusiasm for professional qualifications. Two of the companies which we visited practised functional specialisation to a considerable extent; of these one made widespread use of professional qualifications while the other did not.

Business schools and management colleges

2.6 Comments made to us and to the consultants on the MBA (Master of Business Administration) qualification revealed that most of the firms contacted did not accept young MBAs and only a handful were discovered which actively recruited them. Some companies attributed this to the reluctance or inability of MBAs to adapt to the mores of companies; others to the inability of companies to be sufficiently flexible to accommodate MBAs in their own structures. Those companies which did recruit MBAs tended to do so in the context of their general graduate recruitment programmes, and on the whole did not look specifically for the MBA degree. There was more, though still highly qualified, enthusiasm for sponsoring staff to study for MBAs after recruitment, but this was almost invariably confined to the highest flyers. Part-time courses were deemed impractical as they caused too much dislocation over too long a period. Block release was preferred.

Conclusions

2.7 We have been given no reason to question the general impression that other large employers are on the whole indifferent to qualifications for managers (except in accountancy). Some reservations have, however, been suggested to us about drawing conclusions for the Civil Service. For example, it is possible that our visits and the consultants' survey, which invited respondents to concentrate on qualifications relevant to "managers", led to the omission of fields such as computing and management services which the Civil Service regards as "administrative work" but other employers might think of as "technical". It is also possible that the target population of their staff which outside employers had in mind did not correspond precisely with our target population of civil servants and, in particular, that it did not cover the equivalent (if there is one) of non-graduate younger Executive Officers in the Civil Service. It was suggested to us that a survey of smaller companies might reveal greater use of qualifications and that a more sophisticated analysis by industrial sector might show greater divergence in practice. Another comment was that outside employers often bought in expertise from outside for particular tasks, and that they might expect those bought in to have relevant qualifications (including MBAs) even if they did not sponsor many of their permanent staff to work for these qualifications. One institute suggested that in practice companies made more frequent references in advertisements to qualifications as "desirable" than might be expected from their comments to us.

2.8 In any case, it does not, of course, follow that what other companies do is what they ought to do. In a paper delivered to the Sunningdale seminar, Mr D E Hussey, Senior Managing Partner at Harbridge House Europe, remarked critically on the inflexibility of British industry, and saw the inability of management structures to accommodate MBAs as an example of this and also as a reflection of the traditional low level of post-school education in British management. He suggested that greater use of MBAs might widen the perceptual

boundaries of management and equip companies to respond to change more effectively¹. Some professional bodies criticised the training practices of large companies as too narrow, short-term and inward-looking, and thought that this might be ameliorated by greater use of outside courses, including those leading to qualifications.

2.9 This report is not required to accept or reject these criticisms of industry, but it does have to consider what lessons, if any, can be learned by the Civil Service. One of the many aspects of practice outside which impressed us was the readiness of some large companies to involve outside organisations in the planning and delivery of their internal training programmes, and we saw benefits for the Civil Service in this approach (see paragraph 3.13). Another lesson is that the suggestion that professional qualifications are necessarily a ticket to employment outside is open to question, and more is said about this in Chapter 3.

2.10 Our visits and the consultants' report did, however, suggest that an argument that the Civil Service ought to make widespread use of qualifications **because other organisations do** is based on a premise which is almost certainly false. If the Civil Service were to copy uncritically the practice of large private sector organisations in relation to qualifications, the conclusion would be that there should be little or no change from current practice. I do not, however, draw this simplistic conclusion.

2.11 "Reading across" in a meaningful way from outside practice to the needs of the Civil Service is very difficult, and the answers about qualifications differ greatly depending on the kind of outside organisation copied. Our overriding impression was, however, that the basic issue facing other organisations in devising a strategy for the development and training of their staff was the same as that facing the Civil Service, viz to attain a proper balance between the different kinds of knowledge and skills required to meet the needs of the organisation and to respond to change. We were impressed by the amount of thought which the senior managers whom we met were clearly devoting to these strategic issues, despite short-term economic pressures, and by the synoptic view which they took on career development and training. The general categories of knowledge and skill do not differ greatly among organisations, and more is said about them in relation to the Civil Service in Chapter 3. The contribution of training and the most appropriate kind of training will vary, however, depending on historical recruitment practices, career development practices and the nature of the work. I would argue that the recommendations in this report make sense for the Civil Service. They are not posited as copies of outside practice, and correspondingly I do not suggest that they are necessarily the best recommendations for other employers.

ii. Local government practice

2.12 We visited 5 local authorities and these are listed in Annex A. As with our industrial visits, these were not selected as a representative sample of local authorities, but were recommended as examples of good local government practice in this field. Visits were also made to the Institute of Local Government Studies at the University of Birmingham and to the National and Local Government Officers' Association. We also corresponded with the School for Advanced Urban Studies at the University of Bristol. In this sub-study we benefited considerably from the advice of the Local Government Training Board whose Director, Mr M G Clarke, spoke at the Sunningdale seminar, as did Mr A J Greenwell, Chief Executive of Northamptonshire County Council.

¹ Similar arguments were put by Professor T Kempner, Principal of the Management College, Henley.

Functional specialisation

2.13 The role of local government has traditionally been the delivery of a range of discrete professional services. This is reflected in the organisation of local authorities on highly functionally specialised lines. At the centre of each functional area are one or more professional groups, each with its own administrative and clerical support, but with the professional group playing the key role. Career movement between local authority functions is rare, but movement among authorities is common.

Professional qualifications

2.14 Local government makes considerable use of professional qualifications and this was seen to follow naturally from the functional division of work. Qualifications also served as a "mobility ticket" for staff moving from one authority to another, particularly in early years when managers wanted more information about an applicant than a record of his short job-experience. Local government employees generally worked for professional qualifications as young entrants in comparatively junior grades - indeed it would be rare for somebody in his late twenties or early thirties to be studying for a qualification. All the authorities which we visited operated professional training schemes which linked career progression to the achievement of appropriate levels of qualification, coupled with satisfactory job performance. In some authorities, however, these schemes had been discontinued in favour of recruiting fully qualified staff, and this meant that most of the cost of professional training was now not borne by local government.

Administrators

2.15 Professionally qualified staff working in professional areas connected with a particular service dominated local government both numerically and culturally. Administrative staff were employed, but on the whole their role was a supportive one. Few, if any, local government employees had career profiles comparable to those of the Civil Service's traditional "generalist administrator" in more senior grades.

2.16 There was an increasing trend for administrators to obtain a professional qualification. Until the recent introduction of the Public Service Stream of the qualification of the Institute of Chartered Secretaries and Administrators (see paragraphs 6.11-6.16) there had been no qualification for local government administrators which carried equivalent national status to those of professional staff.

2.17 The Diploma in Municipal Administration (DMA), which had required 4 years' study, was now being phased out for a number of reasons, including its limited recognition outside local government and its lack of full professional status. Authorities in England and Wales now tended to use the ICSA qualification, while Scottish authorities used the Diploma in Public Administration under the aegis of the Scottish Business Educational Council (now the Scottish Vocational Educational Council) (see paragraphs 6.17-6.19). The use of qualifications by administrators owed much to their desire for parity of esteem with professionals. This was not merely a matter of pride: if an administrator was to do his job well, it was important for him to be able to command the respect of his professional colleagues and satisfy them as to his competence. One authority saw qualifications as meeting a need to improve the skills of administrators, particularly financial skills as present economic constraints meant that professionals were increasingly looking to administrators for advice on how to run operations more economically.

2.18 Local authority managers thought that use of qualifications had a number of benefits, quite apart from the question of esteem. It enabled young recruits to gain

knowledge which they could not be expected to pick up on the job for many years and which would be essential for later management posts. It also encouraged contact with other sectors of employment which widened perspectives and thus helped to make local government less insular. Institute membership provided opportunities for continuing professional education after qualification and local branches of some institutes were very active. The use of qualifications also, however, had costs and some of these are mentioned in paragraph 2.21.

Management training and development

2.19 Professional qualifications - including those for administrators - were **not** seen by local authorities as qualifications in management. There was, however, increasing recognition of the importance of management training and development for local government officers. Use was made of the Diploma in Management Studies (DMS), but on the whole the increased training effort in management did not take the form of a search for another qualification. Local authorities used shorter business school programmes and the network of regional management centres, together with programmes offered by management departments in the further and higher education sectors.

Conclusions

2.20 Some of the reasons for local government's widespread use of qualifications - for example, the traditional dominance of professionals over administrators in the culture and the consequent desire of the latter for parity of esteem - do not apply to the Civil Service. If anything, the culture of central government is at the other extreme in that administrators dominate. The need for a qualification as a "mobility ticket" to enable individuals to move from one local authority to another is not relevant to central government, where careers tend to be developed with a base in one department. Some of the perceived benefits of qualifications for local government administrators are, however, more applicable to central government, such as the suggestion that study in one's early twenties for a qualification develops intellectual and communicative skills and imparts a quantity of contextual knowledge relevant to future work. Also relevant are the potential benefits of continued institute membership.

2.21 Local government managers had the assurance that their young entrants were undergoing a considerable amount of study and training, without the managers having the responsibility of bearing all the costs of training or of designing and running it themselves. It was made very clear to us, however, that using qualifications did involve costs. The local authority manager had comparatively little control or influence over the courses which were taken by his staff. It was impressed on us that if the Civil Service was going to use professional qualifications, it would need to ensure that the Service as a customer was getting what it wanted. In the experience of local government, that did not happen naturally: it was felt that in several professional areas standards were too high in relation to the job to be done, and that the content of professional qualifications training could be better tailored to the needs of employers. Minority customers had to fight particularly hard to influence qualifications. If local authority managers were to have a greater influence, this had heavy resource implications in terms of time-consuming meetings with colleges and institutes, and this is an important lesson for the Civil Service.

2.22 Because of the historical dominance of qualifications, we had the impression that training in local government tended to be "front-loaded", with a concentration on extensive study soon after entry. This had some advantages in that younger staff had fewer family responsibilities and were also more in the habit of working for examinations, but it did mean that there was more emphasis on early training and

professional development than on continuing training and management development. We were impressed by several recent initiatives aiming to redress the balance, but a lesson for the Civil Service is that if qualifications are to be used, they must integrate with a continuing training prescription throughout the civil servant's career. Training should not be something that is undertaken at an early stage and then gratefully put behind the trainee when his qualification is obtained.

2.23 We were not attracted by the "paper chase" aspect of much of the early training and education of local government officers, but we were attracted by some of the benefits which local government managers saw as flowing from the use of appropriate qualifications. In many ways the training and career development practices of central and local government are at opposite extremes. We concluded that we should aim for a middle route, availing central government of some of the benefits of external qualifications while trying to avoid the weaknesses of a front-loaded training structure. Employer control must be maintained over the content of training and the degree to which the practice of functions in the Service should be influenced by professional bodies. The general approach recommended in Chapter 4 reflects these conclusions.

CHAPTER 3

PROFESSIONALISM AND PROFESSIONAL QUALIFICATIONS

Introduction

3.1 Arguments that the Civil Service requires greater professionalism are not new, and go back at least to the Fulton Report, which contained a famous passage well worth quoting in full:

"Civil servants today have to be equipped to tackle the political, scientific, social, economic and technical problems of our time. They have to be aware of interests and opinions throughout the country and of many developments abroad. They have to keep up with the rapid growth of new knowledge and acquire new techniques to apply it. In short, the Civil Service is no place for the amateur. It must be staffed by men and women who are truly professional." (*The Civil Service*, Cmnd 3638, paragraph 31).

It has never been true that civil servants are "amateurs" in the sense of lacking general expertise in handling government business, and justified indignation at the charge of amateurism has tended to divert attention from more positive aspects of the case for greater professionalism in the Civil Service.

3.2 In discussions about the Civil Service, the term "professionalism" has been used in a number of senses which it is useful to distinguish:

- possession of a formal qualification;
- grounding in the theoretical background to one's work;
- adoption of a thorough, workmanlike approach to tasks;
- specialised expertise.

It is particularly important to note that "professionalism" in the sense of "specialised expertise" is not necessarily linked with "professionalism" in the other senses - the issue of professionalism in the Civil Service is not necessarily the same as that of specialisation. A central question for the Professional Qualifications Study has been how much professionalism in the sense of "possession of a formal qualification" might contribute to professionalism in any of the other senses.

Depth of knowledge and expertise

3.3 Commitment to deepening the knowledge and expertise of civil servants is the policy base of this report, and "Civil Service Management Development in the 1980s" justifies that commitment on three grounds. First, the issues facing government departments are becoming even more complex: the backcloth of world recession makes social and industrial problems both more severe and more closely interrelated; the introduction of new technology has affected how departments operate and the context in which they work. Secondly, the Government will continue to emphasise the importance of achieving the highest standards of management at all levels in the Civil Service. More and more civil servants are seeing themselves as managers; and management has to be worked at. Thirdly, the Civil Service is becoming smaller and there is no room for passengers lacking expertise. In the words of the report, "a smaller service must be a knowledgeable - and better trained - service if it is to work with maximum efficiency."

3.4 Although the Civil Service is proud of its strengths, we found no complacency about standards or about the complexity of future needs. We discussed with departmental managers and with managers in other large companies the kinds of knowledge and skills which their employees needed. In the context of management development, our conclusion was that needs of departments were similar to those of other employers, but that the crucial issue was achieving the correct balance. These needs could be thought of as falling into three broad categories:

- (a) **Strategic abilities**, for advising ministers on policies and for planning and following through their implementation;
- (b) **Managerial abilities**, for managing people, money and other resources;
- (c) **Knowledge and skills in more specialised areas**, such as (taking the Administration Group as an example) accountancy, personnel work, automatic data processing or complex policy areas like the Common Agricultural Policy or local government finance.

3.5 The balance needed by each of the companies which we visited was different, and we were impressed by the awareness of senior managers that nearly all management posts required all three types of knowledge and skill to some degree. Although the main demand on managers was usually for strategic and managerial skills this was not taken to imply that managers could get by without depth of expertise in any more specialised areas.

3.6 "Civil Service Management Development in the 1980s" recommends at paragraph 4.3 that pilot studies of the needs of future middle and senior managers in terms of the knowledge and skills described above should be carried out in one or two departments with the help of MPO. **This report welcomes that recommendation.** It would, however, be a pity if other developments stemming from the Professional Qualifications Study were held back to await the pilot studies of needs. Although such an ordering of events would be logically pure, it would risk losing the momentum of change which is already evident.

Professionalism in the Civil Service

3.7 Our consultations with departments indicated a genuine desire to increase professionalism, but initial scepticism about the relevance of many qualifications to civil service work. Several departments acknowledged that civil servants required a grounding in the theoretical background to their work and there was general acceptance of the value of learning from outside, particularly about areas of work which were comparatively new to the traditional administrator, notably finance and information technology. A few civil servants and certain professional institutes were vigorous advocates of professionalism in the sense of a thorough, workmanlike approach to tasks and thought that greater use of qualifications would help to achieve this.

Internal and external training

3.8 The qualifications which were considered by the study were awarded by outside bodies, and many of the courses on offer leading to these qualifications were in outside colleges or used externally-produced distance learning material. This raised the question of the relative merits for the Civil Service of internal and external training. In private sector companies the trend was towards developing more in-house programmes, though often with outside involvement. Local government, on the other

hand, had decided to use the external educational system rather than setting up its own college, and a number of people, including the Public Administration Committee of the Joint University Council in Social and Public Administration (see Annex G) argued to us that external provision should be used as much as possible.

3.9 It seems to me that the general impression of internal and external training being in competition is misleading. Although there will be occasions when comparable courses are available internally and externally, there is little overlap in the case of long courses leading to qualifications. Internal training has the benefit that the training provided is by definition thought relevant to the needs of the organisation and that it brings together employees from different parts of the one organisation. For this reason, the interdepartmental mix of courses at the Civil Service College is highly valued.

3.10 Some kinds of training are undoubtedly best delivered within the Civil Service, whether in departments or at the Civil Service College. In particular, the Civil Service is often the repository of the best technical and training expertise on topics specific to central government. But there are arguments for civil servants to undergo some training outside: they will meet fellow-students from other organisations and be exposed to different ways of doing things. Several civil servants attending external courses told us that this was particularly valuable, especially for officers whose work involved personal contact with industry. Another relevant factor is the limit to resources within the Civil Service. If greater depth of knowledge is required, and if this means more training, there is a limit to what can be done in-house. The other side of the coin is that civil service expertise can benefit outside courses.

3.11 At the Sunningdale seminar, departmental managers accepted the case for greater involvement of the outside world in civil service training, but insisted that civil servants should not be released for courses which were "irrelevant". Reconciling these two views is to some extent impossible: there will always be a tension between going for outside qualifications and insisting on strict relevance to the needs of the Civil Service. At the end of the day, the manager who holds the purse strings should have control over the amount of training given to his staff. He should, however, consider taking a broader view of the relevance of experience in different types of organisations to the problems facing civil service managers, and accept that the benefits of external training require some flexibility about relevance. Otherwise, there is a danger that wholly internal, highly job-specific, training may produce employees with "tunnel vision". **This report welcomes the willingness of civil service managers to involve the outside world in the education and training of their staff and recommends that there should be more such involvement.**

3.12 Most of this report is about qualifications. But the scope for outside involvement in civil service training goes beyond the use of qualifications. One possibility is external participation in internal training programmes: examples of this were found in some companies and in some government departments. There was also a trend towards companies having appropriate parts of their internal programmes accredited by outside institutions.

3.13 **In my view the Service would benefit from greater involvement of the outside educational and training world in the planning as well as the delivery of some internal training programmes, and I so recommend.** This is not to say that all internal programmes should have outside involvement: in some cases, this would be unnecessary or ineffective, notably where the relevant expertise is within the Service. There are times, however, when it would be mutually beneficial for outside and inside expertise to be combined at an early stage in the planning of training programmes. This is more than the practice of inviting outside lecturers to fill

"slots" in courses designed internally. The Civil Service already adopts this collaborative approach to a considerable extent; and I welcome the recommendation in "Civil Service Management Development in the 1980s" that "more should be done, wherever practicable, to build on and develop this approach." (paragraph 5.10). A collaborative approach can be more complicated to administer than "going it alone" and it would be a mistake to suppose that it would save civil service time. But in my view the potential benefits can justify the administrative cost.

3.14 Outside accreditation of some internal courses would be particularly useful in the context of the flexible framework for the training of young executives recommended in Chapter 7. But it is also desirable in its own right as a mechanism whereby outside standards and expertise can be harnessed by the Service. It will not always be possible to achieve this, however, as the purposes of most internal courses are different from those of many outside qualifications, and as some kind of student assessment will almost always be required by the outside body (see paragraphs 3.34-3.40). Outside accreditation should not be pursued at the expense of other benefits of civil service training, but with some flexibility on both sides more developments of this kind should be possible, and I recommend that departments and the Civil Service College should, where practicable, explore these possibilities.

Arguments for qualifications

3.15 Arguments for qualifications must be distinguished from those for external training. A very useful and lucid analysis of the role of qualifications was provided for us by Professor Andrew Dunsire of the University of York, and this is reproduced as Annex F. The paragraphs which follow draw heavily on that analysis.

3.16 A qualification is a badge of achievement, usually requiring success measured by some form of assessment. From the point of view of government departments, it can be seen as a guarantee that their staff possess a certain basic level of knowledge and skill. Furthermore, this level has been accredited by an independent self-regulating body of professional peers, and thus serves as a quality control within the organisation.

3.17 Use of outside qualifications also has possible benefits in terms of esteem inside and outside the Civil Service. Some departmental managers told us that their outside customers would be more likely to place confidence in the judgement of civil servants who held externally recognised qualifications. This was most strongly felt by departments whose customers were in other parts of the public sector, notably local government. Qualifications might also improve the esteem of the Civil Service in the eyes of outside commentators. Departmental managers varied in the amount of importance which they attached to outside esteem. Some dismissed these considerations as "presentational", but I think that they are nonetheless important, particularly at a time when the quality of civil service work is sometimes made the subject of ill-informed outside criticism.

3.18 Another argument for the use of qualifications is that it enables civil servants to speak the same language as their counterparts in the outside world, and this was thought important, whether customers were located in the public or the private sector. There was some anxiety, however, that the result might be more jargon and a consequent decline in the Civil Service's traditional strength of presenting issues in clear English. I think that this risk is a genuine one, but that the advantages of better communication with counterparts in other forms of employment are important. As Professor Dunsire says, this "leads to willingness to exchange information and to extend trust". One professional institute representative suggested to us that a good course of training leading to a qualification ought not to create new language barriers but rather to equip the trainee with new concepts

to help him to understand his work better, and also to communicate technical ideas clearly to non-specialists. If this can be achieved, it is certainly a desirable objective.

3.19 Several professional bodies emphasised that short, job-related skills courses had different objectives from longer courses leading to qualifications. The latter were primarily concerned to provide a broad base for future development, and ensured that the knowledge which the trainee would develop throughout his career was built on a sound foundation. Use of qualifications for younger staff also had the advantage of extending their general education, in a context which was more directly relevant to their job than were the subjects which they had studied at school or university.

3.20 Qualifications were also seen to have a number of benefits for individual employees. A qualification was the employee's personal property, gave him a goal to aim for and a reward for achievement which he could take with him wherever his future career might lead. It also provided a structure to his training and enabled him to meet a wide range of fellow-students. Many professional institutes emphasised their concern for the welfare of the individual member, and this involved opportunities for post-qualification development, regular meetings with local counterparts in different organisations, and a back-up service independent of the member's employer.

3.21 It was suggested to us that the opportunity to obtain a professional qualification after joining the Civil Service would be an attraction to good-quality potential recruits, particularly undergraduates. One reason for this was that those still within the educational system often wished to remain so, and valued opportunities for continued education and development. This was reflected in my own experience as a University Liaison Officer for the Civil Service: I found that there were many more enquiries by potential recruits about training opportunities than, for example, about pay. Another reason was that undergraduates believed that the opportunity to obtain a qualification would keep their options open to move to employment elsewhere. Thus, a recent report on fast-stream graduate selection observed that "some potential candidates are anxious lest, once in, they should find themselves trapped, without any prospect of gaining professional qualifications to provide a passport to a career elsewhere."¹ The link between professional qualifications and career mobility is discussed in paragraphs 3.28-3.32.

Arguments against qualifications

3.22 Qualifications appear, then, to have a number of potential benefits for the Service, notably in providing employers with a sign to them and to outsiders that their staff have a certain level of knowledge, independently assessed; improving communication with the outside world; and (possibly) attracting good external recruits. From the individual employee's point of view, they provide a goal to aim for and a sign of achievement. Do they have any disadvantages?

3.23 One view put to us was that annual staff reports were better than qualifications as indicators of how good an officer was at his job. The findings of the Personnel Work Review and of an internal Interdepartmental Working Party into the Reporting System indicate, however, that annual reports have serious limitations. In particular, the assessments of aptitude and general abilities are often unreliable. In view of this, any additional information on such matters should surely be welcomed, particularly if it involves an outside assessment against established standards.

¹ Selection of fast-stream graduate entrants to the Home Civil Service, the Diplomatic Service and the Tax Inspectorate and of candidates from within the Service: Report by Sir Alec Atkinson, Management and Personnel Office, February 1983, paragraph 18.

3.24 Our discussions with departments and individuals suggested that civil servants placed little value on the badge of a qualification, and that in their view the main benefit of work for qualifications was the training content rather than the qualification itself. Qualifications which at any time had been available merely on application were not highly regarded, even if membership requirements had subsequently been tightened up. This lack of respect for "pieces of paper" contrasts with attitudes in some other organisations and in some countries overseas.

3.25 Some departments suggested that qualifications might give staff a misleadingly favourable impression of their own abilities, and encourage them to expect promotion, in which they might be disappointed and subsequently resentful. Many departments and other organisations had experience of "qualification-hunters" who collected qualifications but were not good at their jobs. One organisation even invited us to meet its "qualification-hunter" so that we could see how bad he was!

3.26 Another criticism of qualifications was that they tended to emphasise the retention of facts rather than the practical application of knowledge. This was thought to be reflected in over-emphasis on the use of examinations, and it was argued that many students appeared to forget or discard a lot of the facts which they had learned soon after sitting the examination. Our discussions with institutes suggested that these criticisms were not uniformly applicable. Some institutes emphasised project work and tried to test the application of knowledge rather than its mere retention, and more is said about this in paragraph 3.38.

3.27 A few people expressed the view that greater use of the qualifications awarded by professional bodies would increase the influence of those bodies over management practice in the Civil Service, and that this would be undesirable. It was thought that "credentialism" would result, with professional bodies pushing up the standards for recruitment and eventually influencing pay and promotion. One commentator¹ saw the increasing influence of professional bodies as a move towards "guildism" and as detrimental to management development. In my view this is a genuine risk. One way to counteract it is through continued management involvement in the external training of staff. This is discussed more fully in Chapter 4.

Professional qualifications and mobility

3.28 One factor which was looked upon favourably by some and unfavourably by others was the link between professional qualifications and mobility. A qualification was portrayed as an accredited "kit-bag of knowledge" which established the employee's credentials with prospective employers. This was seen to help the employee, as it kept his career options open, and some argued that it would benefit government departments, as greater use of qualifications would encourage interchange of qualified staff with other organisations, thus bringing in fresh blood from outside. Most departments felt, however, that any career movement would be in one direction only, resulting in a loss of qualified staff and a wasted investment of scarce training resources. These departments saw the "mobility ticket" function of qualifications as an argument against their use in a career Civil Service.

3.29 Our study of the practice of other large employers suggests that the belief that all qualifications are highly regarded by outside employers is false (see paragraph 2.4). This is not, however, to deny that working for a qualification, which involves mixing with fellow-students from other organisations and an introduction to practice outside, may broaden the civil servant's outlook and lead him to consider moving elsewhere. This is not necessarily a bad thing.

3.30 Although outside employers do not always value qualifications highly, there is some force in the suggestion that an outside employer might look more favourably

¹Simon Coke: "Putting professionalism in its place", *Personnel Management*, February 1983, pages 44-46

on a civil servant with a qualification, as the qualification would be seen as establishing that at least some of the civil servant's knowledge was relevant to the outside world.

3.31 One area in which qualifications are highly marketable is accountancy. Our enquiries support the conclusion that the opportunity to work for an accountancy qualification would improve a civil servant's opportunities of employment outside, and more is said about this in Chapter 9. Overall, however, the link between qualifications and the opportunity to move to other organisations is not a clear one. But there is a widespread belief in the link, and that belief is itself important.

3.32 "Civil Service Management Development in the 1980s" recommends that the basic concept of a career Civil Service should continue, although with greater use of secondments and other forms of interchange with outside organisations. In that context, I do not think that the "mobility ticket" function of qualifications should be decisive in determining the Civil Service's policy towards their use. Other factors should be given greater weight. Nevertheless, it is important to acknowledge that greater involvement of the outside world in civil service training does imply some risk of losing trained civil servants to the outside world. In my view, this risk is worth taking. It is not a good reason for the Service to turn its back on outside qualifications.

Qualifications: general conclusion

3.33 Some of the arguments for qualifications - in particular, those based on quality control and greater links with the outside world - are relevant to the Civil Service. They do not, however, justify a blanket policy advocating use of all qualifications. Our enquiries suggested that some qualifications were better than others, and that some were more relevant to the Civil Service. They also revealed that most existing syllabuses would require some modification before they were of maximum benefit to the Service, and more is said about this in Chapter 4. **The case for each qualification needs to be considered on its merits.**

Student assessment

3.34 Almost all of the externally recognised qualifications which we have considered involve some kind of assessment of the student's performance. This usually takes the form of written examination, although some institutes do have routes for "mature entry" for older applicants with considerable work experience, and more is said about this in paragraph 3.46. Some institutes cited their failure rate as an indication of the high calibre of the qualification, but we were assured that institutes did not operate a policy of failing a certain proportion of candidates each year, whatever the standard achieved. Assessment was seen by institutes to be very important in adding credibility to a qualification, and our enquiries supported this view. One commentator referred to certification which did not involve any assessment as "the BOAC qualification" ("Been On A Course") and this was one badge with little appeal either to civil servants or to their managers. Other arguments for assessment included the view that students worked harder if they knew that they were to be assessed and that assessment gave the student a sense of achievement and a goal to aim for. Several departmental managers shared this view, and it does seem plausible, although it only applies when the student, or his manager, cares about the assessment.

3.35 Another argument was that student assessment provides quality control of courses and of students. Institutes varied as to whether they operated centralised examinations or delegated examining responsibility to colleges, but those who examined centrally regarded the consequent uniformity of standards as an important

quality control over courses. Others relied on regular contact with colleges to ensure the quality of courses, but this was impossible for institutes with a high proportion of students studying overseas. This argument is, however, less important for the Civil Service: close collaboration with teaching institutions as recommended in Chapter 4 should be sufficient to satisfy the Service of the quality of courses used. Considered as a quality control of students, assessment has the advantage of indicating to the employer and to the outside world the extent to which the student has assimilated the knowledge imparted by a course. It also has presentational advantages - outside observers might be more impressed by the fact that civil servants had achieved a certain assessed standard than by the fact that they had attended certain courses.

3.36 There are many types of student assessment, including the practice of sending back to employers helpful comments about the student's performance which might be useful for career development counselling. Not all involve a distinction between "passing" and "failing", but such a distinction does seem to be required if assessments are linked to a qualification. At the end of the day, the student either obtains the qualification or does not.

3.37 Student assessment has some important disadvantages: it might, for example, inhibit students from participating fully in courses which encouraged them to experiment with new ideas or try out new skills. Again, there is a danger that the use of student assessments as a control of the quality of courses might mean that the courses were judged by the wrong criteria - the question would be how many students passed the examination instead of whether the course fulfilled its objectives. Most of the training which this study has considered aims to equip the student to apply knowledge to his job, either now or in the future. Many managers feel that the achievement of a high mark in an examination does not necessarily imply that the candidate will be able to apply his knowledge effectively. A further consideration is that, to be done well, student assessment requires considerable time and resources. Hasty or ill-designed assessment is worse than useless.

3.38 Professional institutes and colleges are now using a variety of methods of assessment, including project work and continuous assessment, and the final part of a number of syllabuses consists of a work-based project specifically designed to test the application of knowledge to a practical problem. On the whole, however, the form of assessment used most frequently for professional qualifications is that of written examination, although in some cases the questions are now more about applying knowledge than of the "write all you know" variety.

3.39 The arguments for and against assessment come into sharper focus when applied to examinations. One point made to us was that where the objective was for the student to assimilate and have at his fingertips a number of relevant facts (eg about court procedure), preparation for an examination was a useful discipline. Another consideration is that the skills required to pass written examinations, such as analytic skills and skills in written communication, are useful for job purposes. Nearly everyone is frightened of sitting examinations. This includes people who are "good at examinations". The result is that a move from a status quo of no examinations to one of compulsory or recommended examinations is highly unpopular. Paradoxically, another result is that introducing compulsory examinations has a "macho" image and is sometimes recommended by hawkish senior managers.

3.40 Greater use of qualifications implies student assessment. There is no possibility that institutions awarding qualifications will cease to assess students, although there are signs of flexibility in the means of doing this, and these trends are welcome. The more a qualification emphasises the importance of applying knowledge and the more it uses project work and other methods linking the syllabus

to the workplace, the more interested the Civil Service is likely to be in the qualification. Structured developments with particular courses of the kind recommended in Chapter 4 should allow scope for adapting the form of assessment to the needs of civil service students. Paragraph 3.13 recommends greater involvement of outside bodies in the planning, delivery, and accreditation of internal courses. Accreditation will imply some sort of assessment, and where this would be harmful in terms of the course's objectives, accreditation may not be advisable. It should be emphasised, however, that there is considerable scope for flexibility - not all assessments are written examinations and not all written work is the mere regurgitation of facts.

A new qualification for the Civil Service?

3.41 There are examples, both in this country and abroad, of qualifications designed specifically to meet the needs of civil servants including, in the UK, the now lapsed Diploma in Government Administration. One task of the study was to consider whether or not to recommend the introduction of a new qualification for the Civil Service. This might have some advantages: designing a syllabus exclusively for the needs of the Service would avoid the danger of irrelevant content and in theory would enable the syllabus to be matched closely to departments' needs. It might be suggested that the badge of the qualification would be a goal for individual civil servants, that it would motivate them, and that it would provide a structure for their training. Furthermore, if the qualification involved some sort of student assessment - and for the reasons given in paragraph 3.34 I think that it would need to do so to command respect - this would introduce into civil service training standards against which individual civil servants could be measured (as distinct from standards for assessing the delivery of training, which are already used).

3.42 The arguments against introducing a new qualification are, however, in my view, overwhelming. The standards against which civil servants were measured would not have much meaning to the outside world unless external bodies were involved in the validation of the qualification, and the absence of outside validation would detract from the esteem of a civil service qualification both inside and outside the Service. Lack of esteem among civil servants would not affect demand for the qualification if it were made a necessary condition for promotion. However, this approach is not recommended for the reasons given in Chapter 9. There are also practical considerations weighing against the introduction of a new qualification. First, because of the range of career development patterns which are expected to develop in the future, the qualification would have to be very flexible indeed to meet such a variety of needs. It is doubtful whether any one qualification, however flexible, would necessarily be better for a particular group in the Civil Service than one of the many existing outside qualifications and if there were any choice, experience suggests that the group would plump for the outside qualification because of its enhanced esteem. Secondly, if the new qualification required new college courses to be set up throughout the country, it is highly probable that the venture would never get off the ground because of cost and uncertainty of student demand.

3.43 A further objection to a civil service qualification is that it would not help the Service to achieve the objective of becoming more outward-looking through greater interaction with other areas of employment - an advantage which we have seen in the use of outside qualifications.

3.44 Lastly, we were not encouraged by the history of other comparable public sector qualifications in this country. Two - ie the Diploma in Municipal Administration and the Diploma in Government Administration - had lapsed and we were told that some health service administrators chose to work for a qualification recognised outside which used a wide range of material, in preference to an internal

qualification. For all these reasons, **I recommend that the Civil Service should not develop a new qualification for its exclusive use.**

Links with professional bodies

3.45 Several of the companies which we surveyed valued links at a personal level between staff (particularly senior staff) and professional institutes, even where they made little use of the institute's qualification. And for those who did take qualifications, there was a need to renew membership both to keep the right to use the letters after their names, and also to keep up with new developments. Many institutes have branch structures, and some of these are very active, providing regular opportunities for meetings and interchange of ideas, and enabling members from different sectors of employment to meet regularly. Some institutes hold occasional open meetings, and where civil servants attend these, their presence is highly valued. Some also have Associate Membership facilities for people with a number of years of relevant work experience. Involvement of this kind should be beneficial both to institutes and to civil servants and **I recommend that civil servants should make maximum use of such opportunities as part of a positive policy to form closer links with outside counterparts.**

3.46 Many institutes have "mature entry" routes for older applicants (usually those aged 40 plus) on the basis of work experience and/or a long piece of written work. **Where such routes exist, I recommend that civil servants at about the grades of Assistant Secretary and above should consider taking them.** This will require institutes to be flexible in what they regard as "relevant" work experience, given the varied job backgrounds of many senior civil servants. Many very senior civil servants already have extensive networks of outside contacts: mature entry to professional institutes should provide a route for colleagues in slightly lower management grades to do likewise.

CHAPTER 4

PROFESSIONAL QUALIFICATIONS: RECOMMENDED APPROACH

4.1 Chapter 3 recommends greater involvement of the external educational and professional world in the post-recruitment education and training of civil servants. It describes a number of benefits following from use of qualifications, but does not give a blanket endorsement of all qualifications. The approach must be one of "horses for courses". What, then, should be done in the short term? This Chapter outlines the approach which the Service should adopt whenever qualifications are used. The next three chapters consider which qualifications should be used and by whom.

The triangular approach

4.2 Our discussions have convinced us that the potential benefits to departments of staff working for certain qualifications will not accrue automatically by selecting staff and sending them off to play the field of the wide range of further and higher education provision available locally. Courses at some institutions are better than others, and some are more suited to the Civil Service. Furthermore, many of the current syllabuses which we examined were useful but not ideal for the Civil Service as they stood, and in the short term would need to be backed up by additional work to relate the material more closely to work in the Service. The job demands and domestic circumstances of some civil servants point towards alternative means of tuition to the traditional "evening class or day release" paradigm. Where this means distance learning, some back-up is required to keep the civil servant motivated and to help him relate the course to his work.

4.3 All these considerations support the conclusion that wherever outside qualifications are used for civil servants, the approach to be adopted should be a **triangular one, involving employers, professional institutes or validating bodies and teaching institutions.** The interests of the employer may be represented by an individual department, a regional group of departments, a national group of departments with similar interests or by a central department. The employer's part in this collaborative process need not - and in some cases should not - involve MPO, although that department will have a role in keeping others informed of developments, and more is said about this in paragraphs 4.29-4.31.

4.4 The triangular approach would involve employers working with professional institutes or validating bodies in selecting appropriate courses for civil servants and working with course providers to make sure that courses met civil service needs. In some cases, the teaching institution might be inside the Civil Service (eg the Civil Service College); more frequently, however, the approach would be to work with one or more outside institutions; yet again, distance learning material might be produced for use in a wide range of departments and backed up by tutoring or practical skills training either within the Service or outside. In all cases, however, civil servants should be steered towards particular courses. Our enquiries suggested that students left to find an appropriate course themselves often found this difficult and that in some cases the courses found had not been the best ones for the department or the individual. When this happened the time and effort devoted to selecting students might be wasted.

4.5 Most existing syllabuses for professional qualifications are not designed with the needs of the Civil Service in mind, and most courses leading to qualifications do not use much central government material. If the Civil Service is to make greater use of outside qualifications, this will need to change, and the change will require

co-operation by the Civil Service, notably in helping with the preparation of case-study material and in encouraging project-work in departments in collaboration with outside tutors. It will also in my view require an increase in the amount of publicly available material about relatively recent government initiatives, where this does not present genuine security problems. We were told that institutes and colleges would be reluctant to devote time to the development of such new material without some guarantee that civil service students would be forthcoming, and this is another argument for steering civil servants towards certain courses rather than dispersing them throughout the further and higher education system.

4.6 These changes will take some time. In the shorter term, it will probably be necessary to use the most promising outside courses in their current form and to back them up by training or tutoring within the Service to help students relate what they are learning to their job. Hence, even if an outside institution provided the main teaching input in preparation for a qualification, there might be a role for departments or the Civil Service College to provide supplementary training. In some cases, existing internal courses seem highly suitable for this purpose.

4.7 The triangular approach also requires institutes and validating bodies to be prepared to work with particular colleges in developing courses suitable for civil servants. This would involve collaborating with the Civil Service in identifying College x as suitable to develop a course particularly aimed at central government; collaborating with that college in the development of material; and subsequently steering departments away from Colleges y and z and towards College x. We asked institutes if this kind of involvement would cause them any problems, and on the whole we were told that it would not. Indeed, several colleges had designed courses specially for particular industries, and there were recent examples of collaboration between institutes and particular colleges in developing new courses. This approach was more difficult, though not impossible, for institutes which had a centralised syllabus and examination system, as all courses leading to their qualification had to equip students to answer the same examination questions. In some cases, however, the questions were framed in general terms with students encouraged to illustrate their answers with examples from their own sector.

4.8 The objective of developments of this kind is to increase the depth of knowledge and skill of staff, to enable them to apply the knowledge in their jobs, and thus to make departments more effective. Using qualifications has the important advantage of providing scope for individual initiative on the part of staff. If this is to be harnessed in the most effective way, however, **it is essential that the officers who are to obtain departmental support to study for qualifications should be selected by management.** This is important for three reasons: first, if the department is to obtain the hoped-for benefits, work for the qualification must fit in with the individual's career development profile. We obtained the impression that some individuals had decided to work for a qualification as a bargaining counter with their Personnel Divisions to obtain postings in jobs which they liked. From management's point of view, this process is the wrong way round - those who work for a qualification in, say, personnel management, should be those whom the department thinks best suited for further work in that area. Such forward planning inevitably involves a lot of uncertainty, and there are few officers for whom the direction of their future careers is certain either to them or to their departments. Nevertheless, consciousness of the link between qualifications and career development is essential at the selection stage.

4.9 A second reason for selection by management is that not all officers who aspire to work for qualifications will be capable of lasting the course. This might be due to insufficient intellectual ability, lack of perseverance or difficulty in finding sufficient time to undertake the required study. It is no kindness to encourage an

officer who is manifestly ill-equipped to cope with a qualification to embark upon it. Having said that, to some extent the individual should be allowed the benefit of the doubt. Most qualifications have stage examinations which weed out unsuitable candidates at an early point. Thirdly, even if it is in the department's interest for an officer to study for a qualification, the qualification which the individual has in mind may not be the right one for him - indeed, training that does not lead to a qualification may be more appropriate to meet his needs.

4.10 When a department is deciding whether to give support to an individual to work for a qualification, the views of the applicant's line manager should be taken into account. **In my view the line manager should not, however, have a veto.** His main preoccupation will often, understandably, be to get the immediate job done; while the benefit to the department of one of his staff working for a qualification may be realised later, when the person is working for someone else. It is also possible that the line manager might be suspicious of, or prejudiced against, outside qualifications. We were sorry to encounter one or two examples of civil servants working for qualifications who had felt it necessary to try to hide the fact from their line managers.

4.11 If departments are to benefit from their staff working for qualifications, the involvement of management in the individual's progress must not stop at selection. Some students told us that once they had started their course of study, they did not perceive any continued departmental interest in their progress. This had a demotivating effect as well as making it more difficult for them to relate course work to the needs of their department. **I therefore recommend that where an officer is given departmental support to work for a qualification, someone in the department should be identified as having responsibility for keeping an eye on his progress and advising him on project-work etc with a view to maximising the links between what he is learning and the needs of the department.** For status reasons, this person should be at least one grade senior to the person studying for the qualification, but departments may vary on whether the contact-point should be in the student's subject area or in the Training Division. Ideally, it should not be the student's immediate line manager. This practice is already carried out in some areas, notably accountancy and audit where most trainees have a "training principal".

4.12 The department's involvement ought to go further still. Training for a qualification will have maximum impact on the effectiveness of the department if **opportunities are provided explicitly designed to enable the student to make use of his knowledge after qualifying.**¹ The knowledge which the student has obtained should, of course, make him more effective to some extent in any case. But structured opportunities to apply his knowledge, for example through projects or reports to management which are topical and actually seen by senior management, can help cross the threshold in the student's application of his knowledge. Institutes and colleges may be able to help in setting up these opportunities, which should have an important motivating effect on the student and be a sign of the importance ascribed by management to his qualification. Setting up these opportunities makes demands on management resources, but without it there is a risk that some of the return on the investment in training may be lost. Even this step is, however, only part of the story. It is important to remember that the objective is to improve the expertise of staff and hence the effectiveness of government departments. This can only be done through integrating training (including qualifications, where appropriate) with career development and by posting qualified staff in jobs where they can continue their development. Obtaining a qualification is really the beginning rather than the end of this process.

¹I am indebted to Mr M F Stonefrost, Director-General of Finance, Greater London Council, for this point.

4.13 Where possible, then, use of qualifications should involve the triangular approach. In that context, Chapters 5 and 6 consider what ought to be done by departments and by the centre in relation to existing qualifications at about professional/degree level, whether in specialised areas (Chapter 5) or in more general subjects (Chapter 6). With some reluctance, I have decided against an overall quota approach, setting as a target a fixed percentage of civil servants who might obtain a qualification. Although this would have the attraction of simplicity, it would not necessarily contribute as much to the effectiveness of the Service as a more discriminating approach. The approach which I recommend is one of starting from the need for knowledge and skills and selecting the best training and education available to meet the need, with a preference for opening doors to the outside world. This will mean greater numbers of civil servants working for qualifications, but not a paper-chase, and there will be cases where it is not appropriate for an officer to work for a qualification.

The fast stream

4.14 The "fast stream" of civil servants are those who are selected for rapid advancement in the early stages of their career, and include those honours graduates who enter the Service as Administration Trainees. Although their numbers are fairly small, they are very influential, and many future senior managers will come from their ranks. We considered the question of whether fast stream civil servants would benefit from obtaining qualifications, and came to two conclusions:

- it is essential that any development with qualifications involve fast streamers;
- doing so efficiently will be very difficult.

4.15 Chapter 3 discusses the balance of different kinds of knowledge and skills which future middle and senior managers require, and suggests that it is wrong to assume that they do not require any specialised knowledge or skills, even though the priority requirement may be for strategic and managerial skills. Current practice in this regard will not change until more officers who have spent extended periods of time in comparatively specialised posts are appointed to senior management positions. Where it is appropriate for some staff to work for qualifications in specialised areas, that should therefore involve fast-streamers.

4.16 Chapter 1 refers to the "gentlemen and players" culture, with fast-streamers seen as "gentlemen" who do not need to concern themselves with too much detail. This view was reflected in many of our discussions, where it was often assumed that qualifications would only be relevant to main-streamers, with the consequence that, paradoxically, selection to work for a qualification might be taken as a sign that a civil servant was not destined for the top. It is vital for this impression to be dispelled. In my view the quest for greater professionalism concerns the Service as a whole - not just main-streamers. Where greater professionalism means discriminating use of certain qualifications, the fast stream must therefore be involved.

4.17 In a recent lecture to the Royal Institute of Public Administration¹, Sir Frank Cooper, formerly Permanent Under Secretary of State at the Ministry of Defence, remarked:

"There are many senior posts which would be filled better by people who had added a relevant professional qualification to outstanding basic ability. Accountancy, law, languages, computing, business administration and personnel management come immediately to mind. This could well be a mandatory requirement and should be rewarded either by promotion or a lump sum

¹ "Freedom to Manage in Government", 19 April 1983, part of the RIPA Winter Lecture Series 1982/83 on Public Sector Management.

payment. It is not enough to go on inventing new internal courses from time to time and merely publishing the need to attend them. The generalist must become more specialist and both he and the professional more skilled in management. ... This whole area requires thorough examination and firm decisions rather than continued fiddling whilst Rome burns."¹

The conclusions of this study strongly support the spirit of these remarks. For the reasons given in Chapter 9, I do not recommend that qualifications should be a guarantee of promotion. But I agree that the developments recommended by this report should involve fast-streamers, both to meet a real need for greater professionalism, and also to bring about a change of attitudes.

4.18 Doing this efficiently will, however, be very difficult. This is not simply because fast-streamers have a lot of other demands on their time, although it is true that they do. A more important difficulty is that a number of the current courses leading to qualifications are not designed for students with the level of education of many fast-streamers. An unstructured approach of sending all Administration Trainees to local colleges even if the classes consisted mainly of school leavers would probably be counter-productive. Some of the educational prejudices encountered among administrators in the Civil Service should rightly be dismissed as academic snobbery, but it is sensible to acknowledge that an officer with recent experience of advanced university study might find the pace of some courses leading to qualifications too slow and might find it difficult to adjust to different teaching methods or, perhaps, to larger class sizes.

4.19 It is important, however, for fast-streamers to realise that subjects and techniques which are at a comparatively low level of abstraction compared with some university subjects are not necessarily "easier". Hence, even if a course is at the same educational level as the fast-streamer's previous qualification, it will not necessarily be easy. And even if certain subjects are comparatively easy, they may still be important. The brightest of car-owners can benefit from basic knowledge about how his car works.

4.20 In my view it is important to adapt the mode of learning to the needs of fast-streamers as closely as possible, in order to obtain the most efficient result. This might involve the use of more intensive courses; replacing earlier stages of syllabuses with distance learning material which the officer can pursue at his own fast pace (and which also allows him some flexibility to cope with other work-demands); and the adoption by institutes of a reasonably flexible approach towards entry requirements. Many fast stream civil servants are graduates in subjects which are not deemed eligible for exemption from the foundation stages of certain qualifications: in these cases, institutes should provide a quick route to get over this problem, or be more flexible in their exemptions policy. Failure to do either will limit the usefulness of qualifications for fast-streamers. This is a matter of efficiency, not elitism.

4.21 In some cases, it is possible to distinguish between the requirements for a qualification and the syllabus of courses leading to the qualification. The Institute of Personnel Management, for example, accepts for membership those who successfully complete a variety of courses, at various educational levels. These include an intensive block-release programme and certain part-time Master's programmes, and either approach might be more appropriate for some fast-streamers than other courses leading to the IPM qualification. If the academic challenge of such a course engaged and stretched the fast-streamer, without losing the more practical benefits of the content of the qualification, then this would be the right option.

¹quoted by permission of the author.

4.22 My conclusion, then, is that the developments with particular qualifications recommended in this report should involve fast-streamers. For this reason, negotiations with institutes and colleges should raise the question of whether modes of learning appropriate to fast-streamers are available. It goes without saying that these modes may also be appropriate to able main-streamers, particularly graduates.

Distance learning and new training technology

4.23 Our discussions with professional and educational bodies indicated that methods of learning were in an era of fast change. The traditional "evening class or day release" stereotype of external training was no longer paramount. Study material for individuals to use at their own pace was often a far cry from the more traditional "correspondence courses" and used a variety of media as well as written material. The trend towards dividing up long programmes into self-contained modules was matched by a move to make these modules available for use at the work-place or at the student's home. New technology was enabling students to make use of a wide range of material using comparatively accessible equipment such as videos and computer terminals. The educational world was demonstrating considerable flexibility in backing up individualised tuition with other types of support, including telephone tutorials, occasional visits to colleges, weekend use of computer terminals, and opportunities to meet fellow-students. There were also interesting developments with "mixed modes" of learning, involving various combinations of the approaches described in this paragraph.

4.24 Many colleges and universities were involved in developments of this kind. Some business schools were making modules of their longer courses available as self-contained distance learning material. The Open University was extending its post-experience material in management education and the facilities afforded by the Open Tech Programme at the Manpower Services Commission were also potentially useful. We heard of one example where the Open Tech had been used by a college to develop distance learning material relating to a professional qualification, with local branches of the professional institute being used for back-up services to students.

4.25 One disadvantage of using individualised learning methods to provide the whole of the necessary tuition rather than in conjunction with other methods is that the student learns only from the material and not from mixing with fellow-students. If the objective is for staff to rub shoulders with counterparts from other areas of employment and see problems from their perspective, then departments should look for a course involving some group teaching, rather than one using only distance learning.

4.26 That said, developments in distance learning and in the use of new training technology are of considerable importance to the Civil Service. The wide variety of career patterns, training needs and educational backgrounds of our target population mean that the same mode of learning may not be appropriate for each. Flexibility will be required to ensure that training leading to a qualification is delivered in a way which meets the varied needs of civil service students with maximum efficiency. Another important consideration is the impact of resource constraints. It is not always possible for officers to be released regularly on a set afternoon to attend a college, and block-release may not be practicable either. Methods of learning which can be used at the work-place, as well as at home, would enable study to be adapted to meet irregular patterns of available office time.

4.27 Distance learning and new training technology are also important to the Service because they increase access to training for some groups who may have been disadvantaged in the past by their inability to use more traditional methods.¹ For

¹ see **Equal Opportunities for Women in the Civil Service**. Management and Personnel Office, 1982, paragraph 5.8.1.

example, officers with family responsibilities may find it difficult to attend residential courses, and those intending to return to work after a period of absence bringing up small children might be able to use opportunities for study at home, perhaps backed up by use of equipment in the department or at a local college. These factors particularly affect the opportunities for women in the Service to participate in the kinds of developments recommended in this report.

4.28 I therefore recommend that in the triangular collaborations of the kind described in paragraphs 4.2-4.13 above, the Civil Service raise with institutes and colleges the scope for making distance learning material available and using new training technology. In my view, the extent to which the Civil Service will in practice be able to make greater use of qualifications will depend on the flexibility of the methods of learning available and, in particular, on the impact of new training technology. If professional bodies take advantage of the assistance currently available to develop such material, their qualifications will be of greater interest to the Civil Service.

The information role of the Management and Personnel Office

4.29 Greater use of the external educational and professional world requires up-to-date knowledge about what is available. Experience of carrying out the study, with one filing cabinet full of brochures spilling over into another, convinced us that attaining and retaining this knowledge was difficult and time-consuming, particularly for Departmental Training Officers who have other things to think about than professional qualifications. Another consideration is that the triangular approach recommended in this Chapter requires co-ordination on the employer's side to avoid unnecessary duplication of effort by individual departments. MPO will not necessarily be the right department to take the lead in all developments with particular qualifications. Nevertheless, it must have a co-ordinating responsibility and a duty to help departments by providing information about what is happening elsewhere in the Service.

4.30 We considered the possibility of MPO's maintaining a comprehensive computerised index of available training courses, but decided against this on the grounds that it would be costly, might not be extensively used, and - most important - that much information of this kind is already available. **Instead, I recommend that departments should make use of a small number of standard reference works, and that MPO should let departments know if new, or better, reference material becomes available.** Current sources which appear suitable include - (for short courses, not those leading to qualifications) the **National Training Index**;¹ and (for short courses in management) **Post-Experience Courses in Management 1982/83**.²

4.31 It is not, however, sufficient for MPO to draw departments' attention to this material already available. **I recommend that the Training Division of MPO should keep a record of civil service developments with particular qualifications and circulate the record regularly (eg half-yearly), perhaps in the form of a "Qualifications Newsheet".** This would keep departments informed about courses

1 **National Training Index**, Graduate Appointments Ltd, 7 Princes Street, Hanover Square, London W1R 7RB. Enquiries should be addressed to Stuart Macnair, General Manager.

2 **Post-Experience Courses in Management 1982. A directory of Short Courses at Selected UK and other European Centres.** Alan Armstrong and Associates Ltd, 1982. For further advice on management courses of any length, contact Sue Wilkie at the Management Information Centre, British Institute of Management (01-405 3456, extension 131).

which are particularly suitable for the Service. It would also remedy what appears to be the major gap in the aggregated information already published elsewhere, namely information about long courses leading to qualifications. For this to work, departments would have to keep MPO informed of any developments in which other departments might share either at national or at regional level. **I further recommend that expert advice should be sought by MPO on the feasibility of automating this task with a view to enabling the information to be stored and printed with minimum demand on human resources in Training Division,** and, if possible, using equipment already available either in the Division or in the department. Ideally a clerical officer should be able to have quick access to the data to deal with telephone enquiries.

CHAPTER 5

QUALIFICATIONS IN SPECIALISED AREAS

5.1 How can the general approach outlined in Chapter 4 be applied to qualifications in specialised areas? I suggest that this should follow from a piece of work that departments have already been asked to do by "Civil Service Management Development in the 1980s", namely to consider the kinds of functions or subject-areas into which their work might be divided, and whether their staff should develop their careers mainly within these areas. This exercise could be extended by looking further at the identified functions or areas, locating the need for greater depth of knowledge (on the premise that there is likely to be such a need), and roughly quantifying the need. If any departments conclude that there is no scope for staff to return periodically to the same area of work, then it follows that there will be little point in staff working for specialised qualifications.

5.2 Equipped with this picture of the department's needs, the next step is to consider individually the target population of young civil servants and match training prescriptions to their abilities and potential, the needs of the department, and their futures in the department as envisaged by them and by management. In my view, the Civil Service ought to aim for a system whereby individuals in the target population can seek a Training Development Interview in which this matching process could take place, but I have no illusions that such a system could be introduced overnight. It would require personnel, manpower and training expertise in departments to be brought together and an information service to help departments to keep up to date with what was available (see paragraphs 4.29-4.31). Nevertheless, I think that this is the direction in which we should move.

5.3 Annex C contains a "decision-tree" illustrating how a training prescription might be matched to needs for knowledge and skill in a specialised area. It will be noticed that the resultant prescription is not always a qualification, although qualifications come into their own when the need for a specialised body of knowledge is combined with a general educational need and the capacity to learn from experience outside as well as inside the Civil Service. Where practical skills are required, it may be necessary to look elsewhere than at a qualification, although this remark does not apply to all qualifications.

5.4 The Study obtained a lot of material about qualifications in specialised areas, but we did not aim to make an assessment of each one. This was for a number of reasons. First, such judgements must be made by the right people, and in many cases I lacked the necessary subject expertise. Secondly, it was not sensible to intervene in some developments already in progress. A third reason was the sheer size of the task of assessing each qualification in a way that was fair to the large number of organisations offering qualifications. Because of our close access to relevant expertise in MPO we were, however, able to make an exception in the case of qualifications in personnel management. These are discussed in detail in the paragraphs which follow. We were also able to point up other areas for further work.

Qualifications in personnel management

5.5 "Civil Service Management Development in the 1980s" recommended (at paragraph 5.12 - 5.13) that further thought should be given to the possible benefits of civil servants obtaining qualifications in personnel management. The Professional Qualifications Study has considered this in consultation with departments and outside organisations.

5.6 We asked three questions:

- a. What knowledge and skills will be required in the future for personnel work in the Civil Service?
- b. In view of this and of career development policy, should the Civil Service make greater use of qualifications in personnel management at full professional level?
- c. Should some civil servants obtain a lower-level skills qualification in personnel management which was recognised outside?

Briefly, our answer to the last two questions was Yes; and the outside body which was of greatest interest to the Civil Service in both contexts was the Institute of Personnel Management (IPM).

5.7 To answer question a. above, we looked to the Review of Personnel Work for an indication of the future role of personnel managers in the Civil Service. That Report recommends that line managers should have more management responsibilities, with the role of personnel managers being more one of "providing information, support and expert advice to line management in its discharge of its personnel responsibilities; exercising a monitoring and co-ordinating function; and taking responsibility for personnel strategies" (paragraph 9.11). The conclusion of this study is that such a role requires expertise based on a greater depth of knowledge than can necessarily be picked up on the job. It must involve some contextual knowledge and a strategic view of personnel management which can see synoptically the various aspects of personnel work which are too often split up in civil service thinking (eg welfare, manpower planning, training, career development policy, industrial relations).

5.8 In addressing question b. we again looked to the Review of Personnel Work for an indication of the future career profile of personnel managers in government. That Review did not recommend that personnel divisions should be staffed exclusively by "personnel specialists". It did, however, remark that "there is much to be said for a few staff acquiring a specialised knowledge of the personnel field and developing their careers mainly in personnel work" (paragraph 9.12).

5.9 The professional education scheme of the IPM was recently redesigned to make each stage an integrated programme requiring the student to develop a synoptic view of personnel management covering, for example (in Stage 2), industrial relations, employee development and employee resourcing. The syllabus also includes practical work and emphasises the application of theory to practice, notably in Stage 3, which is a work-based project. This approach appeared to match the need which we had identified for greater expertise, and in view of this and of the recommendation in the Review of Personnel Work that some staff should acquire specialised knowledge in personnel work, there seemed to be a strong case for some staff in most departments to work for the IPM qualification.

5.10 This view was consistent with trends elsewhere. Almost every industrial and commercial company which we contacted had at least one person in the personnel function holding the IPM qualification, and a number felt that they needed more. In local government, the trend was more marked. All the authorities which we visited had either developed, or were in the process of developing, personnel management specialisms, and we were told that it would now be difficult to find any local authority of above medium size (ie serving a population of more than around 100,000) whose head of personnel did not have the IPM qualification or intend to complete it.

5.11 The conclusion of this study is that **each major department should have a leavening of personnel staff with the full IPM qualification.** As a rough guide, the aim should be for at least 10% of staff at HEO level and above in the personnel function to be qualified. Experience may point to a larger proportion. Smaller departments would also benefit from having a few professionally qualified personnel staff, and this might require career development arrangements allowing for secondment of qualified staff to the personnel divisions of other departments or to the MPO. To enable routes to full IPM membership to be set up using the kind of triangular approach recommended in Chapter 4, **I recommend that the Civil Service negotiate as a matter of urgency with the IPM with a view to identifying and developing courses particularly suited to the needs of the Service.** I suggest that the Management Studies Directorate of the Civil Service College should be involved in this process, whether the delivery of the training eventually involves them or not.

5.12 We discussed question c. (the scope for an outside qualification at a more basic skills level) with departments, and in many cases were met with the view that the most widespread training need for personnel managers was for relevant skills training, covering, for example, interviewing skills, job analysis and negotiating skills. It was acknowledged that there were advantages in this being linked with an outside qualification, as this would give the student a goal to aim for and would encourage him to develop links with the personnel world outside. I agree with these views. Skills training is not, however, the same thing as professional education, and a skills qualification is not a substitute for the full IPM qualification.

5.13 The Review of Personnel Work endorses the importance of basic training and recommends at paragraph 9.13 "that all new personnel managers should undertake a mandatory common core of three weeks' basic training in personnel management knowledge and skills at the Civil Service College". To this I would add that there would be considerable value in linking the basic training to a qualification recognised outside. Fortunately an appropriate qualification exists in the form of the IPM's Foundation Certificate in Personnel Practice, which is granted to those who successfully complete an approved course of basic skills training. **I therefore greatly welcome the fact that the College is negotiating with the IPM for successful completion of the three-week course plus one additional module to qualify for the Institute's Foundation Certificate, and I recommend that departments encourage staff to make maximum use of this opportunity.**

Personnel management qualifications and the Management and Personnel Office

5.14 The Review of Personnel Work envisages a greater amount of departmental autonomy in certain executive areas of personnel work, and the Financial Management Initiative also indicates a trend towards less detailed prescription from the centre on management issues. This implies that the role of the Management and Personnel Office will be less one of detailed prescription and co-ordination and more one of providing expert advice on personnel policy. The Review of Personnel Work notes that if MPO "is to have the confidence of departments, it must speak, and be seen to speak, with authority" (paragraph 10.14) and envisages that authority as coming from two sources, viz knowledge about the practice of departments and deeper knowledge about personnel management, including knowledge about outside practice. In the latter context, the Review's Report recommends at paragraph 10.15 ii. "that MPO ... consider enabling a small number of key personnel staff to acquire deeper knowledge through appropriate courses of study, possibly leading to the acquisition of professional qualifications". In this context, **I recommend that a number of staff in the Management and Personnel Office should obtain the IPM qualification; and that this should be done by developing a scheme through a triangular collaboration with the IPM and one or more teaching institutions.** If this recommendation is accepted, it should be possible for the first students to begin

work in the subsequent academic year, and a possible target figure to start with might be, say, 8 new students each year.

5.15 The Review also endorses the present policy of increasing interchange of staff between MPO and operational departments, particularly in relation to the group of divisions in MPO dealing with personnel policy. **I recommend that MPO should seek to import, through short-term loans, some staff from operational departments who already have the IPM qualification, as well as enabling some of its own staff to acquire it.**

Financial qualifications for general administrators

5.16 During the course of the study, urgent attention was being given throughout the Service to the training of civil service managers to carry out their financial responsibilities under the Financial Management Initiative. These duties concern many managers, not only "finance specialists". "Civil Service Management Development in the 1980s" describes in Chapter 4 the various target populations requiring training in financial management and outlines the provision which is currently being developed for them, notably at the Civil Service College. Our discussions with institutes and educational bodies revealed that they were aware of the rapidly increasing demand for financial training for non-financial managers, and we received an encouraging number of indications of outside willingness to help government in this area.

5.17 In my view, the possibility of using outside qualifications in the financial training of non-financial managers is particularly relevant to the training of younger civil servants to meet the needs of the future. Qualifications are less appropriate to the short-term task of equipping senior managers to carry out new duties very soon. **I recommend that current work on the financial training of non-financial managers in the Civil Service should be extended forthwith to cover the potential role of any relevant externally-recognised qualifications.**

Other specialised areas

5.18 We identified a number of other areas where qualifications existed and where we saw potential benefit in greater involvement of the external educational and professional world.

- Contract work, purchasing and supply;
- Management services;
- Export and overseas trade.

We contacted several of the outside bodies concerned with these areas, and, while all have something to contribute to civil service training, I do not recommend a blanket policy of using all their qualifications. It is important to match a qualification to the needs, educational level and age of potential civil service students, and in some cases the qualifications on offer are aimed at a young age-group and pitched at a comparatively low educational level. **I therefore recommend that the Civil Service set up a small group for each of these areas to consider i. whether there is a case for greater outside involvement in civil service training (on the general premise that greater external involvement is desirable); ii. what form this involvement should take; and iii. in particular, whether use should be made of appropriate outside qualifications.** The members of these groups should be those with the appropriate subject expertise, and they should not necessarily include MPO. Inevitably, however, a monitoring role will fall to MPO.

CHAPTER 6

QUALIFICATIONS IN GENERAL AREAS

6.1 There are a number of qualifications which are potentially relevant to the Civil Service as a whole, rather than to particular departments or functions. A lot of these are at an educational level either above or below that of most professional qualifications. Postgraduate qualifications are discussed in Chapter 8. The paragraphs which follow consider general qualifications at about the educational level of most professional qualifications or first degrees, and in general areas such as public administration, management and law.

6.2 Many specialised qualifications are, of course, useful as preparation for general management, quite apart from their value in providing specialised knowledge and skills: indeed, the first stages of many specialised qualifications are really foundation courses in business-related subjects, and later parts often also include elements with wider application. Most professional qualifications in specialised areas are not, however, primarily management qualifications and do not purport to be.

6.3 In considering general qualifications, it is not easy to adopt the approach recommended in paragraphs 5.1-5.2 in relation to more specialised qualifications, viz starting from a quantified need for knowledge and skills and selecting the best training and education available. While the philosophy of that approach still applies, the first steps - determining and quantifying the need for knowledge and skills - are the most difficult. Our discussions with departments revealed that the more general the subject-matter, the more difficult it was to identify needs. It was easier, for example, to judge whether staff in finance divisions required knowledge of accounting procedures than to judge whether staff would benefit from greater knowledge of the context of government or from a greater understanding of the policy process. This difficulty was matched by reluctance on the part of some providers of general qualifications to justify the usefulness of their courses to the Service in terms of increasing effectiveness.

6.4 To some extent, use of general qualifications must be an act of faith, but it need not be an act of blind faith. It does seem plausible that many departments could benefit from an increase in the kinds of knowledge and expertise described in the paragraphs which follow. It is not, however, possible to say precisely how many staff would benefit. The approach must be to obtain as precise a statement as possible of the aims of each qualification, and if it seems likely that these would benefit departments, to take extreme care in matching qualifications and courses to individuals and in providing opportunities for the knowledge to be applied. Because the first steps - identifying and quantifying need - are difficult, the subsequent steps are even more important.

Degree-level qualifications in public administration

6.5 The Public Administration Committee of the Joint University Council in Social and Public Administration provided a written submission to the study which is reproduced as Annex G. Its opening paragraphs outline the kinds of public administration course currently available leading to qualifications. Most degree-level qualifications in public administration are primarily designed for students who have not yet entered employment. With the exception of the qualification awarded by the Institute of Chartered Secretaries and Administrators and the Scottish Diploma in Public Administration (see paragraphs 6.11-6.19), most post-experience academic qualifications including public administration are either at a lower or a higher educational level than most professional qualifications.

6.6 An aim of post-experience courses in public administration appears to be to improve the student's performance in his job by giving him a more strategic view of his work and a better understanding of its context. Public administration accommodates a multi-disciplinary approach to the student's area of work, and is thus less compartmentalised than some more specialised academic subjects. This kind of contextual knowledge, it is argued, will enable the student to do his job better and give him the necessary flexibility to respond to change.

6.7 Who are the civil servants whose needs match these objectives and what should they be taught? There appears to be a lot of misunderstanding about these questions both by the public administration teaching world and by departments. We were told that some civil servants at grades of Executive Officer and Higher Executive Officer had taken external courses in public administration and had been subsequently frustrated by lack of opportunities to apply their knowledge. This may reflect on the hierarchical structure of the Civil Service, but it would be wrong to think that the situation could easily be changed: inevitably, a lot of junior/middle managers will spend a lot of their time on detailed practical issues of implementation. Some of them will therefore not be in a position to apply the knowledge and skills provided by some public administration qualifications, either at degree level or at the more advanced levels considered in Chapter 8. This common-sense observation does not, however, justify a blinkered approach to what is relevant to junior/middle managers. While an EO or HEO in a social security office might not be made more effective by a greater understanding of "the role of the Secretary of State", he might benefit from, for example, an insight into concepts such as equity and a greater understanding of the social context of his work. There is no justification for a general statement that junior/middle managers do not require contextual knowledge. The key is to identify the kind of contextual knowledge that would be beneficial, and to aim to match provision to need.

6.8 Most degree-level courses in public administration will inevitably include material which some civil servants know already, which is taught in internal training programmes, or which is not professionally relevant to many. Because of this, and because I am not convinced that all public administration syllabuses has to be taken as an integrated whole to be beneficial, I think that the kind of development with most promise for the Civil Service is making parts of syllabuses available as modules which can be taken independently. The Civil Service already has expertise within its ranks in teaching public administration - notably at the Civil Service College - but the courses available to civil servants internally are nearly always short ones, and there is some scope for them to be backed up by more extended courses taught externally or using distance learning material. This would have the advantage of enabling civil servants to benefit from outside academic expertise in public administration as well as from the expertise within the Service, and of giving them the opportunity to meet counterparts from other parts of the public sector. We were told of developments in "police studies" which had involved collaboration between teaching institutions and the police: a similar approach would have benefits for the Civil Service.

6.9 In my view it is preferable - but not essential - for successful completion of such a module or externally provided course to be rewarded by a certificate of some kind. This would provide the student with a goal to aim for and in the longer term might be incorporated in the kind of structured framework for training recommended in Chapter 7. In this area, however, the content of the training is much more important than the badge of a degree-level academic qualification, although the badge might have some attraction for an individual who wanted to obtain a degree. There are only a few post-experience degree-level academic courses in public administration currently available, and I do not recommend that the supply of these

should be increased specifically to meet the needs of the Civil Service. The approach which I recommend is a more flexible one, involving shorter modules or sections of courses.

6.10 I hope that these remarks will be taken by the public administration teaching world as an indication that departments and the centre of government would be open to suggestions of developments of this kind. There are already a number of useful examples at postgraduate level, and there seems no reason why similar flexibility could not be adopted at degree level.

The Institute of Chartered Secretaries and Administrators

6.11 One professional qualification which covers a wide range of subjects relevant to the Civil Service is that awarded by the Institute of Chartered Secretaries and Administrators (ICSA). The qualification has three different "streams", viz "Company Secretarial Stream", "General and Financial Administration Stream" and "Public Service Stream". The third of these is now increasingly used as a qualification for local government administrators and the current syllabus reflects the results of a number of years of negotiation between local government and the Institute. Local government representatives told us that a lot of discussion had been required but that the syllabus in its current form had much to recommend it. All the local authority managers whom we visited thought that ICSA was an improvement on the, now lapsed, Diploma in Municipal Administration (see Chapter 2).

6.12 The purpose of the ICSA qualification appears to be to furnish the administrator with a basic equipment of working knowledge in a range of relevant subjects (including economics, statistics, public administration and law) which will enable him to be more thorough and "professional" in his approach, improve standards of administration and, possibly, provide a base on which more specialised skills could be built in the future. The Institute told us that its qualification covered a core of subjects common to the work of most government departments, and suggested that it might therefore be useful as a basic qualification for many civil service administrators. The syllabus is centrally designed and the examinations are set and marked centrally. This, together with the need to cater for students studying overseas, makes it difficult to include practical elements or work-based projects, and on the whole the style of the syllabus and learning methods is fairly conventional, with written examinations the only method of assessment used.

6.13 In view of this report's commitment to deepening knowledge and expertise and opening doors to the outside world, the general objectives of the ICSA qualification must be seen as relevant to civil service needs. My conclusion is that the "Public Service Stream", with some adaptations (see below) would be suitable for some civil servants, but that it should not have the same role in central government as in local government, namely that of the basic professional qualification for most administrators. This is for a number of reasons: civil service administrators do a wider range of work than local government administrators, and some will specialise at an early stage in their careers. The ICSA qualification is based on a paradigm of generalising first and specialising later; and while some civil service careers will follow this pattern, others will be the other way round. Unlike their local government counterparts, civil service administrators do not require a professional qualification to achieve parity of status with "specialists" in the Service. Furthermore, although the qualification does cover areas of common interest to many departments, these are not necessarily the priority needs for each department. The idea of identifying a common core of needs and meeting them by a training programme is a very important one, and it is discussed further in Chapter 7. The conclusion there is, however, that meeting these needs will require more flexibility in content, structure and learning methods than is possible with any one professional qualification.

6.14 Who are the civil servants for whom the "Public Service Stream" would be suitable? In my view, they are executives in their twenties, probably in headquarters or regional office jobs which require some strategic perspective, and who are not likely to move to specialised jobs, eg in personnel, finance or computing, within the next five years or so, although they might do so later. They should have the application and perseverance to cope with a rather "bookish" course, and should also be able to benefit from the general educational stretching which the course will provide.

6.15 If civil servants such as these are to obtain maximum benefit from the qualification, it will be necessary to carry out a triangular collaboration of the kind recommended in Chapter 4, involving the Civil Service, ICSA, and one or two selected teaching institutions. The present syllabus is not designed with the needs of the Civil Service primarily in mind and it will be necessary to negotiate some adaptations, eg to the sections on public administration and personnel management. **I therefore recommend that the Civil Service enter into discussions with ICSA, first, to seek some changes in certain aspects of the syllabus, and, if this is achieved, to identify and work with one or two selected colleges to develop a course particularly suitable for some civil servants.** For reasons of efficiency, these negotiations would be best done for the Service as a whole, with either MPO or another department taking the lead, and other departments kept informed of progress.

6.16 These remarks relate to the "Public Service Stream". We also considered the "General and Financial Administration Stream" which is used on a small scale in MOD. In view of the priority need for the Service to consider financial qualifications for non-financial managers (see paragraphs 5.16-5.17), there might be greater scope for civil service use of the ICSA qualification if elements of both streams could be combined: in particular, "management accounting" and "business finance", which currently appear only in the "General and Financial Administration Stream", would be potentially of interest. I do not recommend, however, that the Institute should be encouraged to set up a fourth stream, concentrating on finance, specifically for the Civil Service. That would be too rigid an approach: sufficient flexibility to allow individuals to pursue more financial subjects if they chose would be preferable.

Diploma in Public Administration (Scotland)

6.17 The Diploma in Public Administration (DPA) is a qualification at postgraduate level awarded by the Scottish Business Education Council (SCOTBEC) (now the Scottish Vocational Education Council). It requires three years' part-time study. When the syllabus was designed, the major users were envisaged as local government, but it was hoped that central government departments located in Scotland would also find the qualification useful for some of its staff. In the event, civil service use of the DPA has been minimal. We were told that Scottish local authorities now tended to use the DPA for their administrators and that, despite some problems about comparability with other qualifications and degree of fit with graduated trainee schemes, the qualification was regarded as useful. At the time of the study, the syllabus was under review for the second time.

6.18 I was impressed by the scope of the current DPA syllabus, its topicality and the extensive use of case-studies. My conclusion is that the qualification would benefit some Scottish-based civil servants. These would broadly be in the category described in paragraph 6.14 in relation to ICSA, with the difference that the DPA requires less accommodation of a "bookish" style. **I recommend that an official in one of the Scottish-based departments be identified immediately as a focal point for civil service involvement in the planning and development of the DPA.** I further recommend that the Civil Service should aim to support a small number of candidates (perhaps 10-15) each year for the DPA. This recommendation is based on

a study of the present curriculum: if the outcome of the current syllabus revision were a more narrow focus on the interests of local government, it might be necessary to negotiate additions to meet civil service needs.

6.19 I do not, however, think that the Civil Service will in the near future be the main user of the DPA, for much the same reasons as are given in paragraph 6.13 in the context of ICSA, notably the fact that civil service administrators do not require a professional qualification purely for status reasons. The effect of my recommendation would be to enable the Service to benefit from the training content of the qualification as a minority customer. If, for any reason, the DPA were to lapse, the Service would need to look for other ways of meeting its needs in this area. There would be no question of demand from the Civil Service guaranteeing the survival of the qualification.

Degree-level qualifications in management

6.20 The study concentrated on two qualifications in general management, namely the Diploma in Management Studies and the Master of Business Administration degree, and these are discussed in Chapter 8. I did not undertake detailed work on management qualifications at degree level or below. This is not to undervalue such qualifications: it does, however, reflect my conclusion that on the whole in the field of management it is qualifications at a slightly higher level that can contribute most substantially to improving the expertise of the Service. Some of the ground covered by professional qualifications in administrative management, industrial management and supervisory management feature in management training programmes currently on offer in departments; other parts are arguably less relevant to government departments. Information about these qualifications is included in the Local Government Training Board publication **National Management Qualifications**.¹

Law

6.21 An area of knowledge relevant to all departments and which was raised in some of our discussions was law. In some European countries, legal knowledge has traditionally been regarded as very important for administrators, but it has been emphasised less in the UK. Leaving on one side the training needs of members of the Government Legal Service, we asked departments what the needs of administrators were in this area and subsequently considered whether these needs might be met by use of outside qualifications. The needs described to us by departments for knowledge of the law fell into four categories.

6.22 First, some departments identified a need for knowledge of the particular part of the law which was administered by that department, eg social security law, VAT law. On the whole, departments appeared to provide for this adequately in their internal training programmes and packages, some of which were highly developed and much envied by outside organisations.

6.23 Secondly, some departments perceived a need for a more superficial familiarity with the kinds of court cases coming up related to the department's work. One department suggested that this could be achieved by regular reading of relevant law reports; but while this is desirable, I am not convinced that it will provide the officer with an understanding of the basic principles at stake or help him sufficiently to anticipate the legal consequences of administrative decisions.

6.24 A third need which was identified by the Lord Chancellor's Department and the Scottish Court Service, and which was specific to these departments, was for a detailed working knowledge of the legal system in order to administer the courts. In the Lord Chancellor's Department, most of the legal training needs were met by

¹obtainable from the Local Government Training Board, 4th Floor, Arndale House, The Arndale Centre, Luton LU1 2TS.

internal training, although some Crown Court staff worked for membership of the Institute of Legal Executives and some Trust Officers in the Public Trustee's Office sat the examinations of the Institute of Bankers. The Scottish Court Service had in the past operated a departmental examination (with a law degree as an alternative) although this had subsequently lapsed.

6.25 The fourth kind of need was common to many departments, viz the need for an understanding of the basic legal principles relevant to the work of government, particularly administrative law. Short training courses are currently available to meet this need, both in the Civil Service College and in certain departments. The question remains of whether there is a need for an understanding of the legal context of government at a greater depth than can be provided by short courses. **I recommend that a small working group be set up, comprising government lawyers as well as administrators and covering several departments, to consider whether there is a training need in this area; and, if so, whether current provision at the College and in departments is sufficient to meet it.** If something more is required, the group should be asked to define the need in a way which will facilitate the identification of an appropriate training strategy.

6.26 My provisional view is that current external courses leading to qualifications would not be the best way of meeting such a need for administrators in non-legal departments, as the qualifications are too detailed and not sufficiently focused on the work of government. Traditional teaching courses involving lectures may not be the most efficient way of imparting this kind of knowledge, and a distance learning package might be preferable as it would ensure that the knowledge imparted was assimilated by each individual at his own pace. A possible end result might, therefore, be putting out to tender the designing of a distance learning package, and the working group should bear this in mind. This approach would have the advantages of tapping outside expertise (eg in university law departments) and requiring outside bodies to compete to meet the needs of government.

CHAPTER 7

LONGER-TERM RECOMMENDATION: FRAMEWORK FOR THE TRAINING OF YOUNG EXECUTIVES

7.1 Generally speaking, the majority of students who work for professional qualifications are in an age range from around 18 to early thirties. As well as considering qualifications, the Study gave more fundamental thought to the needs of the parallel age group in our target population, particularly staff at around Executive Officer, Higher Executive Officer and equivalent grades in their twenties. It was clear from our discussions with departments and from the developments described in Chapter 1 that the needs of this group were very varied now, and would be even more so in the future. Some staff would specialise early; some would specialise later; and some would not specialise at all. Some would be graduates and others would have no qualifications beyond A level or below. Different departments would develop different career development patterns, with different requirements for knowledge and skills.

7.2 In our consultations with educational bodies and other employers, we detected a trend away from long programmes of training and towards more flexible modular structures. Certain universities, business schools and other training organisations were developing shorter programmes specially designed to meet the needs of particular organisations. There was also a move towards developing modules which could be studied separately or combined in various ways. This approach was reflected in the forward thinking of the Business and Technician Education Council and the Council for National Academic Awards in the sphere of post-experience education.

7.3 In this context, and in view of the need to deepen the knowledge and expertise of civil servants and involve the external world more in their post-recruitment training and education, **I recommend that the Civil Service should aim to develop a framework for structuring the training of its young executives (ie Executive Officers, Higher Executive Officers and equivalents, including the fast stream).** Because of the benefits described elsewhere in this Report of collaboration with the outside educational and training world, **I further recommend that both the development of the framework and its eventual operation should involve the outside world and the Civil Service in collaboration.**

7.4 The end-result which I envisage is a modular structure involving units of training which could be combined in different ways. Some of the units would emphasise skills rather than knowledge, while others might be more cognitive or conceptual. The methods of learning would also be expected to vary, including project-work and distance learning as well as more traditional courses. The appropriate body to deliver the training would also vary, with individual departments, the Civil Service College and outside institutions all having a part to play.

7.5 **In my view some of the units should be accredited by outside organisations.** Accreditation would provide a goal for the students to aim at and would be a quality control, in which the student's performance was measured against outside standards. This would require student assessment, if the accreditation was to command respect (see Chapter 3.34), and this might not be appropriate for all modules. Where some form of assessment would detract from the effectiveness of training, the best option would be not to seek outside accreditation for that module. I suspect that a system based on certificates of the "Been On a Course" type would be treated with a healthy disrespect by most civil servants.

7.6 I do not recommend that the modules should be designed to combine together to lead to a new qualification unique to the Civil Service. For the reasons given in Chapter 3, I do not think that such a qualification would be particularly valuable or valued. It might, however, be possible to use the framework as a basis for stipulating the amount of training which civil servants at a particular stage in their careers might expect to receive.

7.7 Modular frameworks of this kind are not replacements for professional qualifications. It will still be desirable for some civil servants to obtain a relevant full professional qualification. In doing so they should be able to build upon the education and training which they will have received within the new framework, rather than having to start again at the first stage of the professional qualification. Thus, for example, a range of accredited blocks in the new framework might count for exemption from the foundation stage of certain qualifications.

7.8 We have discussed this idea with a number of professional bodies, and have been very encouraged by the responses. In all cases we were met by willingness in principle to co-operate, and there does appear to be scope for recognition of elements of the framework as a base for building towards institute membership. If outside educational and professional bodies are involved at an early stage in developing the framework, the later stage of linking it with programmes of professional education should be easier. Some institutes were willing to consider linking elements of the new framework to parts of their syllabuses, and marking successful completion of the module by some kind of certificate. At the same time, they rightly placed importance on their role of preserving and improving standards, and emphasised that parts of a syllabus could not be a substitute for a full qualification.

7.9 One institute expressed concern that this proposal was based on a confusion of the objectives of short job-related training courses and those of professional qualifications. In recommending the development of a framework with modular accredited blocks, I fully recognise that this is a different thing from a professional qualification. The proposed framework will, however, involve study at a greater depth than is possible on some short courses, particularly if student assessment is involved. Substantial participation in the modular framework might therefore be described as a half-way house between short training courses and a full qualification.

7.10 Some modular frameworks for civil service training already exist, notably the programme of Fast Stream Training at the Civil Service College, and others may be developed either by individual departments or by the College. This broader proposal does not aim to forestall these developments. Rather it should provide a framework within which programmes at the College or elsewhere can play a part, yet sufficiently comprehensive to give a structure to the whole of the young executive's training and education.

7.11 An important aim of the proposed framework would be to enable the individual officer to have a say in his own development and training. A programme which is set out clearly and which is seen by the officer as linked to his development, should enable him to see the direction in which he is going. I hope that it would also encourage staff to see training as an integral part of their development, rather than an occasional activity to fill gaps between posts. I accept that this approach runs the risk that staff might be disappointed in their expectations of the amount of training for which they can be released. Nevertheless, the risk is worth taking to reap the benefits of opportunities for more individual initiative and choice in career development and training. This approach is endorsed in "Civil Service Management Development in the 1980s".

7.12 The planning of the framework would require two stages: first, it would be necessary to identify the needs of the target population. An important aspect of this task would be to try to identify a common core of needs shared by most departments. This would not necessarily be an easy task, given the variety of career paths and backgrounds of the target population. Nevertheless it is important, as the "core" would make the structure much more understandable and workable. Some of the "core" needs would be for skills training, and not all would be appropriately met by academic courses or appropriately assessed by written examinations. For this reason, it is unlikely that any one of the existing professional qualifications could precisely match the core need, or that a new qualification could do so. The core area of needs might, however, overlap considerably with the requirements of the early stages of many professional qualifications. We were told that professional bodies were increasingly recognising that some of the early parts of different syllabuses covered similar ground, and that this was reflected in exemption policy and by the provision at some colleges of courses common to several qualifications.

7.13 **I recommend that this first stage be carried out by a working group involving representatives of Government Departments and outside advisers.** The civil service representatives should include some with training expertise but should also include some with other responsibilities, including at least one member who is neither in personnel management nor in training. We were grateful for indications from the Business and Technician Education Council, the Scottish Vocational Education Council and the Council for National Academic Awards, that these bodies would be willing to help in all stages of this development, including the identification of needs.

7.14 The second stage would be designing the structure. **I recommend that this should also be carried out by a mixed internal/external working group, but not necessarily the same group as carry out the first stage.** In particular, the civil service element in the working group will require a larger number of people with training expertise, and it may also be necessary to involve a larger number of outsiders.

7.15 This is a long-term recommendation, in that both stages of the framework would take some time; I suggest that the working group set up to carry out the first stage (identifying needs) should report within nine months of its first meeting and that the group carrying out the second stage be given a deadline of eighteen months. This means that the framework would not be ready for use for up to three years after the planning exercise began. In saying this I am not recommending slowness for its own sake: our discussions have convinced us that such an exercise is difficult and needs to be done well. It is not appropriate for a short-scale assignment for a very small number of people.

7.16 Although this proposal looks forward in time, it should be emphasised that in my view it is the most desirable outcome for the Civil Service. Short term developments of the kinds described in Chapters 5 and 6 would be an improvement on the status quo but would not on their own be sufficient. They would provide more opportunities for staff to work, where appropriate, for relevant professional qualifications but would represent only a partial opening of the door to the outside educational and professional world. They would not meet needs which contribute to greater professionalism but which fall short of full professional qualifications.

7.17 It would be possible to involve the outside educational and training world in meeting these needs without developing a new framework of the kind recommended in this Chapter. This would, however, require a large number of triangular collaborations with educational and professional bodies to secure civil service use of parts of some professional qualifications and certain qualifications at sub-professional

level, as well as the post-experience programmes offered under the aegis of the Business and Technician Education Council and the Scottish Vocational Education Council.

7.18 The new framework would provide a structure within which accredited training at this level would have an identified role. A large number of individual developments without the structure would be second-best, as the result might be a complicated system which was difficult for the individual to understand and costly to administer. Nevertheless, the second-best option would be better than no developments to meet needs falling short of full professional qualifications. **I therefore recommend that if the longer-term proposal for a new framework is not accepted, negotiations be carried out with individual educational and professional bodies with a view to meeting needs which fall short of full professional qualifications.**

7.19 The framework is aimed at officers in their twenties. This is not, however, to deny that there is a need for a similarly structured approach to the education and training needs of other groups. Work is already in progress within MPO on the mid-career development of future senior managers and on the role of developmental training at the Civil Service College. Although this goes beyond my remit, a logical extension of the philosophy of this report would be a similar exercise focussing on the needs of younger civil servants in the 16-19 age group.

7.20 In conclusion, the best route for the Service to take would be a longer-term exercise of the kind described in this Chapter. The eventual framework should enable a large number of civil servants in the target population to deepen their knowledge and expertise in a way that involves the outside world, structures their development, and is sufficiently flexible to meet their needs with maximum efficiency. Using the framework would, of course, have resource implications. It would undoubtedly mean that civil servants in the target population would undergo more training than they do at present, and this is discussed further in Chapter 10.

CHAPTER 8

POSTGRADUATE QUALIFICATIONS

8.1 Chapters 5 and 6 deal with qualifications at around degree level. We also discussed with departments and with educational bodies whether more civil servants should work for qualifications at a higher academic level, such as master's degrees or postgraduate diplomas. Our discussions with departments revealed that, as with qualifications at degree level, they found it easier to identify needs for specialised qualifications (eg Master's degrees in Computer Science) than for more general qualifications. Many departments were receiving marketing literature for newly developed part-time master's programmes at business schools, and found it difficult to evaluate how much importance should be given to these in competition with other potential demands on resources.

8.2 We decided to concentrate for the purposes of this report on post-experience postgraduate qualifications in general subjects such as public policy and management. We excluded long full-time programmes, as departments told us that current constraints made these impracticable. We also concentrated on programmes available in the UK. We wrote to a number of institutions offering post-experience postgraduate qualifications in public or social administration, public policy, management or business administration, and asked them what they thought would be the benefits to the Civil Service of using their qualification. We also asked them to supply profiles of "typical" and "ideal" students on their programmes. The institutions contacted are listed in Annex A, and I am most grateful to them for their assistance.

8.3 We soon found that, even within the category of qualifications on which we had decided to concentrate, generalisations about benefits were potentially misleading. Master's programmes in public policy had different objectives from Master's programmes in Business Administration (MBAs) and these differed again from the objectives of the postgraduate Diploma in Management Studies (DMS). And individual MBA programmes or DMS syllabuses differed greatly, which meant that generalisation even about the same qualification was dangerous. The remainder of this Chapter should be read with this in mind.

8.4 Because of this, personal contact should be made between civil service management and the institution offering a particular master's programme before staff are sent on the programme. Advice from the MPO or reading brochures is no substitute. **I therefore recommend that when qualifications at this level are under consideration the potential student and a representative of civil service management should, wherever possible, visit the educational institution and seek to talk to some of the students currently taking the course.** Although this has resource costs, it can avoid wasted expenditure on inappropriate courses.

Relation to needs

8.5 Chapter 3 discusses the knowledge and skills required by middle and senior managers as falling into three broad categories, viz strategic, managerial and specialised. Postgraduate qualifications in the general subjects which we are considering focus on the first two of these categories. Approximately speaking, advanced qualifications in public administration and public policy concentrate on the "strategic" end of the spectrum, with the emphasis on understanding the context of government and developing analytic skills. MBAs focus on the overlapping area between "strategic" and "managerial" skills, with the emphasis on encouraging managers to move from operational considerations to wider strategic thinking about

the management of resources and people. The Diploma in Management Studies is aimed at a target group with a slightly lower level of responsibility, and concentrates more on "operational management".

8.6 The following are some examples of descriptions provided by institutions of the aims of their courses:

"... To increase understanding of policy processes in government (including "political" as well as "management" dimensions) and, second, to examine possible approaches to the improvement of public policy making, implementation and evaluation." (MSc in Public Policy, Strathclyde University).

"... To understand the world they intervene in and increase effectiveness in making and implementing policy" (MSc in Public Policy Studies, School for Advanced Urban Studies, University of Bristol).

"... to raise the students' general level of understanding of management processes and to acquaint them with the tools and techniques of management Some courses ... aim to meet the needs of students drawn from ... a particular sector of the economy. At the same time, the philosophy of the DMS is that of the generalist approach to the study of management ... aiming to achieve an understanding of the problems common to most managers." (Entry on DMS in **National Management Qualifications**, Local Government Training Board, 1982)

"... to improve your management capabilities so that you not only know more about why things happen but can work with others to make them happen. We can achieve this by extending and developing your knowledge, judgement and skills. We also aim, by mixing participants from a variety of backgrounds in the public and private sectors, to compare different methods of working and therefore to provide the basis for dealing effectively with a wide range of organisations ..." (London Business School, part-time Master's programme)

"... to provide a general management education with the intention of improving professionalism in a managerial role. Considerable emphasis is placed on members stretching themselves intellectually in areas outside their initial competence, in relating this to organisational reality and developing a strategic rather than operational perspective. In addition we encourage members to reflect on their own managerial skills and abilities, to experiment with different styles and practice those skills essential for effective management." (MBA, the Management College, Henley)

8.7 It does seem plausible that most departments would benefit if more staff were able to take a strategic view of policy options, understood in some depth how their own and other organisations worked, and hence could advise on response to change in an imaginative way. The conclusion must therefore be that courses of education and training which aim to bring this about deserve serious consideration by the Civil Service. It is impossible to say precisely how many staff in each department would benefit from study of this kind, but the remainder of this chapter attempts to give some advice on which staff might benefit, and which courses they might use.

8.8 From the employer's point of view, the benefits of the qualifications described in this Chapter derive from the content of the training rather than the badge of the qualification. The claim that qualifications command the respect of counterparts in other organisations is, in my view, less applicable to general

qualifications than to specialised ones. And the older and the more experienced the student, the less need employers have for a qualification to provide information about his abilities. The qualification might, however, be valued by individual students as providing a goal to aim for, and, perhaps, as a credential for possible employment elsewhere in the future, although our enquiries suggested that in the case of MBAs this belief was largely ill-founded (see paragraph 2.6).

Which staff?

8.9 On the whole, the educational requirements for postgraduate qualifications are a good honours degree (an upper second or higher) or a professional qualification and some experience. Little importance is usually placed on the subject-matter of the first degree. Some institutions accept non-graduates with appropriate experience. The greatest flexibility appeared to be in relation to the DMS and some MBAs, while the entry requirements for MSc programmes were often more rigid.

8.10 The most suitable age for undertaking such qualifications, as perceived by the students themselves, appeared to be between about 27 and 35. Certainly, MBAs were deemed to be more beneficial for the student and the sponsoring institution if the student had had some practical experience in employment.

8.11 It is impossible to generalise about the grades of staff who might benefit from master's degrees. Some Master's programmes in public administration, for example, appeared to be suitable for staff at a lower grade than some management courses at the same academic level. But on the whole, **postgraduate qualifications in the subjects discussed here at this level are appropriate for staff likely to reach middle or senior management positions** (ie likely to become Principals, Assistant Secretaries and above). As most of these qualifications aim to develop strategic and managerial skills, staff supported to study for them ought to be those who will be able to make effective use of the training in the foreseeable future. In the case of the DMS, which emphasises the "managerial" end of the strategic-managerial spectrum, appropriate staff would be those who will be able to apply the knowledge and skills gained in their current and next managerial positions. More is said about this in paragraph 8.22.

8.12 Most institutions emphasised to us that a considerable amount of self-motivation is required if students are to complete programmes at this level successfully and to benefit from them. Whether full-time or part-time, these programmes require a lot of energy and application, and make considerable inroads into personal time. Unless a potential student is genuinely keen to take the course, he or she is unlikely to complete it. This means that compelling an officer to take a master's degree would be highly inadvisable. Indeed, some institutions refuse to accept students who are not personally committed to the course.

Cost

8.13 Chapter 10 discusses the cost to departments of staff working for external qualifications. The largest element is the opportunity cost of the student's time. Some part-time programmes involve evening work, but most require some attendance during office hours, and for staff in comparatively senior grades the opportunity cost of this is high. The cash cost of many of these courses is, however, quite low, and on the whole they are good value for money. Of the part-time Master's programmes which we surveyed, the fee per year was usually within the range of £250-£500, although the fee for certain programmes was almost double that figure. This compares very favourably with the cash cost of many short training courses provided by external organisations or by the Civil Service College.

Experience of different kinds of organisation

8.14 Most post-experience postgraduate programmes bring together students from a range of organisations, and the opportunity to mix with, and learn from, fellow-students with different backgrounds is often mentioned by civil servants as one of the principal benefits of these programmes. Learning about experience elsewhere can benefit civil servants in two ways: first, some civil servants want to learn more about particular sectors with which they have frequent dealings, such as local government, the health service, small businesses or manufacturing industry. Often these are the civil servant's "customers", and the need is for a greater insight into their world. Such a need points to courses which cater particularly for the appropriate sector, and it may be necessary to visit the institution and talk to current students to check this out. It is also important to check that the teaching staff of the institution include some with expertise about the sector concerned. It cannot be assumed, for example, that a business school teacher with "public sector experience" necessarily knows very much about local government or the health service. It must also be remembered that lecturers move on, and that the teaching expertise of a particular establishment cannot therefore be assessed from historical experience.

8.15 Secondly, civil servants might benefit from mixing with people with different perspectives and experiencing the challenge of alternative approaches to management and policy problems. In particular, civil servants who are not subject to the discipline of "the profit motive" may wish to compare views with others who are. This benefit will be obtained from courses with a wide mix of students, preferably covering the private and public sectors, and industrial as well as commercial organisations.

8.16 It is important to establish whether students on post-experience part-time programmes will be sharing classes with students on full-time master's programmes. If so, it is likely that many of the full-time students will be younger and have less work experience, and while this has the advantage of matching the theoretical emphasis of the full-timers with the more practical approach of the part-timers, it will not necessarily provide the best forum for exchanges of experience and ideas among post-experience students. An additional factor is the proportion of overseas students in a particular programme. If the proportion is high, then the advantage to a civil servant would be the opportunity to see UK issues in a comparative perspective. The disadvantage would be that most fellow-students would have less knowledge than the civil servants about the way central government works in the UK. All these factors emphasise the importance of scrutinising individual programmes before sending staff on them.

Postgraduate qualifications in public policy, public and social administration

8.17 We considered a number of post-experience part-time master's programmes in public policy, public and social administration, all of which were targeted at students from the public service. Some had been designed in the hope of attracting civil service students, but in practice very few had been forthcoming, and the main source of public sector students was often local government, the Health Service or nationalised industries. Civil service needs at this level and in this area can be subdivided into several categories, each of which has a slightly different target population and might be most appropriately met in different ways. They do not point to one kind of master's programme with one identifiable target population.

8.18 Relevant needs include the following:

i. **better knowledge about the structure of central government and better understanding of the context within which departments work.** The civil servants with this need include some Higher Executive Officers, Higher Executive Officers (Development) and others in certain specialist grades who will shortly occupy middle management posts which would benefit from this kind of understanding. Some of these might have attended the Foundation Course in Administration at the Civil Service College or the College's modular programme of Fast Stream Training, and might want to translate the awareness generated by these courses into a deeper knowledge. For these students, post-experience courses involving shared classes with full-time, immediate postgraduate, students would be no disadvantage. Courses designed to meet this kind of need are less suitable, however, for more senior staff who have already acquired considerable knowledge about the structure of central government;

ii. **particular techniques and analytic skills** (eg policy analysis, quantitative method of analysis). Civil servants who might benefit from these might be at a more senior grade than the group described in the previous sub-paragraph and include some specialists as well as administrators. One master's programme which we considered had a policy analysis emphasis throughout; in others policy analysis was part of the programme. In the latter case, I think that the Civil Service would benefit if individuals were permitted to take the policy analysis section without the rest of the programme and to get some kind of certificate for completing the section successfully. Civil servants who had had an introduction to policy analysis and its application in government through relevant courses at the Civil Service College, who wished to follow this up at greater depth, and who were in a position to apply these techniques in their jobs, might benefit from an opportunity of this kind.

iii. **knowledge about particular parts of the public sector, eg local government or the health service.** This is particularly important for civil servants in a range of grades from Executive Officer to Principal and above with policy responsibility for programme expenditure which is undertaken by other parts of the public service. The best programme for them would be one which had been developed primarily for students from the sector of particular interest.

iv. **knowledge about particular policy areas** (eg social security, defence policy). Civil servants with this need might again be in a range of grades, but their jobs should have a policy or strategic element. As with ii. above, the most appropriate option might be use of a section of a programme rather than the complete programme. One impressive example of a development of this kind involved the Department of Government at Brunel University, who allowed officers nominated by DHSS to take the social security module of an MA programme. The university had been flexible about entrance requirements and DHSS, in its turn, had scrutinised the aims of the social security module carefully, related them to the needs of the department, considered whether the course was good value for money, and selected appropriate DHSS students. This involved some administrative time in DHSS, but the end result was an efficient matching of provision to needs.

8.19 In my view, there is scope for the Civil Service to benefit more from the expertise in universities and other academic institutions about public policy and public administration. The provision of certificates of some kind to mark successful achievement either of complete programmes or of modules is of value as a goal to

the student, but from the employer's point of view the most important factor is the content of the training, which in some cases will point to modular developments rather than use of complete programmes.

The Diploma in Management Studies (DMS)

8.20 The Diploma in Management Studies is awarded by the Council for National Academic Awards (CNAA). It is a post-experience postgraduate qualification and there is usually some flexibility about entry requirements. Candidates aged 27 or over without the necessary academic qualifications may be admitted if they can provide evidence of a number of years appropriate experience, although the CNAA would be unlikely to approve courses with a preponderance of non-graduates.

8.21 The DMS is principally intended for the individual in a job involving some (but not all) aspects of management and in which he is likely to remain for some time. The qualification aims to broaden his managerial awareness by giving him an understanding of other aspects of the management function, while allowing him at the same time to deepen his expertise in his own special area. The emphasis is on problem-solving, and Stage II involves a work-based project which requires employers to participate in assessment. There is no central syllabus; the CNAA validates DMS courses in individual colleges. We were told that there was a great variety in the courses available, particularly at Stage II, and that it was essential to scrutinise individual courses before sending staff on them.

8.22 We concluded that the type of civil servant who might benefit most from the DMS was a middle-ranking manager with fairly substantial staff responsibilities, eg a local office manager at HEO or SEO level who had fairly recently moved to a post which required management decisions other than detailed application of set rules. The managers selected would need to be able to cope with a course at postgraduate level, but this should not exclude able non-graduate civil servants with some years of experience and good written skills. In my view it is likely that a course built on the basic CNAA pattern, using some central government material, but also catering for some students from other sectors of employment might be very valuable for some civil servants in the category described in this paragraph. **I therefore recommend that a department with a regional/local office network enter into a triangular collaboration with the CNAA and a college or colleges with a view to identifying and developing a suitable course or courses and sponsoring a few staff both from the negotiating department and also from other departments with offices nearby, as students.**

8.23 This development is recommended as an experiment: the department would be advised to monitor it and keep other departments informed throughout the exercise. The proposed MPO "Qualifications Newsheet" (see paragraph 4.31) would be an appropriate medium for distributing information. There is no reason why the number of experimental schemes should be limited to one: if more are set up, I suggest that one might be in a large English city other than London and one in Scotland.

Master's degrees in Business Administration (MBAs)

8.24 Recent years have seen an expansion in post-experience MBA programmes. Some are now available part-time, in "sandwich" arrangements interspersing work at the business school with job experience, or in modules which can be taken separately or combined, some of which use distance learning material. We observed a strange contrast between the high esteem in which the MBA qualification is held by many individuals and its low esteem with some large employers (see paragraph 2.6). Of the qualifications discussed in this chapter, the MBA is probably the most attractive to potential students, and the opportunity to work for an MBA might appeal to some

civil servants. The badge of the MBA qualification would, however, be of little attraction to other large UK employers and has little importance for civil service managers, except as a guarantee that the officer has successfully completed a demanding course of study.

8.25 Annex B outlines in some detail the reasons given to us by companies for their reluctance to recruit MBAs and their limited enthusiasm for sponsoring employees to take part-time programmes. After considering these, I came down on the side of those who thought that the views described above did not necessarily present a model which the Civil Service ought to copy. The merit of the MBA is that it combines advanced academic study with a firm grounding in practical management problems, and it is difficult to deny that the aims of the individual MBA programmes cited as examples in paragraph 8.6 are relevant to the Civil Service. Once again, it is impossible to say how many students would benefit: the key is to scrutinise individual programmes against the needs of individual staff.

8.26 It is important to find out who the other students on a programme would be, as the civil servants might learn a lot from them as well as from the course itself. A decision is also required on which of two distinctive patterns of MBA programme is more suitable: some are run exclusively for public sector organisations, aiming to deepen students' knowledge of problems specific to the public sector; others are designed to integrate public and private sector students, aiming to encourage an interchange of ideas and to broaden horizons. The latter approach has attractions, but it is necessary to check that the teachers have sufficient knowledge about the public service to enable the civil service student to relate what he is learning to his work experience. Otherwise, the impression which is reported back might be "all very interesting, but nothing to do with my work".

8.27 A number of Civil Service students are currently attending part-time master's programmes at business schools. **I recommend that small-scale use of MBA programmes by the Civil Service should continue on an experimental basis; that as a matter of deliberate policy the Service should use programmes at more than one institution; and that experience of these should be monitored and information distributed to departments.**

8.28 Business schools and other institutions offering post-experience management education are vigorous marketers, and in the future are likely to focus their attention even more on the public service as a major potential source of new students. My conclusion is that such marketing ought to be met on the part of the Service by healthy consumerism: individual schools should be visited, and as often as possible the selection of a programme should be made in competition with another. In all cases, individual courses should be measured against their own claims and the needs of the potential students. Less attention should be paid, however, to any comments by individual institutions about the quality of rival courses: we encountered, for example, evidence of mutual distrust between academics of different disciplines covering similar fields. The employer should be the judge of the competence and quality of the training which he is contemplating purchasing for his staff. Our meetings with business schools and universities convinced me that they would respond positively to constructive consumerism on the part of civil service employers, and that they were as interested in finding the right students for their courses as the Civil Service was in finding the right courses for its students.

Modules versus integrated programmes

8.29 Only a small number of civil servants can be released at any one time for a master's programme and most programmes can only accommodate a handful of students from any one sector of employment. Larger numbers could, however, benefit

from the availability of parts of these programmes as modules or from modular distance learning material provided by the Open University and some colleges and universities as well as by business schools. Integrated programmes have some advantages over modules, and particularly over distance learning modules, in that they provide an opportunity to learn from other students and to develop a broader perspective over a longish period. Modules are an efficient and focused way of deepening knowledge in particular areas. In my view, there is a greater need among able middle managers in government for integrated management education than for integrated master's programmes in public administration or public policy, although some would benefit from these (see paragraph 8.19). I suggest that on the public administration side, maximum use should be made by the Civil Service of the modular approach, and educational bodies should be encouraged to move in this direction.

Conclusion: check-list of questions

8.30 This Chapter has recommended a number of experimental developments with postgraduate qualifications, and has set out some factors which departments might bear in mind in determining who would benefit from a master's degree, and which qualification would be appropriate. These can be summed up in a check-list of questions:

About the customer

- i. What are the needs of the individual in relation to his future work in the department?
- ii. Does the student need a greater understanding of any kind of organisation in particular (eg local government, manufacturing industry, the health service)?
- iii. Would the student benefit from experiencing the perspective of counterparts in a wide range of organisations (including the private sector as well as the public sector)?
- iv. How will the department make use of what the individual has learned on the programme?
- v. How keen is the potential student to take the programme?
- vi. How is the potential student going to cope with the programme in the context of the demands of his job, domestic circumstances and other commitments?

About the programme

- i. What are the stated aims of the programme?
- ii. Who are the fellow-students likely to be (age, sector of employment, length of experience, academic ability)?
- iii. Do part-time students share classes with full-time students?
- iv. Is the programme specifically designed for the public sector or does it aim for a public/private sector mix?

v. Does the institution have staff who know about the Civil Service or about the particular sector of which greater understanding is sought?

vi. Are there any civil servants with recent experience of the programme? If so, what are their reports?

vii. What do current students think of the programme?

Our discussions with departments and with institutions offering postgraduate qualifications suggested that if this check-list were used, the result might be a better match of students to courses, and, in time, a closer match of courses to the needs of civil service customers.

CHAPTER 9

WHAT'S IN IT FOR THE INDIVIDUAL?

9.1 The argument of this report so far has been that it is in the interest of departments for the external education and training world to be more involved in the training of civil servants; for certain civil servants to work for outside qualifications in the context of developments of the kind described in Chapter 4; and, in the longer term, for younger civil servants to participate in a structured programme of training involving accredited blocks. This would involve a considerable degree of commitment and effort by individual civil servants and might encroach on leisure time and family life. It therefore raises the question of what incentives should be available to encourage individual civil servants to devote time and effort to study for a qualification.

9.2 There are, of course, a small number of officers who will be sufficiently motivated to work for a qualification for the intrinsic satisfaction of studying and of achieving the goal of the qualification. While the number in this category might be slightly increased if syllabuses and courses available outside were geared more closely to the needs of the Service, I am not convinced that intrinsic satisfaction alone is sufficient as a motivating factor if civil service practice is to be changed significantly.

9.3 From discussion with providers of qualifications and with departmental managers it is clear that some degree of self-motivation is essential if a student is to complete a course successfully, particularly if this involves work at home. Several elements appear to be particularly influential in persuading officers that it is worth their while to undertake work for a qualification: one is the belief that doing so will enable them to do their job better. Many civil servants are strongly motivated to improve their performance and the stronger the perceived link between the qualification and doing a better job, the greater their motivation will be to obtain it. An important reward will be opportunities to use their knowledge in future posts. Another factor is the desire to keep options open to move to employment elsewhere, although our findings were that this is less common than might be supposed, and that in any case it is sometimes based on a false belief about the marketability of certain qualifications. A third influential factor is the prospect of career advancement within the Civil Service. The desire to further one's career overlaps with the desire to do a good job, and also with financial ambition, and our conclusion was that it was the most important motivator. If someone really believed that working for a qualification would help him to advance in his career, he would be strongly motivated to do so.

9.4 We identified two important disincentives to individuals which made them reluctant to work for qualifications. First, many officers were afraid that obtaining a qualification in a specialised area such as accountancy or personnel management, would actually harm their career prospects by "locking" them into a specialism at a time when it would have been to their advantage to develop their careers in a more traditional "generalist" way. This view is very common and is a major barrier to achieving greater use of qualifications. Officers tend to be cynical about reassurance on this: they will not believe that the culture is changing until they see it happening, and this will probably not change unless people who have obtained specialised qualifications are seen to advance to senior posts in departments. Including work for a qualification in succession planning arrangements for senior posts such as Principal Finance Officer and Principal Establishment Officer might help here.

9.5 Secondly, and more generally, many civil servants simply do not believe that their work for a qualification will be valued by their department, despite assurances to the contrary. Indeed, some individuals told us that their line managers resented the effort they were putting into work for a qualification or suspected their motives (eg believing that they were planning to leave the Service). It was further suggested to us that smaller considerations - for example, the lack of any symbolic recognition of achievement when the civil servant obtained his qualification and the detail of the arrangements for financial support while studying - acted as irritants to a disproportionate degree.

Promotion

9.6 The greatest incentive to an individual to work for a qualification is the belief that doing so will help him to get on in his career. **I do not, however, recommend a general practice whereby a qualification is a guarantee of promotion to any grade in the Administration Group.** It is significant that no professional institute or educational body suggested such a practice to us, and several institutes took pains to say that their qualifications only provided some of the knowledge and experience required for promotion to management posts, and insisted that job experience and personal qualities were also very important. In none of the companies which we visited or which the consultants surveyed were qualifications a sufficient criterion for promotion, although in a few organisations, notably in the public sector, they were necessary for certain functions. Managers in government departments were also opposed to qualifications guaranteeing promotion, and I endorse their view. To say, as this report does, that greater use of external qualifications in certain circumstances could improve knowledge and expertise in the Civil Service is not to say that the possession of a qualification is the only significant indicator of fitness for promotion.

9.7 **For the same reason it would be inappropriate to make a general recommendation that those who obtained qualifications should necessarily be awarded temporary promotion.** In many departments such a practice would also distort the promotion system and create false expectations at a time when promotion opportunities in some grades are restricted.

9.8 An alternative possibility would be that a qualification should be a necessary condition for promotion but not a guarantee. This corresponds to the "Master's ticket" described by Professor Dunsire in Annex F. Examples of qualifications with such a role include the Associateship of the Institute of Bankers, which in many banks is a prerequisite for promotion beyond a certain level, and qualifications in certain professional areas in local government. If a qualification were a "Master's ticket", it might be expected that individuals would be highly motivated to obtain it. There was, however, evidence to suggest that the requirement on its own would not be a sufficient incentive to ensure use of a qualification: in one department a departmental qualification had historically been made a prerequisite for promotion to the HEO grade, but this had relied entirely on undirected private study, and in the absence of any structured training in preparation for the qualification, numbers sitting the examination were simply not sufficient to meet requirements for HEOs. Again there was evidence from other organisations that "Master's tickets" which were not seen as relevant by staff were grudgingly undertaken with the result that much of the study was ineffective in training terms as it was instantly discarded after the examination was passed.

9.9 Making a qualification a "Master's ticket" is not, therefore, in itself sufficient to provide an incentive to the individual to study for a qualification and to retain his knowledge to the benefit of the organisation. To be valuable a qualification must, of course, be relevant. But even when this is so and when

appropriate training is available there are still strong arguments against making a qualification a necessary condition for promotion. First, a recommendation that promotion to, say, the HEO grade throughout the Service should require a qualification of some kind is inappropriate in view of this report's rejection of a blanket endorsement of all qualifications. The degree to which qualifications meet departmental needs will vary from department to department and within individual departments, and a system whereby all staff had to find some qualification or other simply for the sake of working for a qualification rather than to meet training needs has little to recommend. Secondly, a general policy of making a qualification a requirement for promotion would distort the management task of selecting the best candidates for promotion. Again, it is significant that no professional institute suggested that their qualification should be a strict requirement for promotion to a civil service grade. **My conclusion is, therefore, that the Civil Service should not adopt a general practice whereby qualifications are a necessary condition for promotion to a particular grade.**

9.10 There may, however, be occasions where it would make sense in management and training terms for a qualification to have a position of importance among the requirements for a particular post or group of posts. In internal audit, for example, completion of the newly established basic training profile for internal auditors in the Civil Service, which includes obtaining an external qualification, may be made a requirement for appointment to certain audit jobs at a higher grade. Another example is "Q" posts in accountancy which require a qualification. The fact that this report recommends against a general policy of using qualifications as a "Master's ticket" should not be cited as a justification for preventing any such developments in particular areas. **On the contrary: in areas where a qualification is deemed important in relation to a particular job, it is justifiable to make it a requirement and to emphasise it.**

9.11 I have recommended against qualifications being a guarantee or a necessary condition for promotion. It is, however, essential, that, where an individual has worked for a qualification in the interests of his department, this fact should be taken into account by promotion boards. **I therefore recommend that the achievements of individuals in obtaining an appropriate qualification should be relevant for promotion.** If this does not happen, the recommendations in this report are unlikely to have much impact.

9.12 Taking a qualification into account for purposes of promotion is right as well as expedient in terms of its incentive effect. A promotion board is looking for indicators of ability to perform jobs at a higher grade, and while job performance at a lower grade will always be an important factor, training successfully undertaken to meet the department's needs in the future must also be relevant. It is unreasonable to expect all such training to be reflected immediately in better performance in the current job of the lower grade. More generally, success in obtaining a qualification indicates commitment and perseverance, in addition to an accredited level of knowledge.

9.13 This recommendation might give rise to a number of problems. One, which was put to us by the Council of Civil Service Unions, is the question of equity: if a qualification is deemed more appropriate for some areas of civil service work (eg personnel management) than others (eg, perhaps, managing a social security office) there is a danger that a personnel manager who had worked for a qualification might have an advantage in a general promotion board over his colleague in a local social security office who had not done so, even though the latter might have been willing to devote the time and energy required. I acknowledge that this is a problem, although it would be less so in the long term if the flexible framework for accrediting training were introduced as that framework should give scope for

participation by most civil servants in the target group, whatever their area of work. In the shorter term, it should be emphasised that the fact that a candidate had obtained a qualification would be only one factor in the promotion board's consideration. It would reflect a significant part of that officer's total effort in pursuit of the department's objectives, and failure to take that into consideration at his promotion board would be a greater inequity.

9.14 A second problem is opportunity. It has been suggested to us that officers whose domestic and other responsibilities did not enable them to attend evening classes would be disadvantaged if a qualification were made more relevant for promotion, and in particular that such a policy would disadvantage women. Another problem was that if some form of management selection were practised as is recommended in Chapter 4, selection for a qualification would have career significance and those who were not selected would be disadvantaged. Again, it was thought that unintentional prejudice against women might affect the selection process. In reply, it seems to me that the diversity of educational methods which are now being introduced, including distance learning packages which can be pursued at home, should widen opportunities. If an officer is not selected for departmental support to work for a qualification but avails himself of opportunities to do so on his own initiative, this should also be worthy of consideration by a promotion board if the qualification which he has obtained is relevant to the needs of the department. Some organisations - eg the Greater London Council and the National Association of Local Government Officers - told us that they saw qualifications as a means whereby those who were currently less competitive for promotion (eg non-graduates) could become more so.

9.15 The third problem is a more fundamental one, namely that of widespread scepticism within the Service about the feasibility of changing the practice of promotion boards. It was pointed out to us that in the short term most members of boards would not themselves have worked for qualifications, and that they might be inclined to promote those of a similar background to themselves and to place little value on qualifications. All that this report can do is to record that there is such scepticism, and to emphasise that it will remain until practice is seen to change. A policy statement by MPO that qualifications ought to be relevant for promotion will not in itself convince staff.

9.16 In conclusion, the most effective motivator to an individual to work for a qualification is the belief that doing so will benefit his career prospects. I do not recommend that the Service adopt a general policy whereby qualifications are made either a guarantee or a necessary condition for promotion, but I do recommend that they should be taken into account.

Financial Incentives

9.17 Another means of encouraging staff to work for a qualification would be through financial payments. The study has considered these and discussed their use with departments and a number of outside bodies.

9.18 Of the other large organisations which we studied, many local authorities operated graduated career development programmes for recruits whereby in the early years pay and promotion were linked to the achievement of appropriate levels of qualification together with satisfactory job performance. There were, however, no separate payments simply for the achievement of the qualification. In other large industrial and commercial organisations there was virtually no evidence of financial incentives to obtain qualifications beyond arrangements for support while studying. The consultants' survey of 80 large UK companies commented: "The lack of

enthusiasm for general professional and management qualifications is evidenced by the virtual absence of incentive structures. No firms mentioned specific 'bonus' schemes which had been devised to motivate employees to qualify in an area".

9.19 Financial payments on obtaining a qualification are not unknown in the Civil Service: there are, for example, provisions whereby an allowance may be paid to Executive Officers who complete certain stages of professional accountancy training. This is really however, a retention allowance and more is said about it in paragraph 9.24. The Service also makes special payments to officers in the ADP area, although this relates to the nature of the work and not to the achievement of a qualification. When the question of financial incentives was raised with departments, the response was generally hostile, with two arguments predominating: the first was that financial incentives might attract the "wrong" type of person, typically characterised as being financially ambitious but intellectually unable to complete a course of study. The second was that a situation in which two people doing the same job were paid at different rates for no other reason than that one held a qualification would be inequitable and resented.

9.20 In my view, the first argument - about the "wrong" type of person - should not in itself count against the use of financial incentives. It is possible that financial incentives might attract a greater number of volunteers, some of whom would have to be rejected by management because they would not be able to last the course. But it is unnecessary to make value judgements about motivation. The objective must be to encourage those for whom working for a qualification would best meet the department's needs to do so - if that is achieved, the question of whether their motivation is financial or otherwise is not relevant.

9.21 The second argument - that it is undesirable for two officers doing the same job to be paid different rates because one has a qualification and the other has not - has more strength. Different levels of pay based on seniority are, of course, common and it is possible that the introduction of performance-related pay (see paragraphs 9.26-9.28) may make the situation more flexible, but I accept that where criteria for differential payments are not related closely to performance on the job, such payments will tend to be resented.

9.22 Financial payments linked to a qualification might have three legitimate purposes:

- a. An incentive to embark upon study for a qualification;
- b. An incentive to remain in the organisation after qualifying;
- c. A reward for qualifying.

A financial payment would not on its own be a sufficient incentive to persuade an officer to undertake 3 or 4 years' time-consuming study unless the sum involved was very high. The prospect of a payment of a few hundred pounds would not in itself make the difference between reluctance and willingness to undertake the qualification. In my view, the prospect of promotion - with, of course, financial implications - is more central to civil servants' thinking.

9.23 Large-scale financial incentives to officers to embark on study for a qualification would be both inappropriate and costly. The cost of a system of financial incentives sufficient to make a real difference in the implementation of the recommendations of this report would be very high.¹ The MOD Report acknowledged² that an occasion might arise whereby severe shortages against identified requirements required financial incentives, and I accept this, but as a general practice, large-scale payments are not recommended as an incentive to staff to study for a qualification. Small payments would, in my view, be ineffective in this role, although they might serve as token rewards and this is discussed in paragraph 9.25.

9.24 The payments to certain Executive Officers with accountancy qualifications are of type b. above, viz incentives to remain in the organisation after qualifying. Such incentives might be justified when the qualification in question was highly regarded outside and when civil service salaries for qualified staff did not match the salaries offered by competitors. At this time the field of accountancy appears to satisfy both these conditions. Accountancy qualifications are apparently much more marketable than many others. We were told that many accountants change employer after qualifying, but that organisations employing accountants did not suffer overall as the procedure was a kind of "musical chairs" whereby they lost some staff trained at their expense but gained other staff trained elsewhere. A financial payment is a justifiable means of making the Civil Service more competitive at this post-qualification stage, if it is not to suffer a net loss of qualified staff. It is important, however, that the central machinery for dealing with such matters be sufficiently flexible to allow for market change: it is conceivable that other qualifications might become more marketable, and there should be scope for payments to be introduced to accommodate this or discontinued when they are no longer needed.

9.25 We found a few examples of financial payments of type c., viz rewards for achievement rather than incentives. These were often of smaller amounts - one company, for example, made occasional lump sum payments of between £50 and £100 to successful candidates who were presented with a cheque at a small ceremony in the office to mark their achievement. Apparently this practice was regarded by some employees as paternalistic, but the scope for small-scale payments as a reward for the achievement of a qualification should not be dismissed out of hand: conversations with individual students suggest that they might appreciate some sign of the organisation's recognition of their achievement. A payment of this kind would really be the culmination of support to the individual while he was studying.

Performance-related pay

9.26 During the course of the study, the Civil Service was considering the implications of introducing performance-related pay as recommended in the Megaw Report³. With work on this still in progress, the study had to consider in general terms whether the introduction of performance-related pay would affect the advisability of financial incentives to study for qualifications.

¹If an incentive of £3,000 were paid on achievement of a qualification and the objective was for 10% of our target population (see para 1.5) to obtain a qualification, the total incentive cost for the first group to qualify would be **£10 million**.

²Annex 5, paragraph 15.

³**Inquiry into Civil Service Pay** Cmnd 8590, July 1982, Volume 1: The Inquiry's Findings, Chapter 15.

9.27 In my view the introduction of performance-related pay would not alter the conclusion in paragraph 9.23 against large-scale financial incentives, on the grounds that these would be an inefficient and costly instrument of policy. Performance-related pay might, however, widen the criteria under which the pay of individuals is determined and create a climate within which small-scale lump sum payments could be made on the successful completion of an appropriate professional qualification. Staff in areas of work where professional qualifications were less appropriate would have access to performance-related pay through other routes. **I therefore recommend that, if the eventual framework for performance-related pay makes this appropriate, one kind of award should be a lump sum for successfully completing a professional qualification.** The amount would depend on the size of other awards, but it should be smaller than the kinds of payment mentioned in paragraphs 9.23 - 9.24. The cost of these awards, which is estimated in paragraph 10.13, would be accommodated in the total budget for performance-related pay.

9.28 If however, the eventual framework for performance-related pay does not easily accommodate such payments, it will be necessary to ensure that the system does not act as a disincentive to qualify. For example, a system based on short-term performance indicators might encourage staff to devote all of their attention to the job in hand to the detriment of study for qualifications with a longer-term pay-off in terms of increased effectiveness. In such a case, it would be necessary to take mitigating action, such as paying an allowance during the period of study to compensate for potential loss of performance-related pay; or making a separate award for the achievement of the qualification. **I therefore recommend that such action should be taken if required.** As the necessity will arise from the introduction of performance-related pay, the cost of the compensatory payments should be met from within the total budget for performance-related pay.

Practical considerations

9.29 Where financial payments are deemed appropriate, a variety of kinds of payment are possible, including advances on the incremental scale within a civil service grade, allowances and lump sum payments. Departments told us that they saw difficulties in a system whereby incremental advance or an allowance could be retained only while the individual remained in the functional area in which he had earned the qualification. This was rightly seen to be a potential barrier to mobility and thus undesirable both to management and to individuals. This difficulty might be overcome by allowing allowances outside pay to be retained whatever the post held by the qualified officer, but other practical considerations arise here, including the period of time during which the additional payment should continue, and whether some requirement of re-qualification should be introduced. Incremental payments which ceased when the officer was promoted to the next grade would be of limited use, as many officers might expect to be promoted by the time they had completed a long period of study leading to a qualification, or very soon afterwards. The simplest form of financial payment is a lump sum on completing the qualification, but it should be emphasised that this report does not recommend this as a general practice.

Payment of institute subscriptions

9.30 Most professional institutes require continued payment of annual subscriptions (usually around £30) as a condition of continuing to use the appropriate letters after one's name after qualifying. Continued membership also has advantages of opportunities for up-dating knowledge and meeting counterparts from other organisations (see Chapter 3). This raises the question of whether payment by departments of institute subscriptions should be recommended as an incentive. The study's conclusions about practice elsewhere is that, while many organisations pay

institute fees for an individual while he is studying for a qualification, very few continue to do so after qualification, except where retention of the qualifications is a legal requirement. A further consideration is that individuals are entitled to tax relief on institute subscriptions, and these do not therefore present such a financial burden. On the other hand, it was suggested to us that payment of institute membership might be a "morale-booster" and that the current situation where government does not pay subscriptions has a disproportionate irritant effect on staff.

9.31 The question of payment of subscriptions has been at issue for some time in relation particularly to professional civil servants. If this report were implemented, the issue would become as germane for many administrators as for their professional counterparts, and the role which I envisage for qualifications would strengthen the case for payment of subscriptions, both because of the benefits of continued institute membership and as an incentive for changing attitudes. If professional subscriptions were to be paid by departments, I would not recommend a system requiring detailed (and therefore costly) central scrutiny of individual requests for payment: the simplest and most equitable scheme might be to allow each civil servant payment of one professional subscription if it were within a range deemed relevant to the department's work. **I therefore recommend that the issue of payment of subscriptions be reconsidered in the light of the philosophy of this report.**

Support while studying

9.32 Another factor relevant to individuals who are considering embarking on courses of study leading to a qualification is the support which they receive during the course, in the form of time off and financial payments. Broadly speaking, the current situation is that most courses leading to professional qualifications take place externally and officers pursuing them can be supported under one of two categories of assistance which are prescribed by the centre, viz "External Training" (ET) and "Further Education" (FE). The broad basis of the distinction is that training pursued externally which is justified in terms of the needs of the Service may be considered for support under ET terms, while study of a broader range of subjects which is justified primarily in terms of the individual's own development comes under the FE category. **Study for qualifications in the circumstances described in this report is explicitly related to the needs of departments and prima facie the relevant category of assistance would therefore appear to be ET.**

9.33 Central guidance on assistance to individuals under ET terms is given in paragraphs 6260-6283 of the Civil Service Pay and Conditions of Service Code and more detailed guidance for management is provided in paragraph 9230-9353 of the Establishment Officer's Guide. Decisions on eligibility for assistance under ET terms is at the discretion of departments and the Guide covers various aspects of assistance, including the payment of full fees and release from work to attend courses.

9.34 In practice, departments have a wide degree of discretion in applying the provisions of the Guide. Our impression has been, however, that the guidance is still interpreted fairly rigidly by departments and that MPO is cited in justification of departmental management decisions on assistance to individuals. Certainly, on reading over the relevant paragraphs of the Guide, the overriding impression is one of too much detailed prescription from the centre. For example, the Guide still contains a requirement to obtain approval from MPO before a civil servant may take up a full-time post-graduate course, although this is not enforced. In practice the management judgement of the department concerned about granting assistance under ET terms is usually endorsed by MPO, and in the light of this fact, it would be appropriate to adapt the theoretical position to match reality. More generally, it would be in the spirit of the Financial Management Initiative if responsibility for decisions on

financial and other kinds of support were clearly allocated at the same point as responsibility for policy decisions on departmental training. **I therefore recommend that the provisions for assistance under External Training terms should be rewritten with a view to allowing maximum discretion to departmental management and leaving minimum responsibility on points of detail with MPO.**

9.35 There will, of course, still be a need for some central provisions, particularly in those aspects of financial support which impinge on pay policy, eg the question of the possibility of payment for study outside office hours. These questions would have to be discussed in the context of policy decisions on this report, but there is no evidence from our investigations that other organisations make overtime or other payments explicitly for personal time devoted to study.

9.36 In the context of support while studying, there is no reason for distinguishing in principle between external and internal training leading to qualifications of the kind discussed in this report. Where such study is in the department's interest departmental management has to make a decision on whether the benefits justify the costs, and basically I recommend that the structure in which these decisions are taken should be similar.

9.37 In addition to the provisions for assistance under External Training terms described above, a number of bursary schemes are currently run by MPO for qualifications in science, computer science, accountancy, economics and statistics. Despite the value of these schemes, it would be contrary to the philosophy of allowing maximum management discretion to departments to suggest that the recommendations of this report should be achieved by the introduction of a large number of new centralised bursary schemes, and I do not make such a recommendation.

CHAPTER 10

COST OF RECOMMENDATIONS

10.1 The recommendations in this report include a number of developments involving consultations with professional institutes and colleges; possible greater use by the Civil Service of certain professional qualifications; and a new framework for structuring the training of young executives. This chapter attempts to cost these proposals.

10.2 The largest element in the cost of all training is the opportunity cost of students' time. In comparison with this, the costs of delivering training and paying fees for courses delivered elsewhere are small. Annex D contains calculations of the total economic cost to departments of staff at EO and HEO level completing courses leading to some professional qualifications. A range of courses have been selected as examples, featuring different qualifications and different study arrangements, including part-time day release, part-time day/evening and evening courses. It will be seen from these examples that there is a wide range of economic cost figures depending on how much study is undertaken during office time, and on the grade of the student. The total economic costs might appear rather high but to help in their interpretation, the Annex also includes for purposes of comparison an economic costing on the same basis of a residential course at the Civil Service College.

10.3 The tables in Annex D reveal that the **cash cost** to departments of paying students' fees and paying a contribution towards books is comparatively low, averaging out at around **£400** for courses which in some cases take up to 4 years. In cash terms external courses leading to qualifications are good value for money. The fact that the recommendations in this report imply additional costs to departments is not, therefore, due to heavy cash costs of courses leading to qualifications.

10.4 Training which leads to a qualification is economical in a number of respects. Some of the study and class attendance is usually undertaken by the student in his own time, and to that extent has no resource cost to departments. It would, however, be misleading to suggest that the developments recommended in this report could be implemented wholly by study in civil servants' spare time. The fairest way to estimate the resource implications of study for qualifications is to average out the demands on office time of different modes of study and we have used this approach in paragraph 10.11.

10.5 Externally provided courses leading to professional qualifications are also economical in that the costs of delivering the training are met outside the Service, and the planning and designing of much of the training is done elsewhere. In the past, external courses had a disadvantage over internal courses in that departments had to pay fees, but now that some courses at the Civil Service College are on repayment, there is less justification for discriminating between internal and external training on this ground. In view of the time involved and the amount of attention which the student receives, the fees for long courses leading to qualifications are low compared with those for short training courses.

10.6 To recommend, as this report does, greater involvement of the outside educational and professional world in the training of civil servants, is not the same thing as recommending the substitution of external training for internal training. Training for professional qualifications has a different purpose from most of the training courses currently provided internally. The long-term framework recommended in Chapter 7 would incorporate some internal training, but there is no reason to think that it would mean that less internal training was required in the future.

10.7 The scope for use of distance learning and new training technology is important to the Civil Service for reasons of economy, quite apart from the other benefits of these developments, which are discussed in paragraphs 4.23 - 4.28. Self-instruction can mean savings on premises, travel and subsistence and the cost of instructors. And training technology which can be used at the workplace or at home can lighten resource costs to departments by using time to meet training needs with minimum disruption.

Return on investment

10.8 It would be a mistake to see the resource implications of this report's recommendations as expenditure with no return. Greater use of appropriate professional qualifications by the Civil Service is an investment which, it is hoped, will result in increased efficiency and effectiveness. As a guide to the interpretation of the economic costings in Annex D, we considered how this kind of investment might be appraised in the same way as other investments. With the help of HM Treasury, we took one example from Annex D - a course at Slough College of Higher Education leading to the Diploma of the Institute of Personnel Management - and explored the hypotheses that obtaining the qualification might increase an officer's productivity by 5% or 10%. These are, of course, only hypotheses - it is not possible to prove that working for a qualification in this area would result in a quantifiable productivity increase - but it seems reasonable as a means of putting figures to the idea that a qualification might increase efficiency. HM Treasury calculated how long a department would require to pay back the investment on the course and how long would be required to obtain a real return of 5%. These calculations are set out in Annex E. The results, calculated using the example of an Executive Officer, were that with a productivity improvement of 5%, the investment in training would be paid back within 6 years and a 5% real return would be obtained in 7½ years. With a 10% productivity improvement, the simple pay back period would be around 3 years and a 5% real return would be obtained within 3½ years. Hence, if a qualification were to increase productivity as straightforwardly as in the example, the investment would soon be more than repaid. And the principle has wider application: if the strategy recommended in this report increases efficiency and effectiveness, there are sound economic arguments for recommending it as an investment.

Administrative costs

10.9 The approach to qualifications recommended in Chapter 4, involving civil service management in collaborations with institutes and colleges, has resource costs in terms of administrative time. This was emphasised to us by local government managers who had experience in this field, but they also told us that the investment of management time was repaid in terms of efficiency in matching training to needs. Departments told us of their concern that greater use of outside qualifications would make additional demands on administrative resources in their Training Units. I accept that implementation of this report would impose some additional administrative work on departments and that this would often fall on the same people as the demands of implementing other current central initiatives. The proposed information role for MPO, described in paragraphs 4.29-4.31, aims, however, to minimise this and to provide as much help to departments as possible. To some extent, the result should be more digestible information, and this should ease the burden currently experienced by departments of receiving large amounts of disaggregated material.

10.10 If the report were implemented, the Management and Personnel Office would be required in the short term to monitor the triangular developments with particular qualifications, take the lead in some of them, and provide secretarial support to the

proposed working group to design the new framework for the training of young executives. I calculate that this would have a resource demand of one half of a post at SEO or Principal level, probably in the Training Division, one half of an HEO or HEO(D) post and some clerical support. The longer-term role of MPO would involve maintaining the information service described in paragraph 4.31, and I estimate that this would require one half of a CO post, plus one quarter of a post at SEO or Principal level to deal with continuing policy questions. Reconsideration of the guidelines on support to students under External Training terms (recommended in paragraph 9.34) might require up to one quarter of a Principal post over a short period. The longer-term resource implications for the Civil Service College depend on the extent to which it would be involved in the eventual delivery of training leading to qualifications and the extent to which the proposed framework would result in increased demand for College courses.

Cost of using professional qualifications

10.11 To help departments in considering the cost of supporting staff to work for qualifications, we have worked out some approximate guideline figures. Averaging out the examples in Annex D, which cover a range of modes of study with varying demands on office time, we calculated that as a very rough guideline the approximate total **cash** cost to departments of one officer at HEO level working for a full professional qualification with no exemptions was around **£400**. The guideline figure for the total number of days of office time which the students might require was **80 days**. The guideline figure for the approximate **economic** cost to departments of the officer's study for the qualification, calculated on the same basis as the examples in Annex D, is **£9,000**. Table 1 below, based on these figures, is a guide to the approximate total cost to departments of different numbers of staff working for full professional qualifications. The figures for "man years of departmental time" and "economic cost" are, if anything, too high: the resource cost to departments of courses using distance learning or evening classes will be lower.

Table 1

Guideline figures: Approximate total cost to departments of staff working for full professional qualifications

Numbers of students	Cash cost ¹ (£ thousands)	Man years of departmental time ²	Economic cost ³ (£ thousands)
1	0.4	0.37	9
50	20	18.5	450
100	40	37	900
5% of target population ⁴	665	615	14,967
10% of target population	1,330	1,230	29,934

Notes

1. "Cash cost" is the rounded average of the costs of fees and books in the examples in Annex D. This figure does **not** include travel and subsistence costs.
2. "Man years of departmental time" is the rounded average of the total demands on office time for attending classes, revision for examinations and sitting examinations in the examples in Annex D. The range is wide, depending on whether courses involve day-time or evening classes. (Conversion factors: 7.3 man hours = 1 man day (average of figures for London and elsewhere); 216.5 man days = 1 man year.) This figure does **not** cover administration costs.
3. "Economic cost" is the rounded average of the total economic costs to departments of an HEO taking one of the courses outlined in Annex D with no exemptions. Some of the examples in the Annex are calculated using Inner London rates, others using Outer London, and others using Elsewhere rates. The guideline figure averages these out.
4. "Target population" is interpreted as the total number of staff in administrative grades from EO to Principal (inclusive) and between the ages of 18 and 34 (inclusive) at 1 1 83 plus one quarter of those in the same age-range in a range of specialist grades (source: HM Treasury).

Proposed new framework for the training of young executives

10.12 The administrative costs of designing the new framework are fairly small, and would fall mainly upon MPO (see paragraph 10.10). The cost of implementing the framework should, however, be considered, and in my view there is little question that it would mean that the civil servants in the target population would undergo more training than before. For departments, the most important cost would be the time required for this additional training, and we therefore attempted to calculate how much this would be. Our conclusion was that if each young administrator in our target population obtained a total of 6 days' training in office time per year, the additional resource demand on the Service would be **218 man years**. The corresponding figure for 10 days' training in office time per year per young administrator is **508 man years**.

Small cash payments for qualifications

10.13 Paragraph 9.27 raised the possibility of small-scale lump sum payments for the achievement of a qualification. As a rough guide, the total cost of a payment of £100 to 10% of our target population (see paragraph 1.5) would be £0.3 million. Payments of £500 to the same group would cost £1.6 million.

Conclusion

10.14 In this Chapter, I have tried to set out the resource implications for departments of this report as fairly as possible. It should be emphasised, however, that the recommendations are made with a view to increasing the efficiency and effectiveness of the Service, and it is difficult to quantify these benefits in cash terms, although they are very important. It should also be remembered that flexibility in modes of study, the use of new training technology and close matching of courses to needs are all important ways of saving money. The discriminating approach recommended by this report is less costly than a policy endorsing blanket use of qualifications, and aims to meet need economically and efficiently.

LIST OF ORGANISATIONS AND INDIVIDUALS CONSULTED

Government Departments

Ministry of Agriculture, Fisheries and Food
 HM Customs and Excise
 Ministry of Defence
 Department of Education and Science
 Department of Employment
 Department of Energy
 Departments of the Environment and Transport
 Export Credits Guarantee Department
 Foreign and Commonwealth Office
 Department of Health and Social Security
 Home Office
 Departments of Industry and Trade
 Inland Revenue
 Lord Chancellor's Department
 Management and Personnel Office
 Manpower Services Commission
 Northern Ireland Office
 Overseas Development Administration
 Property Services Agency
 Scottish Court Administration
 Scottish Office
 HM Treasury
 Welsh Office

Other employers visited by the study team

British Gas Corporation
 British Petroleum plc
 Cadbury Schweppes plc
 Greater London Council
 Hampshire County Council
 Midland Bank plc
 Royal Borough of Kingston-upon-Thames
 Strathclyde Regional Council
 Surrey County Council
 Unilever plc

Management Consultants

Harbridge House Europe

Educational and training organisations, and professional institutes, consulted by the Study Team or represented at the Sunningdale Seminar

Association of Certified Accountants
 British Computer Society
 British Institute of Management
 Business and Technician Education Council
 Chartered Institute of Public Finance and Accountancy
 Consultative Committee of Accountancy Bodies
 Council for National Academic Awards

Joint University Council for Social and Public Administration
Local Government Training Board
Institute of Chartered Accountants of Scotland
Institute of Chartered Secretaries and Administrators
Institute of Export
Institute of Internal Auditors
Institute of Management Services
Institute of Personnel Management
Institute of Purchasing and Supply
Scottish Vocational Education Council

Trade unions

Council of Civil Service Unions
National Association of Local Government Officers

Other countries

Office of the Public Service Board, Australia
Treasury Board of Canada

Individuals consulted (excluding those working in government departments at the time of the study)

Professor Richard Chapman, Department of Politics, University of Durham
Mr M G Clarke, Director, Local Government Training Board
Professor Simon Coke, Professor of International Business, University of Edinburgh
Professor Nicholas Deakin, Department of Social Administration, University of Birmingham
Professor David Donnison, Department of Town and Regional Planning, University of Glasgow
Professor Andrew Dunsire, Professor of Politics, University of York
Professor Lewis Gunn, Department of Administration, University of Strathclyde
Professor George Jones, Professor of Government, London School of Economics
Professor T Kempner, Principal, The Management College, Henley
Professor Maurice Kogan, Professor of Government and Social Administration, Brunel University
Mr Andrew Likierman, London Business School
Mr William Plowden, Director, Royal Institute of Public Administration
Dr Cyril Smith, Social Science Research Council
Professor Ralph Smith, Open University
Professor John Stewart, Institute of Local Government Studies, University of Birmingham

Information on syllabuses and/or courses was also supplied by:

Anglian Regional Management Centre
Association of Accounting Technicians
Association of Certified Accountants
Aston Management Centre
British Computer Society
British Institute of Management
Brunel University
Chartered Institute of Public Finance and Accountancy
City of London Polytechnic
City University Business School
Cranfield Institute of Technology

Institute of Administrative Management
Institute of Chartered Secretaries and Administrators
Institute of Cost and Management Accountants
Institute of Data Processing Management
Institute of Export
Institute of Internal Auditors
Institute of Local Government Studies, University of Birmingham
Institute of Management Services
Institute of Personnel Management
Institute of Purchasing and Supply
Institute of Training and Development
Institution of Industrial Managers
Kingston Regional Management Centre
Leicester Polytechnic
London Business School
London School of Economics and Political Science
Loughborough University of Technology
Management College, Henley
Manchester Business School
Manchester Polytechnic
North West Regional Management Centre
Open University
Oxford Centre for Management Studies
Polytechnic of Central London
Polytechnic of the South Bank
Richmond College of Further Education, Sheffield
St Helens College of Technology
School for Advanced Urban Studies, University of Bristol
Scottish Business School
Slough College of Further Education
Southern Counties Regional Management Centre
South West Regional Management Centre
Thames Polytechnic
Thames Valley Regional Management Centre
University College, Cardiff
University of Birmingham
University of Bradford
University of Glasgow
University of Lancaster
University of Manchester Institute of Science and Technology
University of Strathclyde
University of Warwick
West Midlands Regional Management Centre
Yorkshire and Humberside Regional Management Centre

PROFESSIONAL QUALIFICATIONS: THE PRACTICE OF OTHER LARGE EMPLOYERS

This Annex outlines in some detail the findings of the sub-study, described in Chapter 2 (paragraphs 2.3-2.12), of the practice of other large employers. The objective was to find out how much importance these employers placed on professional and other externally recognised qualifications either for recruitment or for the training of staff. The information obtained ranged more widely, however, touching on other aspects of recruitment and training policy and is included here as it may be of general interest.

The study team visited five large companies, viz the British Gas Corporation, British Petroleum plc, Cadbury Schweppes plc, the Midland Bank plc and Unilever plc. All these companies have reputations as good employers, and no attempt was made to get a representative sample including companies with lesser reputations in this respect. The interviews covered companies' attitudes towards professional qualifications, and policy and practice on a number of other issues such as management development and internal training.

In addition, a management consultancy (Harbridge House Europe) was employed to conduct and analyse a short survey of a more representative sample of large employers, concentrating on the role played by professional qualifications in management development. The starting point for the survey was the largest 150 private UK companies, 7 banks and 12 large public corporations. From that list the consultants eliminated holding companies, decentralised groups and a number of companies who either had no management training programme or who would not comment on their attitude towards professional qualifications. The result was a sample population of 80 companies which included 10 public sector concerns and 7 banks.

The following section on functional specialism is based exclusively on the study team's visits. The subsequent sections draw both on the visits and on 'the consultants' survey.

Functional specialisation

Like the Civil Service, all the companies visited were "career" employers: in other words, with the exception of certain specialists in such areas as law and computer software, they aimed to recruit staff at the beginning of their careers and retain them throughout. Although vacant posts at senior levels were often advertised externally, this was generally regarded as the result of a failure of manpower planning.

In all five companies careers were more likely to develop within a single function than across several. There were, nevertheless, quite wide variations. In one company, managers did not start to bridge or cross functions until Board level, or just below. Another, which also practised functional specialisation, was becoming increasingly aware of the importance of being able to take a strategic view which did not come easily to employees who had spent their careers in a single function. One of the main reasons for the lack of mobility in practice between functions in this company was that in the current stringent economic climate line managers were reluctant to take the risk of appointing staff without experience in comparable jobs. A third company said that the dangers of over-specialisation were a recurring preoccupation at Board level. An extensive internal development programme had therefore been

developed to avoid the problem of managerial "tunnel vision". After 4 or 5 years in their initial function, the majority of middle and senior managers would move frequently between departments.

The Midland Bank described some 80% of its staff as employed in the basic function of lending. There was, however, a movement towards greater specialisation within the lending function as it was felt that the growing complexity of banking made it impossible for managers to maintain expertise in all aspects of lending.

All the companies visited appointed and promoted staff to individual specific posts rather than to grade levels. This made it easier for functionally specialised careers to develop because individuals could be promoted to specific posts which required functional expertise, even if they were not considered suitable for all posts at that level. A drawback of this system was, however, that staff were reluctant to make moves which were not also promotions.

On the whole movement between functions was considered desirable because it promoted a sense of unified purpose in large organisations with wide responsibilities. It is important to note, however, that all the companies visited were starting from an organisational norm of high functional specialisation and were making conscious moves away from it. And while they favoured greater mobility between functions, they were aware that this had costs in terms of the dissipation of expertise.

One might have expected to find a high degree of correlation between the extent to which careers were functionally specialised and the emphasis put on professional qualifications. Interestingly, this was not the case. Although all the companies which emphasised professional qualifications were functionally specialised, not all functionally specialised companies emphasised professional qualifications.

Professional qualifications

The evidence gathered by the study team and the consultants' survey led to the same basic conclusions:-

- with the exceptions noted in the following sub-paragraph, companies were generally indifferent to professional qualifications. Qualifications were rarely spoken of as either beneficial or detrimental to company causes, and on the whole commanded little attention;
- the major exception was accountancy qualifications, which were described by one of Harbridge House's respondents as "in a different league" from other qualifications, and which were the norm in the financial function. Other exceptions (although less marked) were the qualification of the Institute of Personnel Management; certain supervisory qualifications; and qualifications specific to particular industries such as the Associateship of the Institute of Bankers;
- public sector firms showed significantly more enthusiasm for sponsoring staff for professional qualifications than did private companies;
- professional and managerial qualifications were rarely as important a factor in recruitment decisions as personal qualities, relevant experience and, occasionally, "industry" qualifications. In particular, Master's degrees in Business Administration (MBAs) were not favoured;
- there was a discernable trend away from long and examined training courses to short training modules designed for the needs of a specific audience.

Recruitment

It was clear that one effect of the economic recession had been a drastic curtailment of recruitment of middle and senior managers, both in the public and the private sector. The emphasis was on training existing staff and filling vacancies from within the organisation. When recruitment from outside did take place professional qualifications were frequently described as incidental to recruitment decisions, although they might be taken into account in distinguishing between two candidates who were otherwise of equal merit. The main exception was accountancy qualifications. Harbridge House found three types of company policy regarding accountancy staff. Around a third of the sample - banks and oil companies in particular - recruited only qualified accountants. Another third - notably construction companies and public corporations - relied on accountancy trainee schemes for almost all their accounting specialists, with recruitment of qualified accountants limited to senior vacancies. The final third recruited qualified accountants on a regular basis but also ran some sort of training programme varying in size from a token handful to a large group.

Sponsorship

The financial function. In almost all companies careers would be unlikely to progress beyond junior levels in financial functions without an accountancy qualification. The qualification most commonly used by the organisations surveyed appeared to be that of the Institute of Cost and Management Accountants, although some use was made of chartered accountants.

The personnel function. Attitudes towards the Institute of Personnel Management qualification varied, but almost every company contacted by the consultants had at least one qualified person in the personnel function and a number felt that they needed more. In the companies visited by the study team, the numbers of professionally qualified personnel staff varied between one-fifth and almost none. A number of companies encouraged graduate entrants to obtain a qualification if they were likely to stay in the personnel management field.

The purchasing function. Only nationalised industries appeared to make systematic use of the qualification of the Institute of Purchasing and Supply (IPS), although one of the private sector organisations visited made use of some of the IPS's shorter courses.

"Industry" qualifications. A number of companies in both the public and private sectors emphasised the importance of qualifications relevant to specific industries, and encouraged staff to take them. Examples of institutes offering this type of qualification are the Chartered Institute of Transport, the Institute of Grocery, the Institute of Bankers, and the Hotel, Catering and Institutional Management Association. In some cases, industry qualifications were a statutory requirement.

Other qualifications. Of the companies surveyed, only two were found which made any systematic use of the qualification of the Institute of Chartered Secretaries and Administrators. Marketing qualifications were not, on the whole, highly regarded. A number of companies did, however, find the qualification of the National Examinations Board for Supervisory Studies useful and one sent nearly 300 employees each year to local colleges on day release to study for it.

Almost all organisations made ad hoc use of professional and technical qualifications, varying from the Royal Institute of British Architects to Master's degrees in effluent engineering. In technical functions, use of professional institute qualifications was

common. There appeared to be a variety of reasons for this: in some cases technical qualifications were thought intrinsically valuable; in other cases, they were a statutory requirement; and in others staff were given the opportunity to qualify as an incentive to join or remain in the company.

Incentives

A large number of companies were prepared to reimburse costs for most tuition and membership fees, and most organisations had centrally co-ordinated policies which provided for this. But few went further, and none mentioned specific bonus schemes which had been devised to motivate employees to qualify in an area. Of the companies visited by the study team, only one went beyond reimbursement of costs, offering a small lump sum to successful candidates for certain professional examinations.

Non-financial incentives varied from company to company and from function to function. In no cases were professional qualifications a sufficient condition for promotion. But in two nationalised industries they appeared to be a necessary condition in a large range of functions. In several banks, Associateship of the Institute of Bankers was a virtual pre-requisite for promotion above clerical levels. It has already been noted that accountancy qualifications were regarded as a necessary condition for promotion within finance functions.

Links with professional bodies

Regardless of attitudes towards professional qualifications, many companies thought that links with professional bodies were useful. Some thought that such links kept staff aware of current developments in their discipline; others saw professional bodies as good allies in certain forms of lobbying. In a period of retrenchment professional bodies acted as a useful contact point for those seeking employment. All of the organisations visited by the study team had members of staff at middle and senior management levels who were affiliated to professional bodies.

Business schools and management colleges

Master's degrees in Business Administration (MBAs)

Only a handful of organisations were found which actively recruited MBAs. Some banks accepted them for a small number of either general management stream or specialist corporate planning appointments, and certain companies with large operations in the US supplemented their normal graduate intake with graduates from American business schools. Other companies which had MBAs in their ranks tended to have recruited them accidentally rather than as a matter of deliberate policy.

Some companies attributed their unwillingness to recruit MBAs to the reluctance or inability of MBA graduates to adapt to the mores of the companies; others attributed it to the inability of the companies to be sufficiently flexible to accommodate MBAs. There were five general criticisms of young MBAs:-

- that they entered with little or no experience of industry, and tended to assume that textbook answers were directly applicable to specific company problems;
- that the salaries they demanded were unjustifiably out of line with company pay structures;

- that their high expectations and self-confidence in the job market often meant that they left within a year or two of joining;
- that those companies with well defined career progression patterns found it difficult to integrate MBAs;
- that very few felt that MBAs would be more competent in their performance than university graduates generally.

There was more, though still highly qualified, enthusiasm about sponsoring employees to take MBAs, although this was almost invariably confined to two or three of the highest flyers.

Short management courses

A large number of organisations used shorter management courses, although the numbers of staff involved were often small. The reasons for using such courses were varied:

- to develop the strategic skills of managers;
- to reduce the danger of senior management becoming too inward-looking;
- to increase familiarity with European and other international developments;
- to avoid the problem of senior managers being instructed by junior staff;
- to improve the organisation's perception of its own standing in relation to that of its competitors;
- to give managers a break. Many companies valued the purely social aspect of senior executive development programmes;
- to facilitate management restructuring.

Four sorts of courses were used regularly:

- UK business schools and management courses were the most frequently used. Many companies had arranged for courses to be run with material relevant to their own needs. Options about courses varied widely from company to company and each seemed to have links with particular institutions;
- American business schools and graduate colleges were felt to offer a slightly broader picture. Companies with a large stake in the US often used these schools to "Americanise" their UK managers;
- continental management centres were used to keep managers up to date with European developments;
- ad hoc use was also made of other courses including Outward Bound - type training, which was highly regarded by several companies as improving leadership ability.

No significant differences were noticed between public and private sector approaches to senior management training. This is in marked contrast to the difference in their attitudes towards professional qualifications.

Some general criticisms were levelled at business schools. Some companies found their syllabuses and teaching methods "too academic" and thought that they tended to undervalue practical problem-solving. There was some feeling that the development of public sector streams might dilute the business ethos of the institutions.

The numbers involved in this type of training were very small. External training at such senior levels was expensive and where a genuine need existed among even two or three top managers, companies often preferred to "buy in" the relevant expertise and incorporate it in an internal training programme.

Links between internal and external training

Most of the companies which expressed enthusiasm for the rôle of training in management development ran in-house management training programmes, usually modular in form, at their own residential centres.

These courses were usually flexible, with the emphasis on learning from relevant experience. At least a dozen companies interviewed by Harbridge House were attempting to increase the experiential element in their training programmes. As internal courses allowed for this flexibility, the great majority of respondents preferred them to externally provided courses.

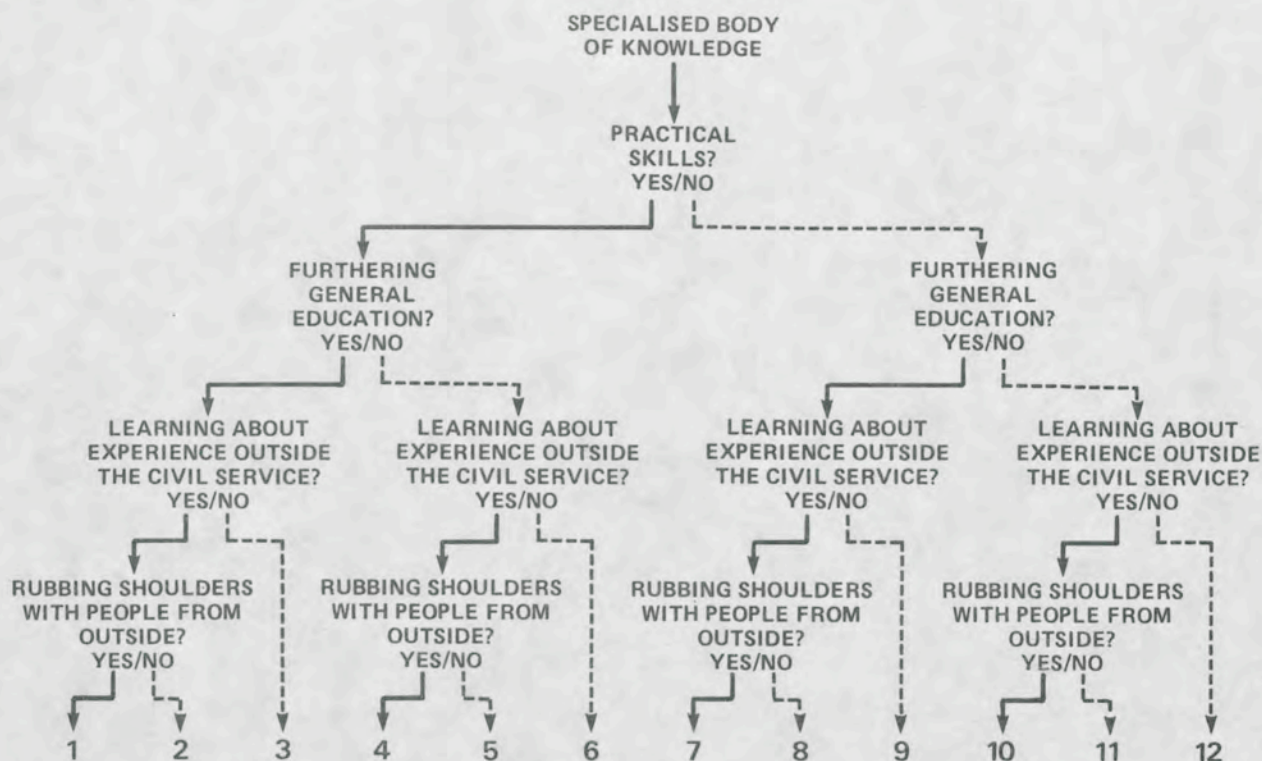
An interesting development was the "hybrid" combination of internal and external training. The advantages of this were that, while the programmes were specifically designed to be relevant to the company, external tutors and organisers gave a useful comparative perspective. The Harbridge House survey also detected some movement amongst companies to get outside accreditation of their internal programmes. One of the companies visited had employed a management consultancy to develop a modular management development programme somewhat similar in its conception to the Civil Service's own modular programme of Fast Stream Training.

The general pattern in the companies contacted appeared to be that basic management training was undertaken in-house, with business schools used for those likely to reach very senior positions, to plug gaps in in-house training in specific topics, or as "crash courses" for staff who had missed out on some part of internal training.

Summary

All the companies visited practised functional specialisation more than the Civil Service, but were trying to encourage more mobility between functions. On the whole, professional qualifications were not highly regarded by the companies visited or surveyed, with the major exceptions of accountancy qualifications and public sector companies, which tended to use qualifications more. The trend in management development programmes was towards greater use of internal programmes, increasingly modular in structure.

ANNEX C: DIAGRAM OF TRAINING PRESCRIPTIONS IN SPECIALISED AREAS



1. External college-based course with mixed private/public sector classes and leading to an externally recognised qualification. The course should include practical skills training as well as academic instruction, and if it does not, the gap should be filled by other training (internal or external).

2. Qualification course (or developmental training course involving extended written work) including material about experience elsewhere, but not necessarily involving mixing with fellow-students from other sectors. Could involve some distance learning, but must include some practical skills training. If necessary, skills training should be provided by an appropriate training course.

3. Are you sure that the student would not benefit from learning about experience elsewhere? If so, internal training is, *prima facie*, to be preferred, although there may not be courses available internally to meet the following criteria: the course should be long and involve some extended written work and opportunities for personal development. It should also include practical skills training, and if necessary this gap should be filled by additional short training courses. The badge of the qualification is useful as a goal for the student and, particularly for non-graduates, as evidence of degree-level education, but otherwise is not essential.

4. The specialised content of the training is more important than the educational benefit of working for the qualification, and a course should therefore be found which is as intensive as possible, allows for exemptions where appropriate, and has opportunities for short cuts for students already at a sufficiently advanced educational level. Must involve some attendance at teaching sessions shared with students from other areas of employment, but care should be taken to avoid landing the civil service student in a class comprised mainly of much younger students who have a lower level of general education. The practical skills need may require to be supplied independently by short training courses.

5. The specialised training content is more important than the general educational benefit of working for a qualification, and the qualification in itself may not be an important objective. The course should be as intensive as possible, and need not involve classroom attendance, but it must include material based on experience outside the Civil Service. The practical skills element may have to be provided separately through internal or external training courses.

6. Are you sure that the student would not benefit from learning about experience outside the Civil Service? If so, internal training is *prima facie* to be preferred to external training. The body of knowledge required might be available in distance learning form, which would enable the student to go at a fast pace, but the necessary practical skills would have to be developed through supplementary training, eg in the student's department or at the Civil Service College.

7. An external course involving college attendance in mixed private/public sector classes, and preferably leading to an externally recognised qualification. The classes should involve some opportunities for discussion, but need not involve skills training.

8. A long course involving extended written work and opportunities for personal development, preferably leading to a qualification. This could be taken by distance learning, but must involve course material relating to outside organisations.

9. Are you sure that the student would not benefit from learning about experience outside the Civil Service? If so, internal training, if available, may be preferable to external. The need is for a long course involving extended written work and opportunities for personal development and tuition. The badge of the qualification is useful as a goal for the student and/or as evidence of degree-level education, but otherwise not essential.

10. The course should involve teaching sessions shared with fellow-students from other areas of employment. It is important to check that the ages and educational levels of other students are appropriate. Intensive courses (eg block release) are often appropriate for this kind of student, and syllabuses should be preferred which have maximum scope for exemption for students with appropriate levels of education.

11. An intensive course should be sought involving material relating to outside organisations, but not necessarily including any practical skills training. Distance learning may be the most appropriate and efficient means of delivering such training. If it is not available, the course selected should be as intensive as possible and offer maximum scope for exemption from particular elements for students with appropriate educational qualifications.

12. Are you sure that the student will not benefit from learning about experience outside the Civil Service? If so, internal training may be preferable to external, if appropriate courses are available. The course selected should be as intensive as possible and have maximum scope for short-cuts for those with high educational qualifications. Distance learning material produced by the Civil Service may be the best solution here, and the badge of an outside qualification less important.

EXAMPLES OF THE COST OF COURSES LEADING TO PROFESSIONAL QUALIFICATIONS

1. This Annex gives some examples of courses leading to qualifications awarded by 3 Institutes, viz the Institute of Personnel Management (IPM), the Institute of Purchasing and Supply (IPS) and the Institute of Chartered Secretaries and Administrators (ICSA). Although all the Colleges referred to are held in high regard, they have not been singled out on grounds of merit, but rather with a view to covering a range of course arrangements and geographical locations.

2. To study for membership of the **IPM**, students must be at least 20 years of age with a certain number of A-levels (or equivalent) or be older with at least two years' acceptable work experience. The syllabus for **Stage 1** covers Personnel Management in Context, Introduction to Organisational Behaviour and Personnel Information and Decision-Making. Most graduates and holders of some other qualifications are exempt from Stage 1. **Stage 2** covers Employee Resourcing, Employee Development and Employee Relations and also requires some residential training in practical skills. **Stage 3** is a work-based project.

3. Entry requirements for the **IPS** are broadly similar to those for the IPM, and unqualified but experience students aged 26 or over will be accepted. The **Foundation Stage** covers Business Economics, Applied Business Statistics, Commercial Law, Business Accounting, Management Principles and Administration, and Introduction to Purchasing and Supply. Most graduates are exempt from all or part of the Foundation Stage. In the **Professional Stage**, students must cover Purchasing Practice and Techniques, Stores Management and Inventory Control or Retail Merchandise Management, Purchasing and Supply Management, Research Study and a case study, plus an additional option.

4. Entry requirements for **ICSA** are a degree or a good group of A-levels (or equivalent). The syllabus is divided into 3 streams, including a "Public Service Stream", in 4 parts. The subjects studied include Communication, General Principles of Law, Principles of Economics, Statistics, Financial Accounting, Government, Business Law, Public Finance and Principles and Policy of Management. The syllabus is currently under review. Most graduates, and holders of certain other qualifications, are exempt from Part 1.

5. The courses listed in the pages which follow involve day release, evening classes or a mixture of the two, and normally last for 3-4 years (2-3 years for students exempt from Part 1). A costing exercise has been carried out to estimate the **economic cost to Departments** of an EO or HEO taking courses leading to these qualifications, and to obtain an idea of the time commitment involved. The basis of the costing is explained, but it should be noted that extra costs such as travel and administrative costs in the Training Division might also be incurred.

6. Summary of economic costs

	EO	HEO
IPM (Slough College) (part-time day/evening)	£4193	£5156
IPS (Richmond College, Sheffield) (part-time day/evening)	£7701**	£9612**

ICSA (City of London Polytechnic)

i. evening course	£2560-	£3072-
	£2592***	£3104***
ii. part-time day release	£12,944-	£15,956-
	£12,976***	£15,988***

* Outer London rates

** National rates

*** Inner London rates

NB These totals assume **no** exemption from parts of courses.

7. To help in the interpretation of these figures, it is useful to consider the economic cost of a short, residential course with a quite different purpose such as the Foundation Course in Administration at the Civil Service College. This consists of a three-week residential course at Sunningdale, followed by a one-week additional residential module. On the same basis as the calculations summarised above, the economic cost to a Department of an HEO taking this course is:

£1948 (National rates)
£3060 (Outer London rates)
£3319 (Inner London rates).

ANNEX D1

Qualification: Stages 1, 2 and 3 of the Diploma of the Institute of Personnel Management (IPM)

College: Slough College of Higher Education

Basis of costing: **Staff cost:** average salary; superannuation and employer' NI contributions; stationery, telephones, postage and small office machinery, accommodation and related costs (1982/83, Outer London rates)

Course fees: 1982/83 academic year

Part-time day/evening course

Stages 1 & 2: one afternoon plus one evening per week (7 hours), plus 5 hours private study per week.

Stage 3: 12 hours of private study per week (no attendance)

	EO	HEO
Stage 1 (2 terms, Autumn and Spring, 26 weeks)		
Attendance in official time (26 weeks x 3½ hours)	£795	£998
Examination revision (10 hours)	£87	£110
Sitting examination (6 hours)	£52	£66
Course fees	£135	£135
Approximate cost of books	£20	£20
Total	£1089	£1329

Note

The costing excludes evening attendance (26 x 3½ hours = 91 hours) and private study (26 x 5 hours = 130 hours)

	EO	HEO
Stage 2 (4 terms, Summer - Summer, 46 weeks)		
Attendance in official time (46 weeks x 3½ hours)	£1407	£1766
Examination revision (10 hours)	£87	£110
Sitting examination (9 hours)	£79	£99
Course fees	£125	£125
Approximate cost of books	£30	£30
Total	£1728	£2130

Note

The costing excludes evening attendance (46 x 3½ hours = 161 hours) and private study (46 weeks x 5 hours = 230 hours)

	EO	HEO
Stage 3 (1 year, 36 weeks)		
Study in official time* (36 weeks x 4 hours)	£1259	£1580
Course fees	£97	£97
Approximate cost of books	£20	£20
	<u>£1376</u>	<u>£1697</u>
Total		

*On the assumption that 4 of the 12 hours of private study each week are carried out in official time.

Total cost of full qualification

The total cost of full qualification for a candidate who does not qualify for exemption from Part 1 would therefore be:

EO = £4193

HEO = £5156

and the total cost of full qualification for a candidate who did qualify for exemption from Part 1 would be:

EO = £3104

HEO = £3827

ANNEX D2

Course:	Foundation and Professional Stages of the Institute of Purchasing and Supply (IPS)
College:	Richmond College of Further Education, Sheffield
Basis of costing:	Staff cost: average salary; superannuation and employers' NI contributions; stationery, telephones, postage and small office machinery; accommodation and related costs (1982/83, National rates) Course fees: 1982/83 academic year

Foundation Stage

i. 1-year part-time day/evening course
(9 hours per week, plus 9 hours private study per week)

	EO	HEO
Attendance in official time (36 weeks x 6 3/4 hours).....	£1876	£2379
Examination revision (48 hours)	£371	£470
Sitting examinations (18 hours)	£139	£176
Course fees	£139	£139
Approximate cost of books	£50	£50
Total	<u>£2575</u>	<u>£3214</u>

Note

The costing excludes evening attendance (36 weeks x 2 1/4 hours = 81 hours) and private study (36 weeks x 9 hours = 324 hours)

ii. 2-year part-time half-day course
(4 1/2 hours per week, plus 4 1/2 hours private study per week)

	EO	HEO
Attendance in official time (72 weeks x 4 1/2 hours)	£2501	£3172
Examination revision (48 hours)	£371	£470
Sitting examination (18 hours)	£139	£176
Course fees	£157	£157
Approximate cost of books	£50	£50
Total	<u>£3218</u>	<u>£4025</u>

Note

The costing exclude private study (72 weeks x 4 1/2 hours = 324 hours)

Professional Stage

1-year part-time half-day/evening course
(6½ hours per week, plus 12 hours private study per week)

	EO	HEO
Attendance in official time (36 weeks x 4½ hours).....	£1251	£1586
Examination revision (48 hours)	£371	£470
Sittings examination (15 hours)	£116	£147
Course fees	£110	£110
Approximate cost of books	£60	£60
Total	<u>£1908</u>	<u>£2373</u>

Note

The costing excludes evening attendance (36 weeks x 2 1/4 hours = 81 hours) and private study (36 weeks x 12 hours = 432 hours)

ANNEX D3

Course: Parts 1 to 4 of Institute of Chartered Secretaries and Administrators (ICSA). 4-year course (1 year per part) for non-graduates; 3-year course for graduates (automatic exemption from Part 1)

College: City of London Polytechnic

Basis of costing: **Staff costs:** average salary; superannuation and employers' NI contributions; stationery, telephones, postage and small office machinery; accommodation and related costs (1982/83, Inner London rates)

Course fees: 1982/83 academic year

a. Part-time evening course
(3 evenings per week, 8 hours)

	EO	HEO
Examination revision (40 hours)	£412	£511
Sitting examination (12 hours)	£124	£153
Course fee	£72	£72
Approximate cost of books	£32-40	£32-40
	<u>£640-648</u>	<u>£768-776</u>
Total per Part		
Total 3 Parts	<u>£1920-1944</u>	<u>£2304-2328</u>
Total 4 Parts	<u>£2560-2592</u>	<u>£3072-3104</u>

Note

The costing excludes attendance (36 weeks x 8 hours = 288 hours pa), which all falls outside official hours, and private study (36 weeks x 8-12 hours = 288-432 hours pa).

b. Part-time day release course
(1 day per week, 7 hours)

	EO	HEO
Attendance in official time (36 weeks x 7 hours)	£2596	£3221
Examination revision (40 hours)	£412	£511
Sitting examination (12 hours)	£124	£153
Course fee	£72	£72
Approximate cost of books	£32-40	£32-40
	<u>£3236-3244</u>	<u>£3989-3997</u>
Total per Part		
Total 3 Parts	<u>£9708-9732</u>	<u>£11967-11991</u>
Total 4 Parts	<u>£12944-12976</u>	<u>£15956-15988</u>

Note

The costing excludes private study (36 weeks x 8-12 hours = 258-432 hours pa)

RETURN ON INVESTMENT IN AN EXTERNAL COURSE LEADING TO A QUALIFICATION: NOTE BY HM TREASURY**Introduction**

In thinking about the costs of external training, it is instructive to consider investments in training in the same way as one might appraise other investments. Hence this Annex asks how long it would take for a department to recover its investment in a course leading to a qualification on the hypothesis that working for the qualification improved the trainee's productivity. The example used, taken from Annex D1, is that of an Executive Officer studying for the Diploma of the Institute of Personnel Management by means of Slough College of Higher Education's part-time day/evening course.

Costing the department's investment

The largest element of the cost is the student's time, and the basis on which the MPO normally calculates training costs has been used in Annex D1 (average salary; superannuation and employers' NI contributions; stationery, telephones, postage and small office machinery; accommodation and related costs).

Valuing increases in productivity

The paragraphs which follow explore the implications of an assumption that when the Executive Officer obtains the full qualification he will be a. 5% or b. 10% more productive; ie, he will produce a. 5% or b. 10% more output than he would have done had he not obtained the qualification.

The value of the Executive Officer's post should at least equal, if not exceed, the extra (or "long run marginal") cost of staffing and supporting it. This "long run marginal cost" is approximately equal to the full cost of the post, which includes average salary; superannuation and employer's NI contributions; stationery, telephones, postage and small office machinery; accommodation and related costs; and common services (eg typing, duplicating, messengers etc). If the Executive Officer produces 5% or 10% more output, the value of this extra output should, therefore at least equate to 5% or 10% of the full cost of the post.

It is important to remember that realisation of the increase in productivity depends upon the department actually making use of the EO's new skills. If, for example, he returns to a post for which his training is irrelevant there will be no benefit. There will likewise be no benefit if his job involves delivering some inflexible output. In this latter circumstance, some benefit might accrue to the individual in the form of shorter de facto working hours, or less effort; but there would be no productivity improvement unless the department took action to extend the responsibilities of the job.

Time needed to recover investment

Since the benefit of increased productivity accrues some time after the cost of the initial investment has been incurred, the calculation of the length of time it would take to recover the initial investment must involve discounting costs and benefits by 5% for every year's delay. The following tables give the number of years which would be required for a 5% and 10% increase in productivity to justify the initial investment.

Cost of Training

(1)	(2)	(3)
	Cost £	Present value at 1 January in final year (see note i) £
Stage 1	1089	1201
Stage 2	1728	1814
Stage 3	1376	1376
Total	4193	4391

Value of Benefits

(4)	(5)	(6)	(7)
Productivity improvement (per cent)	Value of productivity improvement (see note ii) £/year	Simple payback period (see note iii) years	Years required to give a real return on investment of 5 per cent (see note iv)
5	727	5.8	7.5
10	1455	2.9	3.4

Notes

- i. The IPM Stage 3 costs are assumed for discounting purposes to fall on average on 1 January, Stage 2 costs 1 year earlier, and Stage 1 costs 2 years earlier. The discount rate used is 5 per cent.
- ii. Column (4), multiplied by an annual full cost of £14,547.
- iii. £4193, from Column (2), divided by Column (5).

iv. The period, from 1 June in the final year, required for an annual payment of £727 (or £1455) to give a return of 5 per cent on a capital sum of £4391 (Column (3)). This is calculated by dividing column (5) by column (3) and referring to the 5% column of Table 3 in the Treasury booklet on Investment Appraisal in the Public Sector.

ARGUMENTS FOR AND AGAINST QUALIFICATIONS: EXTRACT FROM A NOTE BY PROFESSOR ANDREW DUNSIRE, PROFESSOR OF POLITICS, UNIVERSITY OF YORK

Why are qualifications being sought? One does not need to rehearse the arguments about why civil servants should have training, at least at certain identifiable points during their career, usually designated Initial Training, Basic Training, Middle-management or Mid-career Training, and Senior Management Training. Inadequate they may be, but there are well-established programmes in each Department with that aim. The seeking of a **qualification**, however, implies more. In life outside the civil service, it usually implies that there is a gate which one cannot enter without a ticket; it is a gate which one wishes to enter; the ticket is only obtainable after the passing of tests for which some period of preparation is necessary, according to standard syllabuses; and these tests are carried out by a body independent of one's employer, with functions which at least in part are to limit entry through the gate, either absolutely in point of numbers, or contingently in point of quality (or a bit of both).

There exist, then, posts or positions (in this context: more generally, rights or privileges) which one cannot enjoy without possessing the qualification. Possessing the qualification may not **entitle** one to the post or position; it may simply exclude others not qualified from being considered. As in the merchant marine, one may hold a Master's ticket for years before one's employer appoints one to command a ship. But if anyone can be given command of a ship whether he has the Master's ticket or not, there is little incentive to obtain one.

From the employer's point of view, the qualification **certifies** the possession of knowledge, skills, and perhaps aptitudes that the occupier of the post or position in question requires to have; the certificate is a minimal guarantee, given by a body of people who are themselves qualified to judge. The qualification preselects among possible candidates, so that the employer can make his own selection on other grounds, confident that the basic capacities are present. If everyone in the field holds the qualification its value in this particular regard is much less. Similarly, a qualification is only valuable at the level just above that at which it was gained. An 'entry' qualification loses most of its value as soon as entry has been obtained; a 'basic' qualification, whether obtained as a result of training before entry or after entry, is of little use for mid-career promotions; and so on.

From the employee's point of view, the certificate is his/her personal property, and transferable from employment to employment; it may represent his/her chances of upward or sideways mobility, or it may be an insurance against redundancy. The right to 'put letters after one's name' is highly valued; it cannot be affected by one's employer.

An employer may, however, value a qualification for other reasons, not directly connected with selection for a particular post (whether from outside or inside the Service), or with promotability. For instance, an employer may be satisfied that his staff are adequately trained, and that they do possess the desirable knowledge, skills and aptitudes for the posts they occupy, as a result of in-house training; but he may feel that they do not enjoy the esteem of clients, or of other employers, because their qualities have not been **certified** by an external body according to the same rules and criteria as for all other forms of employment. Or he may decide that in-house training lacks a desirable element of interaction with other trainees, not in his employment; and he may be willing to trade the economic or other advantages of

in-house methods for this advantage of external training, accepting the **qualification** element as going along with it but not putting great store by certification as such. Interaction with other trainees from other forms of employment brings the ability to 'speak the same language' (always to some extent an **argot** or 'in-language') as others so trained (and qualified). Parity of esteem leads to willingness to exchange information and to extend trust.

If the qualification in question is held in low esteem generally, there is little gain in having parity of esteem with other employments. If the qualification is a highly-esteemed one, its value to the employer may rest more in the motivation it inspires in his employees to study in their own time than in the gain in knowledge, skills or aptitudes it actually brings to their work. The relative value of the certificate, the esteem, the training, and the interaction aspects may be different at different career points; at lower levels, these values may be in descending order (most for the certificate, least for the interaction), whereas at the higher levels, the importance is reversed. At higher levels, too, esteem sometimes depends less on the qualification as such than on the institution from which it was obtained (eg higher management courses).

The argument for a special new **qualification** designed specifically for central government does not appear to be strong on the grounds of parity of esteem, commonality of knowledge/skills/attributes, interaction, or even independent certification. It would appear to rely heavily on its pure training value, and, as a **qualification**, on its usefulness in selection and promotion. In other words, although a new qualification designed for civil servants (at whatever level) might be accorded a measure of parity of esteem if it were in form a version of an already-recognised certificate, diploma, or degree (HNC, DMS etc) and were assessed by an independent body outside the civil service, the incentive for civil servants to embark on preparation for it would probably be quite small unless a. its possession were a **sine qua non** for entry to certain posts, or, less strongly, b. its content were such as to enable it to be recognised by other employers as providing them with a 'certificate' they could accept.

If the case for encouraging more administrators in the civil service to work for qualifications recognised outside the civil service is considered to be a strong one, on any of the grounds mentioned above, or others, then it would seem preferable that the qualification be **not** one designed specifically for central government, but that influence should be (quite legitimately) brought to bear on those responsible for designing options and syllabuses for that qualification (or those qualifications) so that the training content of the courses available in preparation for the qualification would match the needs of the civil service. It would also seem desirable that the maximum advantage be derived from the 'parity of esteem' and transferability aspects, and from interaction, by utilising the existing national system of higher and further education as much as is feasible, and retaining in-house methods only for those training requirements that cannot be met outside the Service.

SUBMISSION BY THE PUBLIC ADMINISTRATION COMMITTEE OF THE JOINT UNIVERSITY COUNCIL FOR SOCIAL AND PUBLIC ADMINISTRATION

For almost fifty years the Joint University Council for Social and Public Administration has been concerned with the education and training of civil servants. Several conferences have been organised to discuss the problems and a number of reports published by the JUC - most recently in 1977 **Training in the Civil Service** edited by R A W Rhodes, and in 1979 **Public Administration Teaching in Further and Higher Education** by R Lewis and C Himsworth. In addition, Public Administration Committee (PAC) representatives have initiated meetings with departmental training officers and other officials in order to improve co-operation between academics and civil servants with respect to training.

The universities and polytechnics represented by the PAC already provide a wide range of educational and training courses for public sector institutions. First degrees in politics and public administration provide a broad education for students, some of whom intend to work in the public sector, or are already employed in it. A growing number of degree programmes are now being offered on a part-time basis in order to meet the needs of day release or evening only students.

Several academic institutions also specialise in providing post-graduate courses, recruiting senior officials in the public sector, again with an increasing emphasis on part-time modes of study. These advanced qualifications allow for the in-depth study of aspects of public administration. For example, Master's degrees in public administration, policy analysis or local government are offered at the Universities of Birmingham (Institute of Local Government Studies), Bristol (School of Advanced Urban Studies), Brunel, Manchester and London (London School of Economics).

Polytechnics in particular mount a wide variety of sub-degree and professional courses for public sector students. A few are full-time schemes, but most are part-time - usually day release. By far the largest category of such courses are schemes for the Higher National Certificate validated by the Business Education Council and planned in accordance with the guidelines set out by their B4 Committee. These courses are very much work-related in content - with emphasis on job-centred training rather than on education for public administration, and employers are encouraged to participate in course planning and assessment. BEC courses can be found in all regions of England and Wales - with the Scottish Business Education Council (SCOTBEC) providing equivalents in Scotland.

The Institute of Chartered Secretaries and Administrators offers a professional qualification for those working in the public sector. It is based on traditional subject disciplines, rather than the BEC work-related modules, but is narrower in content than a degree in public administration. ICSA courses are also provided in all regions of Britain on a day release basis. At present efforts are being made both by ICSA and BEC to relate their two qualifications to enable BEC students to proceed to full professional status. Both BEC and ICSA schemes could easily be modified so as to meet civil service requirements.

In addition, nearly all the institutions in membership with the PAC offer short courses on specific topics, post-experience courses and conferences, and similar schemes specifically designed to meet the particular needs of individual employers. Recently there have been courses or conferences on Computing in the Public Sector, Policy Analysis, Human Resource Management, and The Planning of Training Programmes. The costs of such programmes vary according to the scale of the

course, whether it is residential, its length, etc. Usually the courses or conferences are planned in consultation with the institutions concerned, and the cost to these employers agreed as part of this process. We would like to emphasise that universities and polytechnics have the ability to mount short courses designed to meet objectives specified by Government Departments. So far, comparatively limited use of these resources has been made by the civil service as compared to, for example, their use by local authorities.

Most of those enrolled on public administration education and training courses currently being offered have been drawn from local government. Both collectively and individually academic institutions have established good working relations with local authorities and also with the Local Government Training Board (LGTB). We believe that we have been successful in providing the sorts of courses required by local government, once these authorities have made their needs clear.

So far, civil service use of existing education and training facilities has been limited. The lack of any comprehensive training policy on the part of government departments has made it difficult for academic institutions to identify clearly how they can help the civil service. We welcome this study, therefore, and hope that once Whitehall has determined the sorts of education and training that is required at the various levels, a dialogue can be established so that the PAC and its member institutions can make a positive contribution towards meeting them. As we understand it, the study exercise involves Departments in an assessment of training needs. Clearly, this is important, and is an area where PAC members could help. We have experience of assisting local authorities in setting and achieving training objectives, and our experience is available to the civil service.

One possibility that has been raised is the creation of a special course to meet the particular needs of middle level civil servants. We would certainly be interested in contributing to the planning of such a scheme. We also believe that, in consultation with central government, some existing courses at all levels could be successfully adapted to meet these requirements. At the same time, almost all universities and polytechnics have 'associate studentship' facilities for part-time and full-time students who do not wish to follow a qualification course but do want to pursue their studies in a 'package' of subjects of their own choosing.

Existing university and polytechnic resources are likely to be adequate for the provision of full-time, part-time and short courses at competitive costs as compared with the provision of internal training.

Cutting back on training in the civil service is an attractive way of making apparent savings in the short term, but the long term, often expensive, costs are hidden in the deterioration of the services provided. There are other costs to be considered, those falling upon the individual student. If civil servants are to be encouraged to pursue these courses, both for qualifications or of a short courses variety, it will be necessary to provide appropriate incentives.

It is the strongly held belief of members of the Public Administration Committee that lengthy training courses should lead to a recognised educational or professional qualification. The absence of such a 'piece of paper' may be of little importance to an employer in the short run, but it needs to be remembered that a degree or professional diploma is a guarantee of both the standard of the course and of the standard attained by the student. It is also an incentive to employers to continue to support the course and will assist the student in seeking promotion. Broad qualification courses also have advantages over 'tailor-made' schemes aimed at a particular employer: by bringing together public servants from various institutions they encourage an interchange of experiences and ideas.

COMMENTS BY THE COUNCIL OF CIVIL SERVICE UNIONS (CCSU)**1. Introduction**

The CCSU's approach to training and professional qualifications, and hence towards this MPO study, is founded upon four basic principles as follows:-

- i. The need for increased quality and variety of training opportunities for all staff.
- ii. A planned programme of career development, based on equality of opportunity, for all staff.
- iii. Adequate incentives for staff to embark on training and professional study courses.
- iv. Positive support from the employer for staff engaged on training programmes.

The report takes most of these principles as read. Clearly the CCSU's position and the effectiveness of the recommendations must depend upon these principles being fully realised.

2. Increased training opportunities

The CCSU welcomes the proposals for increased training, although we are concerned at some of the limitations imposed. The 'module' approach for 'young executives' may well prove attractive, but in our view this opportunity should also be extended to staff later in their careers who have already gained a breadth of experience and may wish to develop in particular directions. We are concerned that the Fraser Report proposals for additional 'module' training for future senior managers, and the 'young executive' scheme proposed, including extension to the 16-19 age group (paragraph 7.19), should not exclude mid-career staff whose experience and proven commitment would generate mutual benefit through further training in particular areas.

The CCSU does not oppose the objective of more qualified staff in the personnel and finance fields. However, in the personnel discipline in particular we consider that because of the equal importance of direct line management experience, fully qualified staff should remain a 'leavening', as suggested, and not become the norm (paragraph 5.11).

We agree with the report that the content and relevance of the training are more important than the paper qualification itself, if any, obtained at the end. This accords very much with our view that paper qualifications should be only one component of the way in which administrative civil servants attain the necessary skills and experience to carry out their work. Consequently, we support the view that qualifications should not be a 'guarantee' or a 'necessary condition for promotion' (paragraphs 9.6-9.9). The qualification as such should not be the key element when considering someone for promotion. It may be, as the report recommends (paragraph 9.11), a relevant factor amongst all the other factors which should be taken into account in considering someone for promotion.

3. Career development and equality of opportunity

Our concern about the restrictive opportunities of the 'young executive' scheme proposed are clear from the previous section.

The emphasis on 'self-selection' for training and career development in this report, and in the Review of Personnel Management and the Fraser Report, is a cause for concern on our part. None of the three reports have adequately countered the charge that self-selection will inevitably produce some advancement of 'pushy' but not necessarily more able candidates; that it will increase the scope for favouritism as line managers 'sponsor' certain staff in preference to others; and that it will increase indirect discrimination as less confident staff, including women and ethnic minorities, may be disinclined to put themselves forward for advancement.

In the CCSU's view, the publication of more and better personnel information, including 'career profiles', should be complemented by a planned programme of career development in each department, founded upon regular and universal JARs and Career Development Interviews with specialist staff. CDIs are particularly important for ensuring that the right staff are directed in the right direction, thereby maximising benefits for the individual and the Service.

In short, training for and the attainment of qualifications for those on the administrative side of the Civil Service cannot be a substitute for a proper scheme of career development designed to enhance and build upon their individual strengths.

4. Incentives for staff

The overwhelming experience of the CCSU is that promotion opportunities and the consequential financial and responsibility gains are the major training motivations. The collapse of promotion hopes has seriously damaged morale and motivation, and this undoubtedly feeds through to incentives to embark on additional training.

We have repeatedly argued that stop-gap measures to reduce promotion fields and inject more line manager selection will worsen the situation. When circumstances are tight, it is essential that procedures are scrupulously fair, and seen to be fair by the people concerned.

The report largely admits that the introduction of financial incentives for paper qualifications in the administration group would generate more problems amongst staff than it would solve (paragraph 9.17 et seq). Biasing promotion boards in favour of staff with paper qualifications would be similarly detrimental, and would be of no benefit to management in terms of finding the most suitable candidate meeting the varied requirements of a given post.

The main incentives in encouraging staff to work for qualifications apply equally to all forms of training. These include all the necessary time off with pay to attend training courses, particularly where this is given by external bodies, proper complementing (training margins), appropriate procedures for measuring job performance, which must be difficult during training periods, when an individual cannot be expected to carry on a full-time job. As the report recognises, failure to take account of this last point could act as a disincentive.

The CCSU have a long-standing claim that the payments of subscriptions to professional bodies should be made by management. Membership of a professional body is sometimes mandatory but even where it is voluntary the payment of fees would enable all qualified civil servants to participate in the management and control of the institutions, and enable them to keep abreast of developments in the

particular specialisms in a structured way. The report lends support to the argument that fees should be paid by the employer.

The CCSU's objections to the concept of performance-related pay are set out fully in their evidence to the Megaw Inquiry, and are relevant to the consideration of this report.

5. Support from the employer

Current policy is that training is normally carried out in official time. Where it is given off the job, whether internally or externally, it is treated in most respects as a form of detached duty. However, particularly in the context of residential training, where it is carried on outside normal working hours it does not reckon for overtime. The CCSU have long believed and maintained that training should be treated in all respects as official duty, and should attract the terms and conditions appropriate to any other form of official duty. Whilst this approach has been largely accepted by the Official Side, there still remains a residual feeling that somehow training requires both a financial and a time commitment from the individual. This attitude may be considered to be even more relevant for those seeking professional qualifications as a part of their career development. There should be a clear statement that this form of training, like any other, should be regarded as official duty and treated accordingly.

The provisions which are currently made for those attending certain courses in ADP would also be appropriate for this form of training - ie time off to attend external courses, study time and a clear commitment to proper training margins.

If there is a clearer recognition that external training is simply internal training done externally, and that all training is official duty, it might be appropriate to relax the degree of central control over external training provisions. This would need to be considered very carefully by the Joint Committee on Training, and should not be contemplated if there is any danger of departments using any change to reduce rather than improve training opportunities and support.

In the CCSU's view, the need is not for the centre to endorse departmental decisions to send staff on courses, but to ensure that departments are making use of the courses available, and providing at least the minimum prescribed levels of support. At present, the temptation to sacrifice training to the exigencies of the cash limit is too great to allow departments greater discretion if the objective of greater use of training and qualification courses is to be achieved.

6. Welfare Officers

There is no reference to the training and qualifications of welfare officers. This might be an area where the attainment of qualifications would be appropriate.

Prime Minister

END / (1)

Sir Robert Armstrong has no comments.



Agree

not to

Proceed at present or no

Agree with the Chancellor not to proceed with an announcement on negative noting?

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Agree circulation of the official note to colleagues, as proposed in para 8?

PRIME MINISTER

Yes

DMB
12/10

OBLIGATIONS OF CIVIL SERVICE MANAGERS - "NEGATIVE NOTING"

Michael Scholar's letter of 3 May recorded your reactions to a report by officials on whether participation in industrial action should be formally recorded on each civil servant's personal records. The report from officials on the Standing Group on Industrial Action (GIA), commended to you by my predecessor, favoured the existing informal approach, designed to focus on the behaviour of those most active in disruption. Your reaction was to favour the more comprehensive formal "negative noting" of every individual's participation in industrial action. You thought the announcement of such a procedure could be salutary, and might best be made soon, at a time when industrial relations are improving, rather than at the time of a dispute.

2. Officials have completed their examination of ways in which such "negative noting" might be put into practice, and have concluded that the most effective system would be the noting of individual personal files. They have suggested that it would be desirable to limit this noting to those of Higher Executive Officer level and above. This would draw attention to the special responsibilities of staff at managements level and would cut out excessive paperwork about junior staff. A summary of the paper by officials is attached.

3. I have come new to this subject, and have looked into it very carefully. I agree that if we are to go down this road officials have identified the best way forward. But both Grey Gowrie (with whom I have discussed this) and I have been through all the arguments, and I have discussed them with Peter Middleton and other senior officials. The unanimous advice I have had - and with which Grey Gowrie and I agree - is that it would not be sensible to make an issue of noting files at the present time.

4. No-one has ever suggested that there is an issue of principle here. I do not think that any individual or union could properly sustain objection to an employer



keeping records of the reliability of this staff during industrial disputes. And of course all departments should be doing this in the manner which they think most appropriate for their management purposes. What is now at issue is whether all departments should have to have the same form of formal comprehensive records and whether this new requirement should be publicly announced. I believe that such an announcement could be damaging to our other policies.

5. As I see it, a system of formal noting would not really serve our purpose because:

- a. it would not in fact be truly comprehensive. For example, those who actively support or even mastermind selective industrial action, but who are not directly involved, would escape;
- b. where very large numbers of staff take action, as in 1981, the formal records would be too generalised to be much help; and
- c. it would divert into the creation of a formal records system effort which ought to go into the more sophisticated informal monitoring of the activities of agitators.

6. Moreover, an announcement now could be damaging because:

- a. it would be seized on by militant elements, presented as a political rather than a management move, and unfairly misrepresented as an attempt to victimise union members, and bar anyone who had ever taken industrial action from promotion. Of course we would face such charges at any time, and need not lose much sleep over them. But they would carry less credibility among non-militants if our announcement came in response to action by militants, rather than as a new initiative by us, unprovoked and out of a clear blue sky;
- b. we have a number of important issues in play with the unions at present. For example, we are discussing the longer term arrangements for pay bargaining and the handling of the 1984



negotiations, programmes of privatisation, and the introduction of new technology. It is in our interests to strengthen the hands of the moderate union leaders in these discussions, rather than create a diversion which might fuel the militants' cause;

- c. some discreet outside enquiries have revealed that other (including private sector) employers do not seem to have formal procedures of this kind. The raising of the issue in Civil Service might give rise to a more general debate. Other employers might not welcome it if a spotlight were turned on their own more informal procedures.

7. My own view is that the most effective weapon to reduce support for industrial action in the Civil Service will be careful strategic handling of potential disputes. One of the reserves in our armoury would remain the possibility of the announcement of "negative noting". But its use would need to be carefully weighed in the context of each particular dispute.

8. I hope you will agree. If so, I would circulate the note by officials to the Cabinet colleagues most concerned, but tell them that you and I have decided not to proceed for the present with a formal announcement about "negative noting". But I would ask colleagues to ensure, as a matter of priority, that the measures in the pipeline for emphasising the obligations of managers at times of industrial disputes, are actively pursued, and to check that informal procedures for more selective monitoring of the reliability of staff, and control of allocation of staff to sensitive posts, are effective.

9. Copies of this minute go to Grey Gowrie and Sir Robert Armstrong.

(N.L.)

10 October 1983

PROPOSALS FOR RECORDING OF INDUSTRIAL ACTION

SUMMARY OF NOTE BY OFFICIALS

INTRODUCTION

1. Following GIA reports on the obligations of managers and on the noting of files, officials were asked to consider ways in which formal records could be kept of the involvement of individual civil servants in industrial action so that this can be taken into account in considering their future postings and promotion.

COURSES EXAMINED

2. Three courses were examined:

- i. a formal procedure requiring industrial action to be noted on annual staff reports;
- ii. the maintenance of centrally held records in each department;
- iii. noting separately the personal files of the individuals involved in industrial action.

3. Officials have concluded that the recording of industrial action on annual staff reports (course (i)) would be haphazard and unreliable, mainly because of the level to which reporting is delegated in the civil service; and that a central list (course (ii)) would lead to inconsistencies and be difficult to keep private. They have, therefore, come down firmly in favour of (iii) - noting personal files. On balance they favour noting being confined to Higher Executive Officer level and above.

SECRET AND PERSONAL

NOTING OF PERSONAL FILES - PROCEDURES

4. The introduction of a policy of noting personal files would need to be accompanied by broad guidance from the centre. Within that guidance, departments will, because of their different practices, have scope to develop their own procedures and systems. The common aim will be to ensure that the note is available when postings and promotion decisions are to be taken.
5. For consistency, industrial action would be noted if it involved a breach of contract which resulted in a loss of pay (whether from strike action, or the use of the Temporary Relief from Duty or Reduced Pay option procedures). This would be achieved by copying existing records of pay deductions to individual personal files.
6. There would be no change in the policy that industrial action in support of a civil service dispute (as opposed to sympathetic industrial action) is not normally a disciplinary matter. But, to avoid the suggestion that management was, in effect, introducing disciplinary procedures by another route, it will be important to emphasise that the record of industrial action would be only one of the factors to be taken into account in considering individuals for particular posts or promotion.
7. A formal announcement of the introduction of 'negative noting' would be required on the lines of Annex 'A'. The draft notice makes it clear that the policy applies only to future industrial action in order to respect provisions in the return to work agreements concluded at the end of the 1981 national pay dispute and of some subsequent departmental disputes recording undertakings that industrial action taken on those occasions would not be noted on personal records.
8. As regards the timing of an announcement, there is a balance of argument between doing so at a time of comparative industrial relations calm or waiting until there is the threat of widespread industrial action.

ANNEX A

DRAFT CIRCULAR TO ALL CIVIL SERVANTS

1. This circular sets out and clarifies for the information of all staff the Government's revised policy towards industrial action taken by civil servants.
2. Taking part in industrial action either by being on strike or taking action short of a strike, where a civil servant fails to fulfil his terms and conditions of service, is a breach of contract.
3. Civil servants who take industrial action in connection with disputes which are not about Civil Service terms and conditions of service are liable not only to loss of pay and allowances but also to disciplinary proceedings in accordance with departmental procedures. However, disciplinary procedures are not normally initiated in the case of unauthorised absence or refusal to perform duties in accordance with terms and conditions of service where these actions are taken in furtherance of a dispute about the terms and conditions of service of civil servants.
4. In considering promotions or postings to management levels departments must necessarily take into account all relevant information, including the attitude of staff towards industrial action and their obligations as managers. In this context participation in industrial action is a relevant factor in forming a judgement on the suitability of an individual for management positions. Taking part in industrial action will not in itself be a bar to appointment to a post or consideration for promotion. But it will be a factor to be taken into account at the appropriate levels along with an individual's record as a whole in reaching decisions of this kind.
5. In order that the necessary information is available on a consistent basis, any industrial action which is taken by civil servants at HEO or equivalent level or above which results in a loss of pay will in

SECRET AND PERSONAL

future result in a record of that action and the subsequent loss of pay being recorded on his personal file. Staff will wish to be aware of this change in the administrative arrangements for recording cases of industrial action.

Mr. Ingham

Have you any view which you would like me to put to the PM?

J. Bullis

FERS

4.10.

I think it is a good idea; after all the appointments offered in few books eventually. And masses of industrial/commercial appointments at a lower level are published daily in quantities. Heaney may m.h. course, provide each appointment, but he would do that in any case. 'hshort, why not? B 57.

no.
Ref. AG83/2745

MR BUTLER

Publicity for Open Structure Appointments

The Executive Editor of The Times has written to me and to a number of other Permanent Secretaries, saying that The Times would like to print in its appointments column all promotions into and within the Open Structure at Under Secretary level and above. The Times is asking to be supplied with the information on a regular basis for this purpose.

2. I have consulted my Permanent Secretary colleagues. None of us can see any objection to this, and indeed we are in favour of it, subject only to one exception: for security reasons we should prefer not to make public announcements about senior appointments in the Northern Ireland Office.

3. I hope that the Prime Minister will see no objection to my writing to The Times to say that we are glad to see them announce appointments at Deputy and Under Secretary levels (subject to the one exception of the Northern Ireland Office), and undertaking to provide them with the information required for this purpose.

RA

ROBERT ARMSTRONG

4 October 1983



Prime Minister (4)

You might like to see as an example of a Departmental report. The Department's aims and achievements can be found on page 8

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

3 October 1983

AT 3/10

A very lush presentation! But very interesting. *me*

Dear Andrew

DOE ANNUAL REPORT AND FINANCIAL STATEMENT

/ My Secretary of State has asked me to send you the enclosed copy of the DOE Report for 1982/83. It sets out the Department's aims and achievements for that year, bringing together information about our work, in particular about our spending record, which until now has only been available from a number of sources. If Parliament and the public find the Report valuable, the Secretary of State may consider making it a regular part of our means of informing them about our work.

/ I am also sending copies of the Report to Mary Brown and Michael Corcoren. Lord Gowrie and Mr Heyhoe will be meeting the Secretary of State on 25 October to discuss systems for management information and review. My Secretary of State believes that this type of Report could play an important role in the presentation and review of programmes as a part of the Financial Management Initiative, in line with last September's White Paper on Efficiency and Effectiveness in the Civil Service.

Yours sincerely

J F Ballard

J F BALLARD
Private Secretary

Andrew Turnbull Esq

Press Notice

408

4 October 1983

DOE'S FIRST ANNUAL REPORT PUBLISHED

Patrick Jenkin, Secretary of State for the Environment, today published his Department's Annual Report and Financial Statement for 1982/83.

Commenting, Mr Jenkin said:-

"One of the aims of the Government's drive to improve Financial Management is for each Department to have a clear view of its objectives and to assess how well it is doing in achieving them. This Report sets out the Department's aims and achievements for 1982/83. It brings together in one published document, information about our work, and in particular about our spending record, which up till now has only been available from a number of sources.

"I should welcome views on the advantages of presenting the information in this way. If Parliament and the public find it valuable, it could become a regular publication."

The Report describes progress in each of ten main policy areas for which the Secretary of State is responsible: local government, housing, planning, inner cities, nature and the countryside, environmental protection, water services, the construction industry, the historic and architectural heritage, and sport and recreation. It gives details of the expenditure by the Department and other public bodies active in these areas, as well as more detailed accounts of the Department's own administrative and operating costs.

NOTE TO EDITORS

Copies of the Report have been placed in the House of Commons and House of Lords Libraries, and have been sent to the Environment Select Committee. It is on sale to the public, price £4.00 (including postage), from Room N10/19A, 2 Marsham Street, London SW1.

It has been entered in the competition for annual reports by public sector bodies run by the Chartered Institute of Public Finance and Accountancy.

The report does not cover the work of the Property Services Agency, which is a semi-autonomous unit within the Department. The PSA annual report will be published shortly.

Press Enquiries: 01-212 3493/5
Night Calls (6.30pm-8.00am)
Weekends and Holidays: 01-212 7071

Public Enquiries: 01-212 3434;
ask for Public Enquiry Unit

On Her Majesty's Service

CODE No. 27-74



Department of the Environment
Report for the year
1 April 1982 to 31 March 1983

Report for the financial year 1982/83

The Department of the Environment was created in 1970, and assumed the functions of the former Ministries of Transport, Housing and Local Government and Public Building and Works. In 1976 the Transport element was separated to form a separate Department.

The Secretary of State for the Environment has responsibility, largely in England, for housing, town and country planning, the protection of the environment, sport and the sponsorship of the water, inland waterways and construction industries. He also has general responsibility for the structure, functions and finance of local government. He is supported by a team of Ministers, each responsible for specific areas of policy.

This Report outlines Ministerial objectives and available resources. It attempts to evaluate the extent to which those objectives were achieved in the financial year 1982/83. (The Property Services Agency, which is a semi-autonomous unit within the Department, produces its own Annual Report.)

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Foreword by the Secretary of State

Rt Hon Patrick Jenkin MP



This is the first time the Department of the Environment has produced an Annual Report. Its aim is to provide a concise summary of our objectives and achievements and an account of the resources used during the financial year 1982/83 – a period which ended before I became Secretary of State.

The Department deals with issues which concern us all – from basic needs like housing and pure water to the quality of architecture and the need for sport and recreation. Its work affects the social, physical and economic environment, and we have been pursuing objectives aimed at protecting and improving all three.

The Report describes the Department's achievements. We have for example extended the rights of council tenants to own their own homes. We have designated Enterprise Zones to stimulate new industry in depressed areas. We have legislated to set up a new body to promote the public's enjoyment of our heritage.

But our activities are only half the picture. We work closely with many other public bodies, like the Sports Council and the Countryside Commission, and with local authorities who share responsibilities with us. We attach great importance to cooperation with the private sector – for example in tackling the economic and physical regeneration of inner cities.

We shall continue on the path we started. We aim to extend home ownership, to reduce the burden of rates and taxes, to promote freedom of choice and to encourage individuals to join in improving our environment and conserving our heritage.

The Report describes a busy year. I pay tribute to the Ministers concerned, and to the Permanent Secretary and his staff for their work.

I hope the Report properly reflects their efforts.

A handwritten signature in dark ink that reads "Patrick Jenkin". The signature is written in a cursive, slightly slanted style.

Rt Hon Michael Heseltine MP
Secretary of State until January 1983

Rt Hon Tom King MP
Minister for Local Government and Environmental Services
until January 1983
Secretary of State from January 1983

John Stanley MP
Minister for Housing and Construction

Lord Bellwin
Parliamentary Secretary until January 1983
Minister for Local Government from January 1983
Principal Spokesman in the House of Lords

Neil Macfarlane MP
Parliamentary Secretary

Giles Shaw MP
Parliamentary Secretary

Sir George Young MP
Parliamentary Secretary

The Earl of Avon OBE TD
Lord in Waiting
Spokesman in the House of Lords until January 1983

Lord Skelmersdale
Lord in Waiting
Spokesman in the House of Lords since January 1983

Introduction

The Secretary of State for the Environment is responsible, under statute, for a wide range of functions which affect the social, physical and economic environment of people in England. Under him and his Ministerial colleagues, the Department of the Environment performs a role which varies considerably, depending largely on the degree to which policy objectives are achieved directly by the Department or indirectly through other statutory or non-statutory bodies.

Thus, during 1982/83 the Secretary of State had responsibility for distributing some £9,000 million in Rate Support Grant and some £500 million in housing subsidies to English local authorities. He also controls the levels of their capital expenditure. Yet responsibility for the level of expenditure on any particular local authority activity rests with individual authorities. The Secretary of State is thus answerable to Parliament for ensuring that the correct amounts are accurately distributed to them, but is not answerable for how those amounts are spent.

There is a similar relationship with the water industry. The English Regional Water Authorities, whose capital and revenue expenditure totals some £2,600 million, levy their own charges on users to meet their current expenditure and the financing charges arising from their capital expenditure. However, the Department lays down the statutory framework for the industry, sets its financial targets, and controls its external borrowing.

The Department also sponsors several public bodies, including the New Town and Urban Development Corporations, the Housing Corporation, the Nature Conservancy Council, the Countryside Commission and the Sports Council, in so far as they operate in England. Here it sets the context of national policy, provides some or all of the money and controls investment or borrowing.

Department of the Environment

Public expenditure responsibilities 1982/83

£ billion, cash	Gross expenditure	Public expenditure (a)	DOE contribution to finance (b)	Net external borrowing approved by DOE
Local Government Expenditure				
1 Current	29.0	21.7	} 10.8	-
2 Of which spending on DOE functions	9.0	3.3		
3 Capital	4.9	2.0		
4 Of which spending on DOE functions	3.4	1.3		
Water Authorities England				
5 Current	1.9	} 0.3	0.02	0.3
6 Capital	0.7			
Other bodies sponsored by DOE				
Development Agencies (c)				
7 Current	0.6	0.2	} 0.7	0.3
8 Capital	1.0	0.7		
Environmental and Recreational agencies (d)				
9 Current	0.09	0.07	} 0.1	-
10 Capital	0.03	0.03		
Direct Expenditure by DOE (excluding PSA)				
11 Administration, Research, Royal Parks and Palaces, The Heritage	0.2	0.2	0.2	-
12 Option Mortgage scheme	0.3	0.3	0.3	-
Total all bodies	38.7	25.5	12.1	0.6
of which spending on DOE functions (e)	17.2	6.4		

Notes

- a Public expenditure is Gross Expenditure less
 - Income from rents, fees, charges etc
 - Receipts from sale of assets (e.g. land, houses) and use of reserves.
 - In the case of local authority expenditure, interest charges
- b Grants and direct expenditure voted by Parliament
- c New Towns (England), Housing Corporation, Urban Development Corporations, Development Commission
- d Countryside Commission, Nature Conservancy Council, British Waterways Board, Sports Council and certain other smaller bodies
- e The sum of lines 2, 4 and 5-12

Finally, the Department has certain direct executive responsibilities, notably in the maintenance of the Royal Parks and Palaces, and in the care of the ancient monuments and historic buildings in State guardianship.

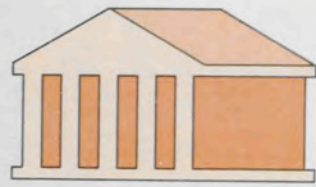
In parallel with these functions are those concerned with regulatory or control powers. The setting of standards of protection against environmental pollution and the appellate powers of the Secretary of State in land use planning control are the most obvious examples.

This report is therefore not just about the Department's own work. It refers also to the work of local authorities and other bodies in the public sector, and the extent to which the Secretary of State exercises powers to control or influence their activities.

The table (on page 6) gives an overview of expenditure in 1982/83 by all the main public sector bodies funded by the Department, showing their **total** expenditure (ie including spending on services such as education, which are not the responsibility of the Secretary of State for the Environment) and also expenditure on DOE programmes where this is different.

This Report has separate sections on ten main policy areas. The Finance section (pages 38-45) provides details of the sources of expenditure in each area and how the money was spent. The Financial Statement and Voted Expenditure and Accounts (pages 47-58) summarises the Department's accounts for the year. In due course these will be audited by the Comptroller and Auditor General and presented by him to Parliament as the Department's formal Appropriation Accounts. There is a final section on the resources of manpower and money required to run the Department.

Throughout this Report, references to the work and activities of the Department are used as a convenient shorthand for the activities carried out by the 8315 civil servants in post in DOE (excluding the PSA) at 31 March 1983 who work under the overall policy direction and responsibility of the Secretary of State and his Ministers.



Local Government

Key objectives

To influence the level of expenditure by local authorities in accordance with the Government's public expenditure plans;

To ensure that central Government's contribution to the funding of local government expenditure takes account of the differing circumstances of individual authorities;

To keep under review the general body of law dealing with the structure and functioning of local government;

To encourage value for money in local authority services.

Main achievements

The Local Government Finance Act 1982 abolished supplementary rates. It strengthened the disincentives to excessive expenditure by clarifying the powers for setting individual expenditure targets and for withholding grant from authorities which exceeded those targets. It established new arrangements for the audit of local authorities, with greater emphasis on value for money.

£8682 million block grant, the major element of Rate Support Grant, was distributed to over 400 local authorities in one operation.

For the first time, the Secretary of State announced major elements of an RSG Settlement in the summer before the start of the grant year, allowing authorities over six months' notice before setting their rates.

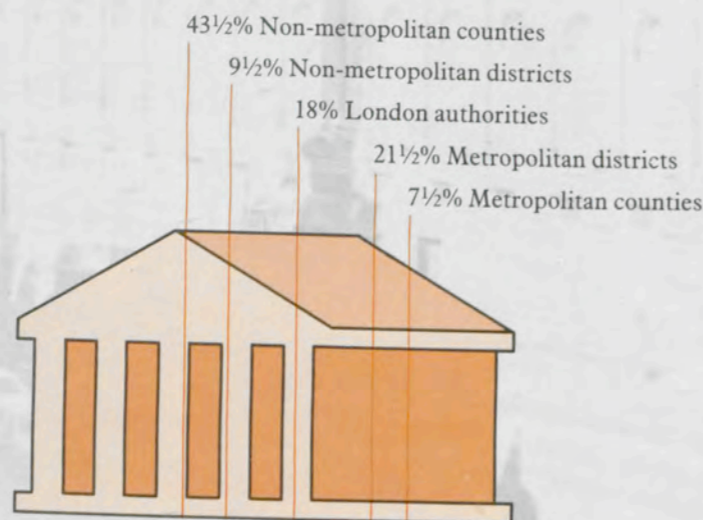
The Department took action to minimise a substantial underspend on local authorities' capital accounts.

The response to the Green Paper "Alternatives to Domestic Rates" was analysed and evidence provided to the Commons Environment Committee.

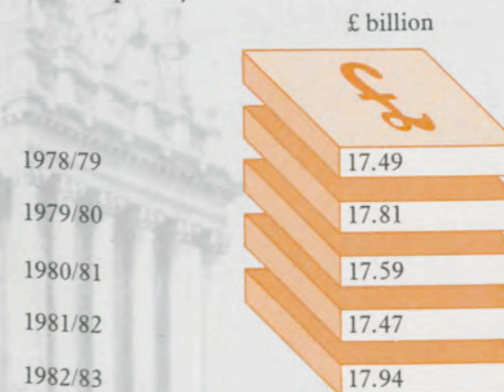
There was a major drive to encourage local authorities to make greater use of contractors in the provision of services.

The new financial and accounting regime for direct labour organisations was refined, and the requirements for competition increased.

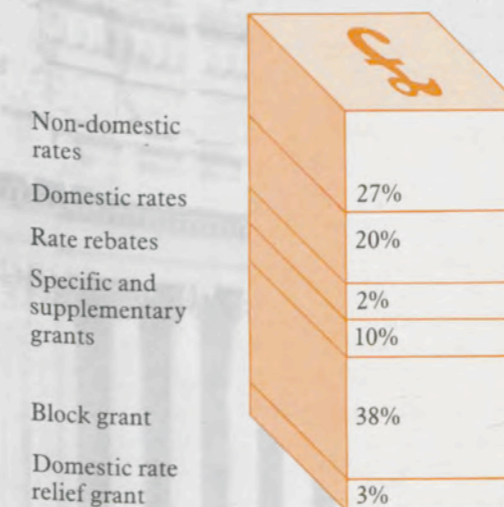
Distribution of Aggregate Exchequer Grant 1982/83



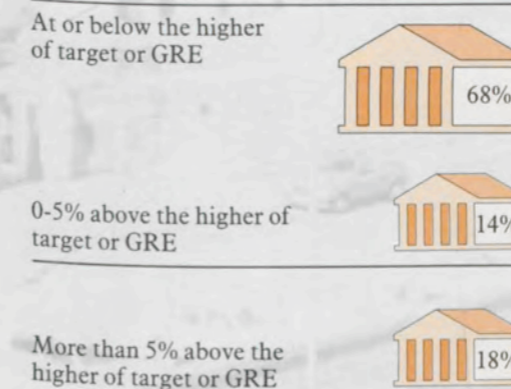
Rate Support Grant net current expenditure (1981/82 prices)



Financing of net expenditure by grants and rates



Targets



Note The definition of current expenditure for RSG purposes is different to that used in calculating public expenditure by local authorities.

Rate Support Grant (RSG) and Local Government spending

Local authority spending in the United Kingdom represents some 25% of public expenditure. In 1982/83 the gross expenditure of local authorities in England was of the order of £34 billion.

Throughout the 1960's and 1970's there was a steady growth in local government current spending of about 3½% a year in volume terms (ie adjusted for changes in local authority costs, mainly pay). In 1979 the incoming Government sought to reverse this trend by increasing local authorities' accountability to their electorates.

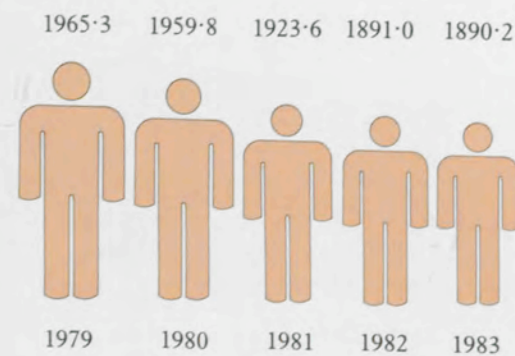
Block Grant, a new system for distributing RSG, was introduced in the Local Government, Planning and Land Act 1980. The system discourages higher levels of expenditure by ensuring that a greater proportion of the cost has to be found from the rates. This was reinforced by measures in the Local Government Finance Act 1982. The Act abolished the power to raise supplementary rates during the financial year, and clarified the statutory basis for holding back the block grant from any authority exceeding its expenditure targets. In 1982/83 the Government exempted from grant holdback authorities spending below the Government's assessment of what they needed to provide a standard level of service (their Grant Related Expenditure (GRE) Assessment).

The Government also reduced the percentage of local government spending funded by central government to sharpen the accountability of local authorities to their ratepayers. The 1982/83 RSG settlement provided for a reduction in the grant percentage from 59.1% of planned local government spending to 56.1%.

Despite the pressure maintained on spending through the operation of the grant system, budget returns from local authorities suggest growth in net current expenditure (spending on pay, goods and services net of income from fees and charges) of about 2½% in volume terms in 1982/83 over 1981/82. This followed a reduction of 2% between 1979/80 and 1981/82.

In 1982/83 RSG net current expenditure was £19.2 billion. This was £1.2 billion above the level allowed for in the 1982/83 RSG settlement. 68% of authorities budgeted to spend below target or GRE. 18% of authorities budgeted to spend more than 5% above the higher of target or GRE. In total, authorities planned to overspend their targets by 7.7%. To finance this higher expenditure, rates rose by 14%.

Manpower 000's



Manpower

Manpower costs account for about three quarters of local government net current expenditure. Ministers continued to encourage local authorities to reduce staff and to make careful comparisons with the levels of staffing adopted by comparable authorities. The Department co-operated with local government in monitoring trends (principally through the Joint Manpower Watch). However, during 1982/83 the reduction in local government manpower (which amounted to 4% between June 1979 and March 1982) virtually came to a halt.

Local Government capital spending

The Department acted to reduce a potentially large capital underspend. Monitoring figures showed that authorities were spending well below the levels allowed for in Government plans. Ministers therefore encouraged authorities to bring forward worthwhile projects, and issued additional capital allocations of over £500 million, on condition that the expenditure occurred during 1982/83. These measures increased gross capital expenditure by over £800 million. Gross spending by authorities was close to the level assumed in the expenditure plans for 1982/83. But local authority net capital expenditure (ie net of capital receipts) was still £870 million less than the cash limit, largely because unexpectedly high receipts, mainly from "right to buy" housing sales, had increased the resources available for capital spending.

To reduce the chances of a net underspend in future years the Government laid before Parliament in March 1983 new regulations on capital controls. These governed the extent to which capital receipts can be used to justify expenditure additional to allocations. The effect was to release additional resources to be included in the basic capital allocations, which authorities have in the past shown themselves readier to spend.



Rate reform

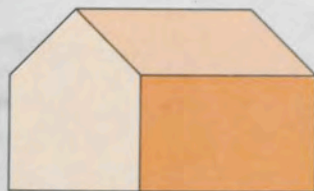
The Department received over 1,500 comments on the Government's Green Paper, "Alternatives to Domestic Rates", published in December 1981. The Department provided for the Commons Environment Committee an analysis of the response, and other written and oral evidence. The Committee's report on alternatives to rates (HC 217, Session 82/83) was published in September 1982. (The Government's decisions on reform were announced in August 1983 in the White Paper 'Rates', Cmnd 9008.)

Value for money

These general measures in respect of local government expenditure and manpower were complemented by specific action to encourage value for money. The Local Government Finance Act 1982 reshaped the arrangements for local government audit and placed more importance on value for money in the audit of local authorities. It established a new independent body, the Audit Commission, to take over (with effect from 1 April 1983) the Secretary of State's former role in supervising local government audit; and it gave the Commission a specific duty to stimulate improvements in the economy, efficiency and effectiveness of local authorities. The Commission's membership was announced in January; it includes local authority members and officers and also senior private sector representatives reflecting the Government's desire to see greater use of the skills of private professional practices in local government audit. The staff of the Commission will include many of those who previously served in the District Audit Service, as well as recruits from the private sector.

Ministers also encouraged greater use of private sector skills and services in other areas. Local authorities were urged to consider contracting out of services such as refuse collection, and to invite private sector companies to tender competitively for their provision. Significant savings were reported – both where authorities accepted contractors' bids and where their in-house costs were reduced in response to competition.

1982/83 was the second year in which local authority direct labour organisations were required to operate within the new framework established by the Local Government, Planning and Land Act 1980. The first year's Annual Reports, published during the year, provided evidence of improvements in efficiency achieved by many authorities' direct labour organisations in response to the new disciplines imposed by the legislation. New competition regulations provided further stimulus to greater efficiency and accountability.



Housing

Key objectives

To maximise the public sector contribution, in partnership with the private sector, towards satisfying the demand for home ownership, while continuing to encourage and provide for a total approach to housing, embracing all sections of the community, on a cost-effective basis.

Main achievements

Home ownership was vigorously promoted through house sales, low cost home ownership schemes and the introduction of legislation extending the Right To Buy.

Priority within the housing public expenditure programme was given to capital investment.

Fresh initiatives were taken to boost home improvement and repair.

The interests of public sector tenants were pursued through the dissemination of good housing management practices and by the introduction of legislation to strengthen their rights.

Special attention was paid to the housing needs of the elderly, disabled, single and mobile; a review of the Housing (Homeless Persons) Act 1977 was completed.

Promoting home ownership

Over the last 4 years, the proportion of English households owning their homes has grown from 56% to 61%.

In 1982/83 186,100 council and new town tenants and 19,200 housing association tenants bought their homes under the right to buy provisions of the Housing Act 1980 and the related voluntary sales arrangements, by far the highest number of public sector dwellings ever sold in a single year. A Bill was introduced into Parliament to extend the right to buy, both to public sector tenants whose landlord did not own the freehold and to give a right to shared ownership to those who could not afford to buy outright.

Under the Government's low cost home ownership programme, about 17,000 sales were completed in 1982/83, including sales under home-steading, shared ownership and other initiatives to help first time buyers on low incomes.

On Merseyside, a private Trust with Government encouragement, bought a large, difficult-to-let, local authority estate with financial assistance from a building society and a bank. Work is now well under way to achieving this with the aim of creating a mixed community of owners and tenants.

The Department's Regional Offices continued to play an important part in disseminating policy: for example, organising seminars with local authorities and housebuilders on shared ownership and on land availability.

Do-it-yourself shared ownership, introduced in January 1983, generated a great deal of interest. It enables job movers, those on waiting lists and other first time buyers to select properties for purchase on shared ownership terms, through a designated housing association or in concert with local authorities.

A Mobile Homes Bill was introduced in November 1982 to improve the system of agreements between site operators and owners of mobile homes by providing important new rights for 150,000 residents in Great Britain.

Key facts about the housing programme in England

Housing starts	1982/83	1981/82
Private sector	129,700	104,500
Public sector	45,700	35,900

Public sector capital expenditure		
Local authorities	£2,327m	£1,906m
Housing Corporation	£755m	£521m
New Towns	£81m	£115m
Total	£3,163m	£2,555m

Capital receipts		
Total	£1,831m	£1,045m

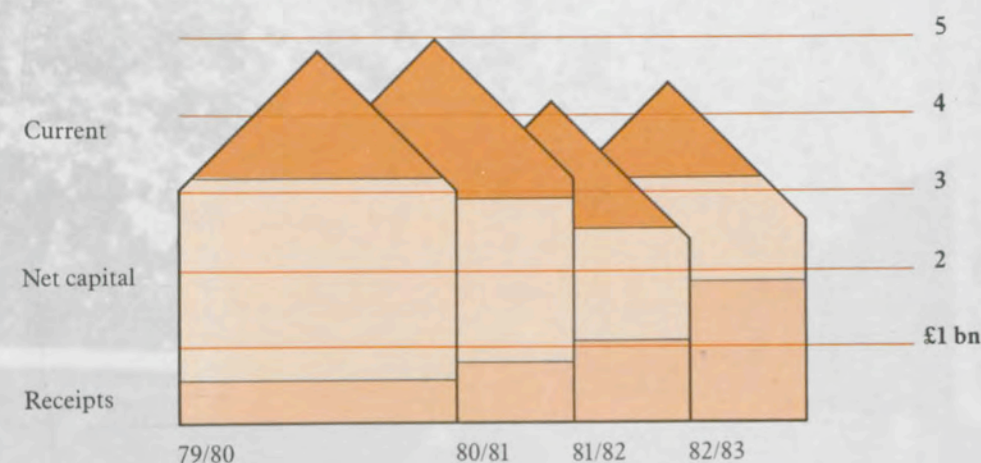
Capital investment

The output of new housebuilding in England in 1982/83 was valued at £3¾ billion, about three-quarters of which was for the private sector. In the public sector the primary aim continued to be that of containing the level of public expenditure but priority within the housing programme was given to capital spending.

Gross capital expenditure in 1982/83 was £3163 million, 24% above 1981/82. This increase was made possible by the application of receipts resulting from a high level of council house sales and favourable mortgage conditions in the private sector. Many authorities were unable to utilise all the capital receipts arising in the year; the Government accordingly took action in October to reduce the likely capital underspend. Additional capital allocations of £195 million were made for housing investment, including retrospective allocations of £64 million for home improvements to grants.

The year marked a further switch in the balance of the programme from current to capital expenditure with the proportion of local authority housing revenue account spending financed by rent income (averaging £13.58 per council house per week) rising from 62% to 66%.

Public housing expenditure



Home improvement and repair

The Government introduced further measures to tackle the problems of unfitness and disrepair. The 1981 English House Condition Survey, which was published on 14 December 1982, showed that since the last survey in 1976 the number of houses lacking standard amenities had been considerably reduced, the level of unfitness had remained about the same and disrepair was increasing.

Grants for repairs and the installation of basic amenities were increased from 75% to 90%, and local authorities were allowed to spend without limit on Home Improvement Grants. Enveloping, a technique for encouraging the improvement of older housing stock by renovation of the external fabric of whole rows of houses at no cost to the owners, was brought within the mainstream housing programme of local authorities. Under the Homes Insulation Scheme a further 369,000 dwellings were insulated: about 12 million, almost 80% of roofs capable of being insulated, have now been treated.

A scheme of financial help was introduced for the private owners of Airey houses formerly in public ownership which were found to have serious defects unforeseen at the time of purchase from the public sector. The scheme assists the owners to repair their homes or to have them repurchased by local authorities.

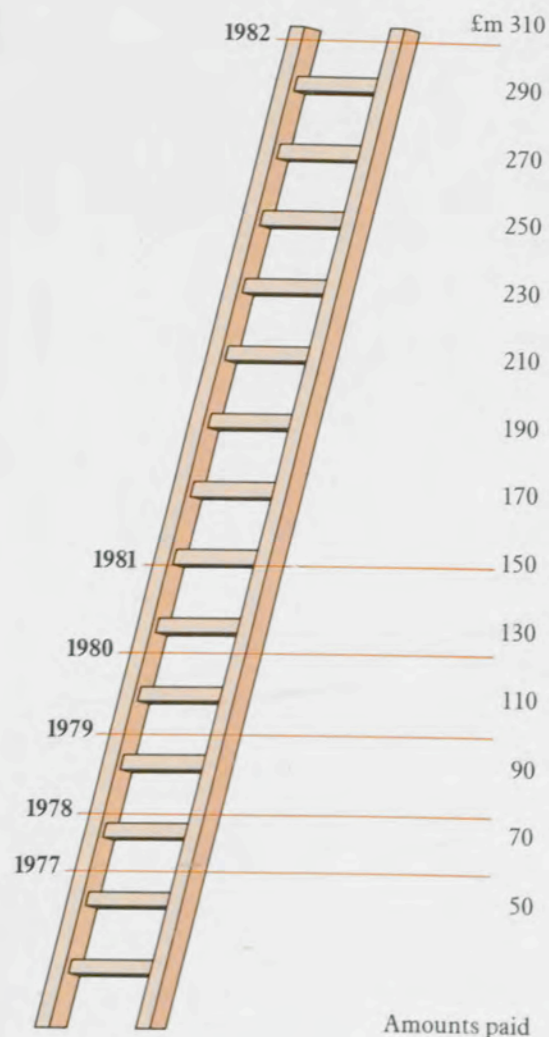
During the year a Working Party drawn from the Department and the Local Authority Associations conducted a review of the statutory powers and subsidy systems associated with the repair and improvement of the housing stock.

Better management and tenants' rights

The Department has taken an active role in disseminating advice and information about best management practice generally and sponsoring demonstration projects to deal with the problems of run-down council estates. The aim has been to encourage public sector landlords to use the existing stock efficiently and economically and to tackle the acute social and management problems which arise on difficult estates. Advice has covered re-letting procedures, tackling empty dwellings, reducing rent arrears, providing physical security in blocks of flats, involving tenants in maintenance and repair of their houses and estate based management.

In particular the Priority Estates Project has focused on estates in Bolton, Lambeth and Hackney with related initiatives in the form of Community Refurbishment Schemes on Merseyside in conjunction with the Manpower Services Commission. A film 'Tackling Priority Estates' has been shown to representatives of over 300 authorities at 50 seminars throughout the country.

Improvement and repairs grants paid 1977-1982



Enveloping, the exterior renovation of whole rows of houses

The Government's wish to strengthen further the rights of public sector tenants was evidenced by the introduction of provisions in the Housing and Building Control Bill to give tenants a right to repair their homes and to obtain information about the basis of communal or district heating charges.

The needs of those with special housing requirements

Provision for those with special housing needs continued to command a high priority.

Public sector construction starts on dwellings for the elderly and disabled rose by nearly 30% over the previous year. Local authorities carried out 30% more adaptations to housing occupied by disabled people than in the previous year; and grants for adaptations to privately-owned dwellings occupied by disabled people were more than doubled in number and tripled in value.

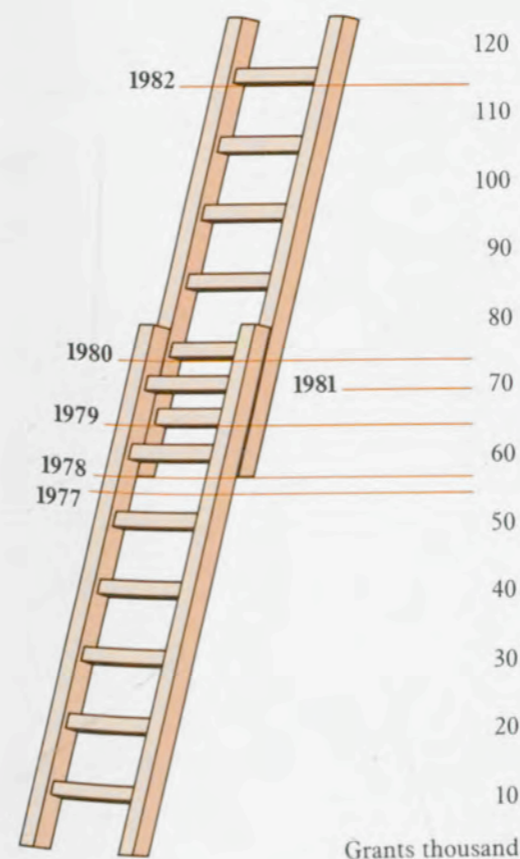
The momentum of the hostels initiative, launched by the Government, was maintained and the Housing Corporation approved projects for 3,373 bedspaces in hostels and other shared housing. Two major research reports were published - 'Organising House Adaptations for Disabled People' and 'Housing Initiatives for Single People of Working Age.' A film on 'Housing for the Elderly' was prepared and will be released shortly.

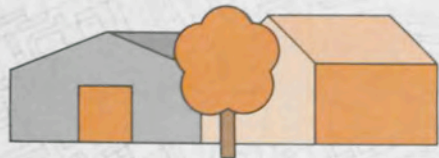
Increasing numbers of private builders have entered the market for small, easy to manage houses for elderly owner-occupiers who wish to move from their existing, less suitable accommodation. A variety of sheltered and non-sheltered dwellings have been provided, in many cases through building mixed-tenure schemes in partnership with local authorities or by building under licence on local authority land.

The Government's review of the Housing (Homeless Persons) Act 1977 was completed and consultations on amendments to the Code of Guidance were set in train. Grants totalling nearly £1/3 million were given to voluntary organisations concerned with homelessness.

The Department launched the Government-financed Tenants Exchange Scheme on 1 April 1982. It is a computerised information service to help public sector tenants find possible exchange partners in other councils' areas. At the end of the year there were over 52,000 registrations.

The Department continued to fund the central running costs of the National Mobility Scheme - a voluntary arrangement between public sector housing authorities to help people with a pressing need to move to a different council's area for job or social reasons. During 1982/83 there were 6,235 moves under the scheme outside London (over 80% more than in its first year); about two-thirds of them were for social reasons - enabling, for example, elderly and handicapped people to receive support from their families.





Planning

Key objective

To develop and maintain policies for land-use management promoting efficiency, economy and amenity in the use and development of land, including the reclamation or recycling of derelict, neglected or under-used land, in ways that serve the needs of development and the interests of conservation.

Main achievements

Improved efficiency in dealing with planning applications and appeals.

68 of the 72 structure plans required to cover England have now been approved.

Revised procedures to speed up the preparation of statutory plans.

16 new or updated housing land availability studies completed.

Publication of all 365 registers of unused or under-used land held by public authorities.

Derelict land expenditure increased substantially. "Operation Groundwork" developed.

New guidelines for planning control over aggregates issued.

Completion of work in new towns costing some £190 million. Bracknell Development Corporation wound up.

European Regional Development Fund: 285 projects approved, worth £87 million in grants.

Local Authority powers to assist industry in Local Government (Miscellaneous Provisions) Act 1982.

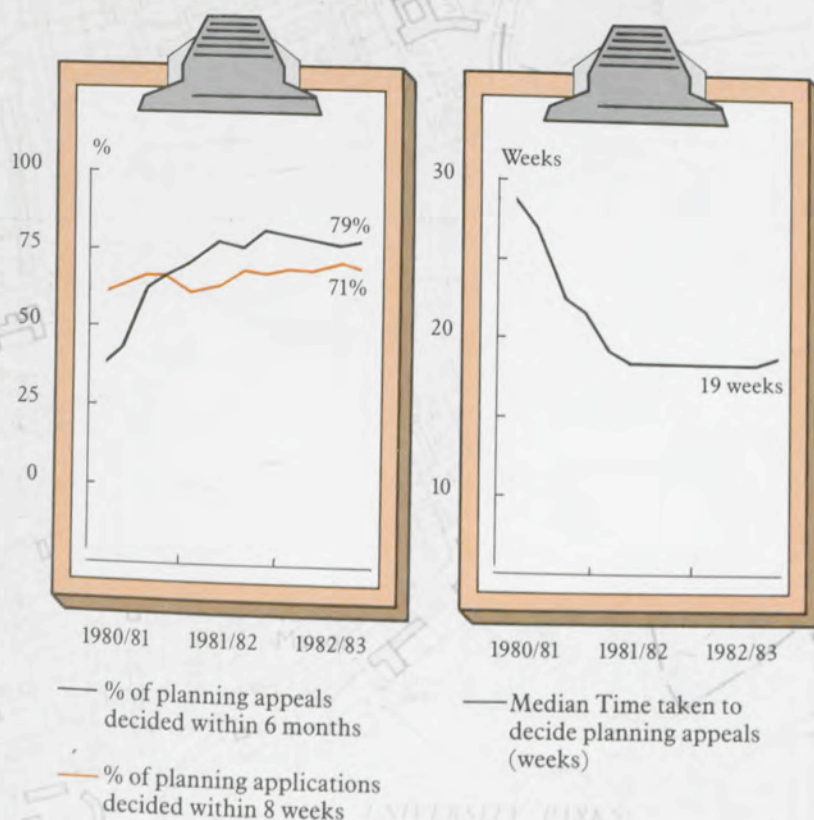
The planning system

The planning system serves both the need for development and the interests of conservation. The Government has emphasised the need to improve the efficiency and effectiveness of the system. Over the past three years there has been a steady improvement by local planning authorities in the time taken to handle planning applications. In the last quarter of 1982, 72% of planning applications were decided within the statutory eight week period – the best performance since the monitoring system began in 1979. 87% of all applications were approved, and of those that came to the Secretary of State on appeal about 30% were allowed. In all, over 90% of development applications got planning approval.

The Planning Inspectorate increased productivity in dealing with planning appeals. The number of cases in hand has been reduced by one third (from 9,163 to 6,121) over the last 3 years. Over the same period the average time taken on appeal decisions has fallen from 29 to 19 weeks.

Structure and local plans provide the necessary framework for development control. To date 68 of the 72 initial structure plans required to cover England have been approved. The average time taken to approve plans has been reduced from 28 months to 23 months.

Development Control Performance England 1980/81 – 1982/83



Expenditure on derelict land reclamation

1979/80	£22.3 million
1980/81	£30.0 million
1981/82	£29.7 million
1982/83	£59.4 million

Land for housing

The Government is concerned that shortage of land should not be a constraint on private housebuilding. DOE Circular 9/80 asked local authorities and builders to carry out joint studies of land currently available and to ensure the availability of at least five years' supply at all times. Studies have been completed for twenty seven counties or structure plan areas. Sixteen new or updated studies were completed in 1982/83. The studies generally show a five year supply of land, although there are shortages in some areas. Further work is being done to identify new sites, including neglected or under-used land within urban areas.

Derelict land

In cash terms the derelict land expenditure in 1982/83 was almost three times that in 1979/80. Priority schemes (Category A) have been introduced to encourage projects where private sector development is intended to follow reclamation: these now account for about one-third of grant aid. "Operation Groundwork," described in the section on Nature and the Countryside, was further developed. A new national survey of derelict land was carried out.

Land registers

Registers of unused or under-used land in public ownership have been published for all local authority areas in England. These registers include nearly 12,000 sites; about 110,000 acres in total.

The Government will use its statutory powers, if necessary, to bring land register sites back into use. (By July 1983 some 9700 acres had been sold or brought into use.) Work has been started to computerise land register data.

Minerals planning

The Government continues to place great emphasis on the restoration and after care of old mineral workings. The Town and Country Planning (Minerals) Act 1981 provides new powers for this purpose. Continuing close co-operation between planning authorities and the minerals industry has been developed: the agreed guidelines for aggregates in England and Wales being a good example.

Research

During the year the Department spent £3.3 million on research in support of its planning and natural resources functions. An increasing proportion of new research projects were let by competitive tender. Important new projects included evaluation of industrial and commercial improvement areas, investigations of limestone workings in the West Midlands and studies of site requirements for major industrial projects.

Monitoring land use changes

A new method of monitoring land use changes was under development by the Department using Ordnance Survey field surveyors. The longer term potential of satellite imagery for such purposes was also studied.

New towns

The Government's aim is to round off the development of the new towns, so that they can become self-sufficient communities, and to disengage as quickly as possible from special public sector involvement. In 1982/83 the development corporations completed housing, commercial and industrial and sewerage projects costing £142 million and some further £50 million of roads development. £135 million of this was raised by the sale of some 4,300 completed houses, shops, offices and factories. This underpinned the creation of over 9,000 new houses and 20,000 new jobs. Bracknell Development Corporation was wound up in 1982.

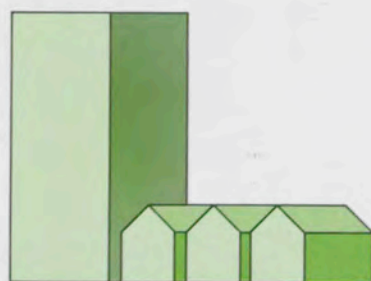
European regional development fund

The Department continued to put forward infrastructure projects for grant aid from the European Community's Regional Fund. This fund, set up to redress regional imbalance within the community, has been steadily growing in recent years. Its receipts have brought considerable benefits to the UK's Assisted Areas. During 1982, 285 projects were approved, a record number, worth some £87 million in grant. Among the successful applications was the National Museum of Photograph, Film and Television in Bradford, which received a grant because of its tourist potential.



Astmoor Industrial Estate, Runcorn.

Photo: Warrington Runcorn Development Corporation/ John Mills



Inner cities

Key objective

To develop policies and measures for tackling the economic, social and environmental problems of inner city areas, so as to improve living conditions and job opportunities.

Main achievements

Substantial increase in Urban Programme resources to improve conditions in inner city areas.

Urban Development Grants; the first 57 projects approved.

Increased private sector interest and investment in inner cities.

More local enterprise agencies.

Eight new districts designated "programme authorities" to concert local effort.

Nine new Enterprise Zones announced in England; many jobs provided in the existing zones.

Development of Merseyside Task Force concept.

Full operation of the two Urban Development Corporations.

Completion of Financial Institutions Group Studies.

Greater emphasis on voluntary sector and the needs of ethnic communities.

Written and oral evidence given to the Select Committee on the Environment.

Reports on inner city research and census information published.

Urban programme

Inner city policy aims to promote the revival of these areas by encouraging greater opportunity for those who live there and by using limited public funds to stimulate much larger investment by private enterprise. Over the past four years the Government has greatly increased the resources available for the Urban Programme. In 1982/83 the provision was £270 million and additional allocations were made in the course of the year, so that the final outturn was some £300 million. (Of this, £214 million fell on the Department's public expenditure programmes.)

In 1982/83 over half the resources went to the seven "partnership areas." About a quarter went to 15 "programme" authorities. The balance went to a further 14 designated districts and on the Traditional Urban Programme (supporting social projects in other urban authorities). A 48% increase in Traditional Urban Programme applications was processed within the target timetable. Urban Programme support for voluntary sector projects increased from £36 million in 1981/82 to £51 million in 1982/83.

Private sector partnership

Urban Development Grants were introduced in 1982 to enlist private resources in the regeneration of inner city areas. 57 projects were approved in 1982/3, all involving private sector partnership. An estimated £16 million of public sector investment in these schemes, will lead to additional private sector investment of £66 million, a gearing ratio of 1:4.

Tax provisions in the 1982 Budget stimulated the continuing growth of Local Enterprise Agencies. Business in the Community – which was set up by a number of private sector firms in 1981 – continued to promote these Agencies. Inner City Enterprise plc is a new public company set up on the initiative of the Financial Institutions Group to seek out property development opportunities in inner city areas likely to attract investors and benefit the community. The Department has been actively involved in all these initiatives.

A review of urban programme authorities resulted in the designation of eight new "programme" authorities and three other districts. Existing partnership and programme areas continue, with increased emphasis on economic regeneration.

Michael Heseltine watches as Sir John Page (right) Chairman of the Mersey Docks and Harbour Board, hands over the keys of Albert Dock to Leslie Page, Chairman of the Merseyside Urban Development Corporation.



Photo: Liverpool Daily Post and Echo

Distribution of resources for 1982/83

Partnerships	51%
Programme Authorities	25%
Other designated Districts	3.4%
Traditional Urban Programme	20.6%

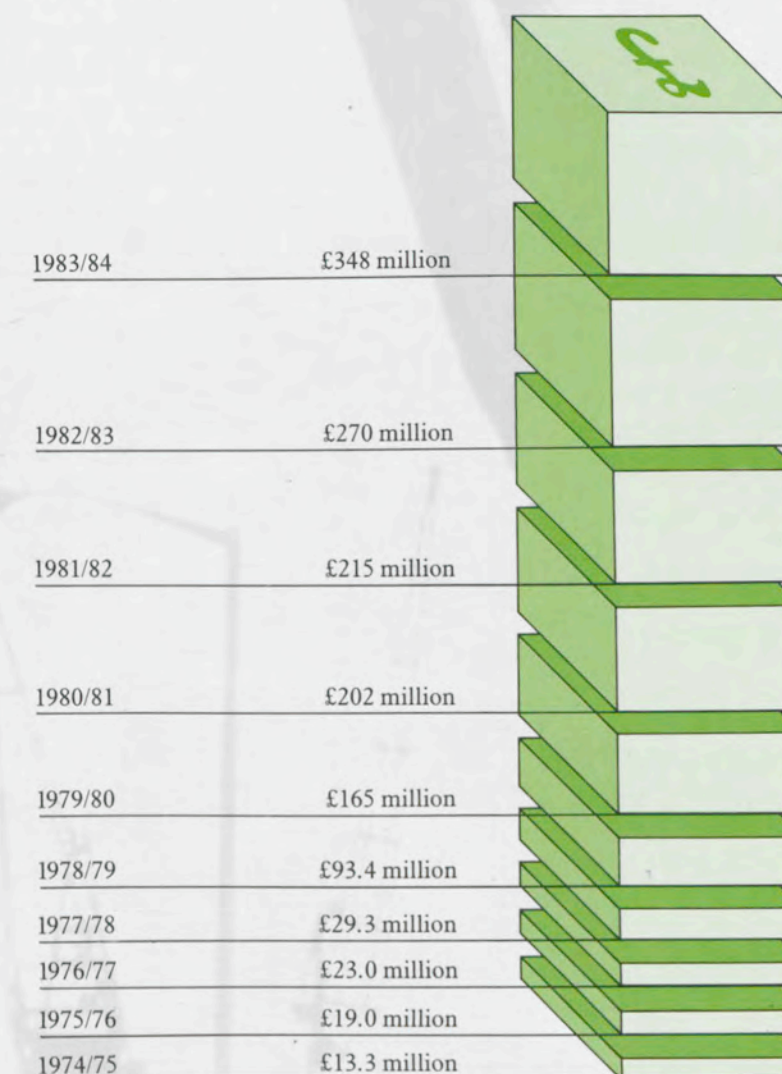
Types of project

Environmental	23%
Economic	30%
Social	47%

Merseyside Task Force

The Merseyside Task Force was set up in October 1981 to help carry forward new initiatives and innovatory projects set in train by the Secretary of State after the riots of the summer of that year. The Task Force has concentrated on bringing together public authorities, the private sector, community groups and voluntary activity in promoting the best use of resources in inner city renewal.

UP Resources 1974-84 (allocations) DOE and other Programmes.



Enterprise zones

By 31 December 1982 about 4,500 jobs had been provided and about 500 firms had set up business in the existing zones.

In November the Secretary of State announced plans for a further nine zones in England, where fiscal incentives and the relaxation of controls encourage industrial and commercial development. The Department appraised 53 applications from local authorities followed by negotiation of boundaries, planning schemes and promotional arrangements.

Ethnic issues

Sir George Young has special Ministerial responsibility for ethnic issues. The Department set up a working party with the local authority associations on good practice in the ethnic field; and an increased proportion of the Urban Programme resources were directed towards good schemes benefiting ethnic communities.

Research

Extra-mural research expenditure on inner cities in 1982/83 amounted to about £230,000. Amongst the wide range of studies supported, often by the Department jointly with other sponsors, were investigations on: the performance of manufacturing industry in cities and small towns; the socio-economic conditions of inner city residents, especially ethnic minorities; the effectiveness of the Urban Programme in meeting the needs of ethnic minorities; and the impact of enterprise zones. A number of reports were published, as were papers describing the census analysis carried out by the Department itself.

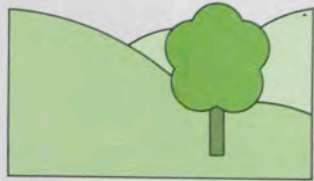
Urban development corporations

1982/83 saw the first full year's operation of the two Urban Development Corporations – Merseyside Development Corporation and London Docklands Development Corporation – set up in 1981 to secure the regeneration of their designated areas. In 1982/83 the UDCs spent some £62.4 million, of which more than £35 million went on the acquisition and reclamation of land for development, the provision of essential services, and environmental improvement schemes. They now have substantial areas of land which they are preparing for private sector development.



Preparations for Liverpool's 1984 International Garden Festival continued on the site of the former docks. This photograph, taken just after the end of the year, shows the Exhibition Building taking shape.

Photo: Liverpool Daily Post and Echo



Nature and the countryside

Key objectives

To protect and enhance the distinctive qualities of the English rural landscape.

To conserve the wildlife and historic features in it.

To foster the countryside as a good place in which to live, work, and to visit.

Main achievements

The Wildlife and Countryside Act 1981 was brought fully into effect.

The funds for the Countryside Commission and the Nature Conservancy Council were increased.

Small firms were helped to set up new businesses in rural areas through the Development Commission.

Positive measures were taken to encourage the voluntary approach to countryside conservation and to improve the environment in run-down urban fringes.

The United Kingdom continued to play a leading part in international conservation; trade in baby harp and hooded seal skins was halted.

Wildlife and Countryside Act 1981

The most important development was the implementation of the Wildlife and Countryside Act. Although many provisions took effect in November 1981, others required a good deal of preparatory work, and the Act became fully effective on 28 February 1983.

The Department was involved in preparing a code of guidance covering the relationship between the Nature Conservancy Council (NCC) and the owners and occupiers of land which is of special scientific interest. The Code was drafted in consultation with conservation and agricultural interests and received Parliamentary approval in October 1982.

Three threatened areas of outstanding importance for nature conservation were given extra protection by orders made under Section 29 of the Act, which came into force on 6 September 1982. (They were Baddesley Common, Hampshire, Sandford Heath, Dorset, and Tealham and Tadham Moor, Somerset.) These orders require potentially harmful operations to be delayed whilst the NCC seeks agreement with the owners on ways of preventing damage.

Guidance notes were also produced for water authorities, who are required by the Act to further the interests of conservation. Again, extensive consultations with other government departments, the NCC and the Countryside Commission were needed before these notes were published in November 1982.

The final parts of the Act to be implemented included the provisions about farm improvement grants in cases where the NCC or a National Park Authority has objected. If, as a result, agricultural grant is refused, the NCC or National Park Authority must seek an agreement with the applicant so that the land can be managed in a way which will conserve its living resources and natural beauty.

These were the most publicised provisions of the new legislation. But the Act provided many other things, including a whole series of measures to improve the protection given to animals (like otters) and birds. The Department has recruited a panel of voluntary part-time bird inspectors to assist in registration and enforcement work.

The Countryside Commission and the Nature Conservancy Council

On 1 April 1982, under the same Act, the Countryside Commission became a grant-in-aid body like the NCC, employing its own staff. The Government has increased the funds available to both Agencies over the past four years, from £8.0 million in 1979/80 to £11.4 million in the case of the NCC and from £6.8 million to £11.2 million in the case of the Countryside Commission, a combined increase of 53%.

Photo: Operation Groundwork



Blundell's Wood, St. Helens, in August 1982



and in August 1983 after Operation Groundwork had improved the site.

Small businesses in rural areas

The Department continued to provide finance enabling the Development Commission to build advance factories for letting or sale in the rural areas particularly needing the stimulus of new employment opportunities. 134 factories were completed and 168 were let during the year. In total 662 units have been completed, 155 are under construction and a further 413 are at the planning stage, bringing the total approved programme to 3 million sq ft.

Technical marketing and financial management advice was given to 3,500 more firms by the Commission's principal agent, the Council for Small Industries in Rural Areas (COSIRA), bringing to 15,000 the number of firms on their books. During the year COSIRA also offered loans totalling £4.6 million towards 308 projects worth £13 million. These projects were expected to create about 1,200 new jobs.

The voluntary approach

Operation Groundwork is an example of the voluntary approach to protecting our living heritage. It was pioneered at St Helens and Knowsley by the Countryside Commission. The objective is to explore new ways of tackling blighted countryside in the urban fringe – for example by restoring land to farming use, creating new opportunities for recreation and removing eyesores. A charitable trust was formed to stimulate and co-ordinate environment improvement schemes, drawing on all sections of the community and using Government grants, Manpower Service Commission schemes, voluntary effort and contributions from sponsors. The scheme is to be extended to five other areas in North West England.

International conservation

The Department continued to play an active role internationally, particularly in the Council of Europe and the European Community. There were three important advances:

The Berne Convention on the Conservation of European Wildlife and Natural Habitats, which provides new protection for a number of UK species, was brought into force in the UK through the Wildlife and Countryside Act.

The European Community adopted a Regulation to implement the Convention on International Trade in Endangered Species of Wild Fauna and Flora, which will be applied collectively in the Community from January 1984.

The European Council of Environment Ministers agreed a Directive on conservation grounds to ban the import of harp and hooded seal pup products for two years from October 1983, unless further studies and discussions with the countries, who trade in seals, make the Directive unnecessary. These efforts – together with an earlier voluntary ban – have already produced results: seal-pup culls are expected to be minimal in 1983.



Environmental protection

Key objectives

To prevent damage to the environment and its ecological systems on which man depends.

To improve the quality of the environment and eliminate the scars of past pollution.

To dispose of wastes of all kinds in an acceptable way.

Main achievements

Introduction of a notification scheme for new chemicals.

Establishment of a Hazardous Waste Inspectorate.

Steady progress in reducing man's exposure to lead from all sources.

A major review of asbestos in the environment.

A major review of radioactive waste management policy.

A 25% increase in the UK contribution to the United Nations Environment Programme.

Chemicals notification scheme

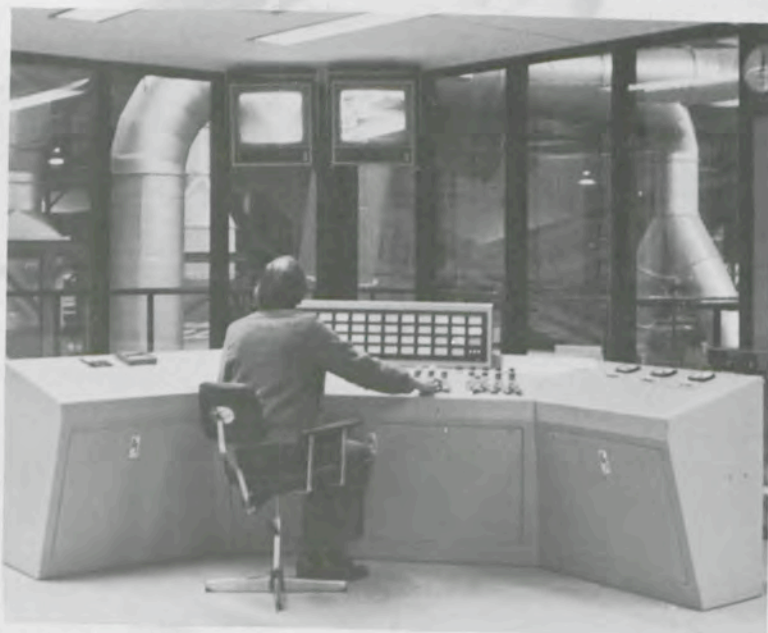
This scheme, which was established in November 1982 under a European Community Directive, aims to ensure that the potential of new chemical substances to cause harm to man, or to the environment, is properly assessed before they are placed on the market. Manufacturers are required to inform the Department (or its counterparts in other EC countries) about the properties of substances which they propose to market. The Department subjects their statements to expert scrutiny. A guide to the regulations was published by the Health and Safety Executive (HS(R) 14) in September 1982.

Waste disposal

A new Hazardous Waste Inspectorate was established to help local authorities (who are responsible for waste collection and disposal) to deal with particularly troublesome materials. In addition, substantial research was carried out on the reclamation of useful materials, particularly fuel, from refuse. The Department contributed substantially to the building of two full-scale plants which are now operating. The Department also encouraged economical recycling schemes, especially bottle banks.

The Department also gave advice on the choice and management of waste disposal sites, so that water is not polluted and smell and other nuisances are kept to a minimum. Work was carried out on methods of restoring former waste disposal sites so that they can be put to productive use. A quarterly Waste Management Bulletin was launched in December 1982, as a source of advice on good waste disposal practices.

Photo: Tyne and Wear County Council



Byker reclamation plant, a British system for recovering fuel from household waste.

NOW ALL BOTTLES CAN HAVE 9 LIVES



Child's poster for national advertising

This poster by Vanessa Scott (14) from the Royal Naval School, Haslemere, Surrey, won first prize in the 1982 Children's National Bottle Bank Poster Competition.

Lead in the environment

The Department continued to support the world's largest-ever programme of research into the effect of low-level exposure to lead on children's health. It issued guidance to local authorities on dealing with local sources of lead (DOE Circular 22/82). The risks from lead in water, food and air were evaluated and advances made in securing the replacement of lead plumbing, lead solders in food cans, lead paints and lead fishing weights. The Royal Commission on Environmental Pollution decided to prepare a report on lead in the environment. (Following publication of this in April 1983, the Secretary of State announced the Government's intention to remove lead from petrol as soon as practicable.)

Asbestos

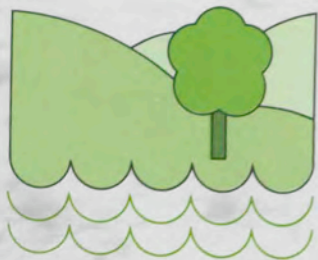
Policy on asbestos was reviewed and several possible measures to reduce public exposure were identified. Guidance on asbestos materials in houses and buildings is to be published shortly.

Radioactive waste management

A White Paper (Cmnd 8607) was published in July 1982 setting out policies on radioactive waste management. It endorsed the establishment by the nuclear and electricity industries of a Nuclear Industry Radioactive Waste Executive for the development of new and improved facilities for the disposal of low and intermediate level wastes.

UK contribution to the United Nations environment programme

The Government's decision to increase significantly the UK contribution to UNEP (now £750,000) is an indication of its commitment to international environment protection programmes, and recognition that many pollution problems cannot be resolved by disparate national domestic policies. "Acid Rain" and the protection of the sea are examples of problems which need co-ordinated international action, in which the Department was closely involved.



Water services

Key objective

To sustain water undertakings in providing a high standard of water services, including the control of pollution, and to encourage them to improve their efficiency.

Main achievements

The industry generally maintained the quality and adequacy of water supplies, even during a 4½ week strike of manual workers.

The Water Bill was introduced to reform the structure of the industry.

Objectives were agreed with the nine English regional water authorities.

'Performance Aims' were agreed for reductions in authorities' real operating costs. Financial targets were set and the average increase in main charges was held to 5%. Capital investment by the authorities was £625 million and is planned to increase, with greater emphasis on renewal of old assets.

A four year programme was begun to implement Part II of the Control of Pollution Act 1974. The North-West Water Authority was encouraged to accelerate its plans to clean up the Mersey.

Water services

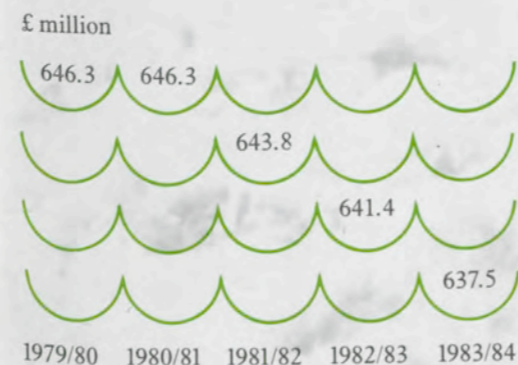
Water services are provided by nine English regional water authorities, and by water companies which supply about a quarter of the population. Generally high standards are maintained in providing wholesome and sufficient water supplies, in dealing with sewage and keeping rivers and streams free of pollution. There are areas where levels of service are too low, notably in the North of England, and progress was made in remedying this. During the 4½ week strike of manual workers in early 1983 services were very largely maintained by the efforts of managers and supervisors; there were no reports of water-borne disease but 8 million consumers were advised to boil water as a precaution. Only one in 200 households was denied supplies at the tap and no serious pollution incidents arose.

The quality of rivers and estuaries generally continued to improve; for example in 1982 salmon returned to the River Thames for the first time since about 1830. The Department encouraged the North-West Water Authority, with the local community, to accelerate the clean-up of the badly polluted Mersey Estuary and to prepare long term plans for improvement of the catchment inland. Part II of the Control of Pollution Act 1974 is being implemented in a phased programme extending to 1986; this will improve control powers for both inland and estuarial and coastal waters.

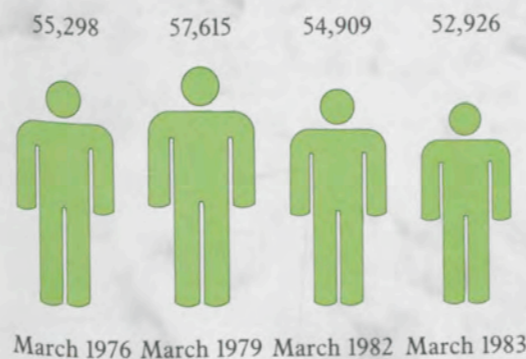


Photo: National Water Council

Regional Water Authority operating costs 1979/80 prices



Regional Water Authority manpower



The structure of the industry

The Water Bill was introduced in November 1982 to improve efficiency, reduce bureaucracy and improve consumer consultation. It provided for

The dissolution of the National Water Council.

The replacement of the large membership of the regional water authorities, on which local authority representatives form a majority, by a small businesslike board like that of other public utilities.

New consumer consultation arrangements.

Improved control of sewerage functions carried out by local authorities on behalf of water authorities.

The last three items reflect recommendations of the Monopolies and Mergers Commission.

The Bill was enacted in May 1983.

Objectives and finance

Objectives were agreed with the regional water authorities in October 1982. These require them to

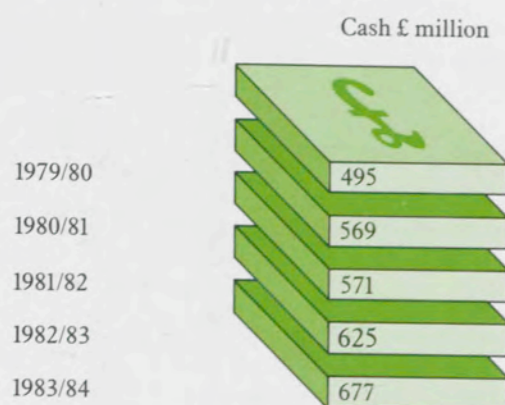
Provide acceptable levels of service

Do so at least cost

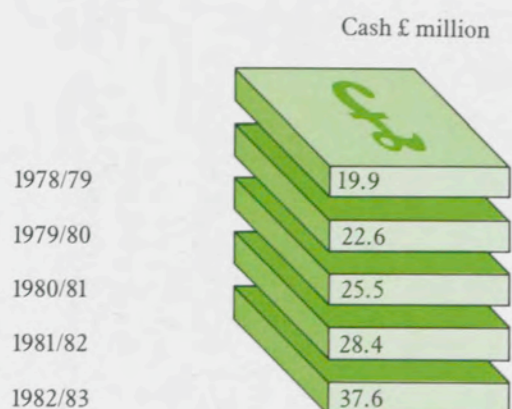
Keep within Government financial controls

Efficiency must be first and foremost a matter for the authorities' own management, but one of the Government's main aims for the industry has been to reverse the unacceptable increase in costs and manpower that went on until 1979. Performance aims for 1983/84 were agreed for continued reductions in real operating costs despite some increases in demand for services. Authority manpower numbers fell by 3½% during 1982/83.

Regional Water Authority investment



Grant to BWB



The water industry is capital intensive – the gross replacement value of water authority assets is over £40 billion – and investment is needed to maintain existing levels of service where these are acceptable and improve them where they are not. External finance limits were introduced as the capital control for authorities in 1982/83. Although this limit was underspent, favourable tender prices meant that authorities very largely achieved their programmes in volume terms by investment of £625 million. This figure is planned to increase to £820 million by 1985/86, in particular to meet the need to replace old and worn out assets.

Water authority charges are affected not only by operating costs but also by the financial target set by the Government for the rate of return on assets. The average increase in main charges for 1983/84 was 5½% – an improvement on previous years.

Inland waterways

The need continues for care and attention to the 2000 miles of inland waterways controlled by the British Waterways Board, primarily to provide for leisure purposes but also for commercial activity in certain areas. Grant aid to the Board has increased in real terms in recent years; in 1982/3 it was £37.6 million, an increase in real terms of nearly 20% on that in 1978/79.

Other issues

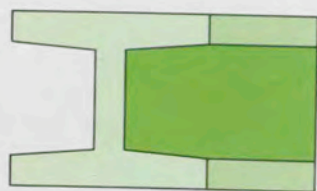
To increase exports of UK technology and expertise greater co-operation has been encouraged between the private and public sectors of the water industry. Ministers led missions to the Middle East and West Africa. The Water Bill provided powers for water undertakers to work overseas within Ministers' guidelines on the respective roles of public and private sectors.

Ministers decided that it was now the appropriate time to implement the Reservoirs Act 1975, which will strengthen the powers and duties on local authorities to ensure that reservoirs are safe.

Local authorities carried out £18 million worth of cost protection work. Government grants towards this totalled £11.5 million.



Photo: British Waterways Board



The construction industry

Key objectives

To communicate with the construction industry.

To promote efficiency, innovation and good standards within the industry.

To develop a new system of building control.

Main achievements

Parts II and III of the Housing and Building Control Bill contained provisions for a new system of building control.

Communications with the industry were maintained through meetings with the Group of Eight, the Building and Civil Engineering Economic Development Committees, and other bodies.

Innovation, use of standards to improve quality, and efficiency were promoted through sponsorship of the British Board of Agrément (formerly the Agrément Board), membership of British Standards Institute Board, Councils and Committees, sponsorship of a £7 million programme of construction research, the "Support for Innovation" scheme, Ministerial visits and publications.

Building control

Building Regulations ensure that new buildings and alterations to existing ones are safe and do not endanger the people who use them. To meet these objectives without imposing unnecessary restrictions on the design professions and the construction industry, a major review of the Building Regulations was conducted throughout the year. Each regulation was examined from first principles to ensure that it was really necessary, and achieved its objective in the most economical way. Two major consultation papers were published in May 1982 and March 1983, and were widely welcomed. Legislation to permit the introduction of new Regulations, which would be a major advance in the direction of simplicity and clarity, and to introduce a system of private certification as an option to local authority building control, was included in the Housing and Building Control Bill.

By the end of March this had completed its stages in the House of Commons and had begun those in the House of Lords.

Communications with the industry

Communication between the Government, and a large, fragmented, diverse industry which occupies an important position in the national economy is a major task. Contact is maintained through a host of trade associations and federations, at Ministerial level through the 'Group of Eight' (NFBTE, FCEC, NCBMP, RIBA, RICS, ICE, TGWU and UCATT) and the Building and Civil Engineering Economic Development Committees, and through the Constructional Steelwork Sector Working Party. Following an earlier meeting with the Secretary of State, the Group met the Prime Minister in October 1982, after which she set in hand a major Government effort to reduce capital under-spending by local authorities and nationalised industries.

Key Facts about the Construction Industry in 1982/83

Output	£23 billion 11% of GDP
Employment	1½ million people
Overseas earnings	£3½ billion

Composition

Large civil engineering contractors (say, 20 firms),
National building contractors (say, 50 firms),
Local builders (over 50,000),
Specialist sub-contractors (some 80,000),
The professions (about 7,000 practices),
Steelwork fabricators (about 400 firms),
Building material producers (14,000 firms),
Distributors (950 firms).



Photo: Northampton Development Corporation

Innovation and standards

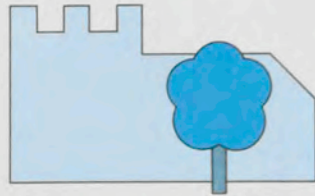
Government grant of £575,000 was given to the British Board of Agrément to support their work in certifying new construction products and processes. The Department (including the Property Services Agency) was represented on the Board of the British Standards Institute, four of its Councils, 30 Standards Committees and about 500 Technical Committees; through these committees the Department's representatives sought to pursue the policies set out in the White Paper "Standards, Quality and International Competitiveness" (July 1982). These policies were also promulgated through Ministerial speeches.

The Department's Construction Industry Directorate took the lead for the UK in negotiations over EEC Commission proposals for harmonised standards for construction products and over proposed Eurocodes for structures.

The Building Research Establishment carried out a substantial programme of research (which will be described in its own annual report), and the Department also supported work in the Research Associations and elsewhere.

The Department continued to handle enquiries and applications under the Department of Industry's "Support for Innovation" scheme of financial assistance. A substantial upsurge in this work was associated with an increase in the maximum rate of grant and an extensive publicity campaign. At 31st March 1983, grant commitments totalled £325,000 and 14 applications were under formal consideration; many more enquiries were received during the year.

Ministerial visits in support of construction exports were made to Saudi Arabia, Indonesia and Algeria. A promotional video and booklet on Britain's experience in building new towns was produced. Two guides for inward investors in British building were published, the Department supported an NEDC study into the speed of industrial building in Britain.



The historic and architectural heritage

Key objectives

To promote the care and maintenance of monuments and historic buildings in England.

To establish the Historic Buildings and Monuments Commission.

To begin the accelerated resurvey to determine which buildings merit being listed as ones of special architectural or historic interest.

To promote architectural and environmental quality in new buildings and renovations.

Main achievements

The National Heritage Bill was introduced containing measures to set up a new Commission and a Board of Trustees of the Armouries.

The first phase of the accelerated resurvey of buildings was started and additions were made to the list of historic buildings.

Grants worth £11 million were made to help preserve buildings, both those of individual importance and those in conservation areas. Grants totalling £1.3 million were made for the preservation of buildings in town schemes where local authorities contribute as partners.

Grants worth £5 million were made towards over 300 rescue archaeology projects.

About 800 privately-owned monuments were inspected. Advice was given on 400 management agreements and 170 grants, worth £800,000, were made.

4 new exhibitions were installed at monuments.

8 areas were identified as meriting designation under the Ancient Monuments and Archaeological Areas Act 1979.

317 applications for scheduled monument consent were determined.

Royal Parks continued to be maintained to a high standard, especially those parts most used by the public, despite limited manpower resources and security needs.

The campaign to promote architectural quality was maintained through Ministerial speeches and by encouraging architectural competitions.

Key statistics for 1982/83

Gross Expenditure	£60.6 million
Income	£9.1 million
Visitors to monuments and buildings in the Secretary of State's care	8,115,000

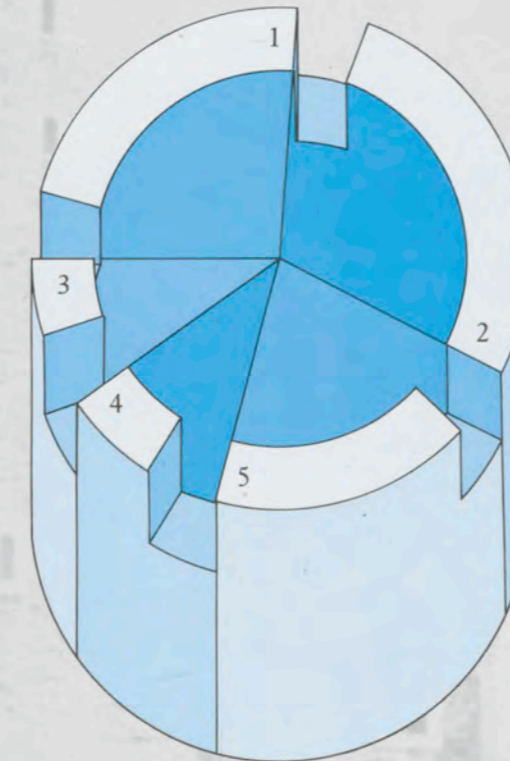
The new Commission

"The Way Forward" was published in June 1982 setting out the Government's proposals for a new agency for heritage work. In November a bill was introduced to create the Historic Buildings and Monuments Commission, with responsibility for:-

- i the management and presentation of monuments in the care of the Secretary of State
- ii giving advice and making grants to local authorities, private owners and ecclesiastical authorities in respect of historic buildings and ancient monuments
- iii the co-ordination of rescue archaeology work, and
- iv advising the Secretary of State on the listing, scheduling and taking into care of monuments, and on the merits of applications for Scheduled Monument Consent.

The Commission will have a duty to promote the public's enjoyment of, and advance their knowledge of, ancient monuments and historic buildings in England. It will subsume the work of the Historic Buildings Council and Ancient Monuments Board and provide a focal point for interest in historic buildings and ancient monuments.

DOE expenditure on the historic heritage 1982/83 (gross)



1 Ancient monuments	£16.2 million
2 Royal parks and palaces	£18.7 million
3 Archaeological grants	£5.5 million
4 National Heritage Memorial Fund and acceptances in lieu of tax	£6.6 million
5 Historic buildings including grants	£13.5 million



Historic buildings

At present some 290,000 buildings are listed as being of special architectural or historic interest, of which 5,400 are listed as Grade I. An accelerated resurvey of buildings worthy of listing was begun. If work had continued at the existing pace it would have taken over 20 years to complete the resurvey. The aim is to complete it within about three years.

During the year it was announced that a further £1 million would be spent during 1983/84 on grants to historic engineering structures and an additional £2 million for grants for historic buildings in Liverpool.

Ancient monuments

New procedures were introduced to strengthen financial control and the efficiency of the Department's workforce. These included the development of a planning and controls system for Directly Employed Labour, the production of a Schedule of Rates for the Directorate's works and the introduction of long-term programmes of maintenance. Progress was made to improve the presentation of monuments, to provide better education facilities for children and to improve the commercial operation by extending the range of products on sale.

Architectural quality in new buildings and renovation

Ministers stimulated public interest in good design in the built environment through speeches and interviews and encouraged potential patrons to play a greater role in achieving high standards. The Secretary of State promoted a major revival of architectural competitions by private developers and public bodies. The Vauxhall Cross competition showed their potential for producing architecturally and economically attractive schemes for important sites. A Special Development Order granting planning permission for the winning scheme was laid before Parliament in June 1982. The Department continued to support architectural quality through policies on planning, housing, inner cities, the conservation of historic buildings and the sponsorship of the construction industry and through its sponsorship of the Royal Fine Art Commission.



Key objective

To assist and promote, with and through the Sports Council, the development and well-being of sport and recreation, and in particular the improvement of facilities and opportunities for participation at all levels.

Main achievements

Increased resources for the Sports Council enabled them to expand facilities and participation.

A new Voluntary Agreement with the Tobacco Industry on sports sponsorship.

Following co-ordinating action by his Football Liaison Group to curb violence among football spectators during the World Cup competition, the Minister for Sport obtained the agreement of other Western European Governments to the preparation of rules and guidelines to combat hooliganism in European competitions.

A £ for £ initiative involving private and public sectors was successfully undertaken in Merseyside.

During the year the Minister sought to assist and promote individual sports, and sporting interests in general, through speeches, visits, meetings with the Sports Council, governing bodies and leaders of sport, and attendance at international events.

The Sports Council

The Sports Council supports governing bodies of sport, runs the National Centres and provides grants and loans for new facilities and programmes. It is grant-aided by the Department; its Chairman and Members are appointed by the Minister. The Council's grant has substantially increased in recent years, reflecting the Government's recognition of the importance of sport and recreation in family and community life. In 1982/83 the grant was £28 million compared with £21 million in 1981/82.

Voluntary Agreement with Tobacco Industry

In May 1982 the Department successfully completed protracted negotiations with representatives of the Tobacco Industry on a new Voluntary Agreement on sports sponsorship. This Agreement, scheduled to last until at least December 1985, reflects the Government's and the industry's concern to regulate a form of sponsorship which remains controversial but which is nevertheless valuable to sport.

Football spectator violence

Football has become identified in recent years with crowd violence. To co-ordinate action to combat this problem, the Minister formed a Liaison Group comprising representatives of all the interests involved including the Football Association, the Football League and the Home Office. Before the World Cup in Spain, Departmental officials visited the main centres where British teams were playing, for discussion with the relevant authorities. Encouraged by the success of these discussions, the Minister asked the Liaison Group in the autumn to bring forward fresh guidelines for clubs involved in the major domestic competitions. He also secured the agreement of fellow European Sports Ministers in January to plan concerted action by Western European Governments to combat the problems of spectator violence in European competitions. A working Party (chaired by the UK) was appointed to draft proposals.

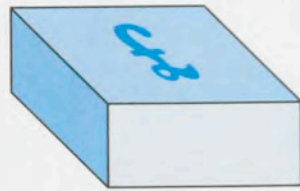
£ for £ initiative in Merseyside

As part of the Department's commitment to resolving inner city problems in Merseyside, a joint public/private sector initiative was launched to raise money for new sport and recreation facilities. The Government agreed to match every pound raised in the private and voluntary sector, up to £1 million; in the event the scheme proved so successful that this 'ceiling' was later raised to £1.25 million. The projects so helped include the provision of an artificial floodlit football pitch in Toxteth, a sports hall adjacent to a factory in Knowsley and major improvements to the Liverpool ice-rink.

Neil Macfarlane and Bobby Charlton at the opening of a new artificial football pitch at Toxteth, Liverpool.



Photo: Press Association



Finance

Finance for the Department's ten major policy areas, and for the wide range of public bodies involved, flows from a variety of sources. Only a part of this passes through the Department's hands. This section of the Report reviews, briefly, the financial context in which the Department operates.

The table in the Introduction (page 6) gave an overview of total expenditure in 1982/83 by all the main bodies in the public sector funded by the Department, including spending on services, such as education, which are not the responsibility of the Secretary of State for the Environment.

These charts illustrate the components of that expenditure, and the means by which it was financed. The shading in the finance charts shows the proportion of income or funds provided or regulated by the Department. The shading in the expenditure charts indicates expenditure on DOE functions.

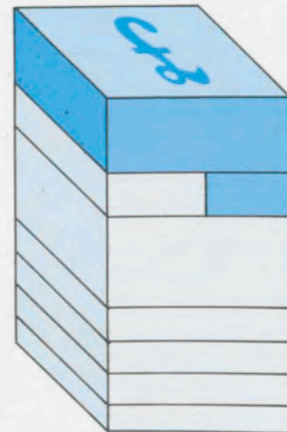
The form, conventions and timing of the accounts and financial returns of these bodies vary with their purpose and statutory positions. For example, local authorities' accounts are partly on a cash basis; figures for many of the agencies are prepared entirely on an accruals basis. Similarly, trading bodies such as the Water Authorities employ the concept of depreciation (which is counted as current expenditure in the charts), whereas local authorities and many other bodies employ alternative accounting conventions for their main accounts. For the Housing Corporation, the chart shows an estimate of the ultimate source of finance (ie capital grant) in order to convey the ultimate means of development finance rather than the initial funding by short term borrowing.

The components of the charts and the table therefore do not fully match and interlock, and the percentages in the charts are accordingly illustrative. But they do give an overall picture of the financing and activities of the public sector bodies in the Department's purview.

Local authorities

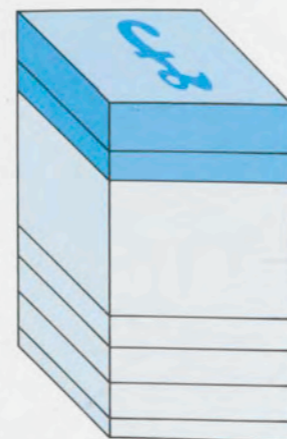
Finance £33.9 bn

Rate Support Grant	27%
Grants to particular services	13%
Rates	31%
Rents	9%
Charges for services	8%
Capital receipts	7%
Net borrowing, interest and other income	5%



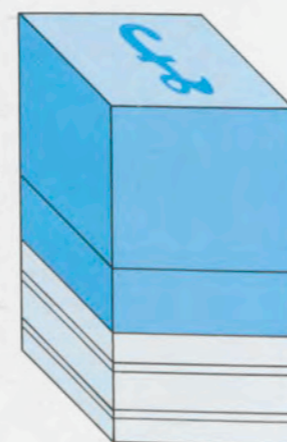
Gross current expenditure £29.0 bn

Housing	18%
Local environmental services	12%
Education	40%
Personal social services	8%
Transport	8%
Law order and protective services	11%
Other current expenditure	3%



Gross capital expenditure £4.9 bn

Housing	49%
Local environmental services	20%
Education	9%
Personal social services	2%
Transport	14%
Law, order and protective services	2%
Other capital expenditure	4%



English regional water authorities

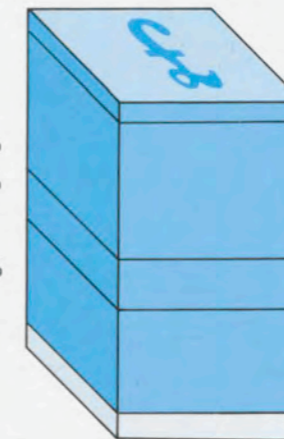
Finance £2.2 bn

Sales of fixed assets and other capital receipts	3%
Domestic charges	42%
Non-domestic charges	42%
Grants	3%
Borrowing	10%



Gross current expenditure £1.9 bn

Water resources	4%
Water supply	44%
Sewerage	14%
Sewage disposal and treatment; environmental services	33%
Land drainage and flood protection	5%



Gross capital expenditure £0.7 bn

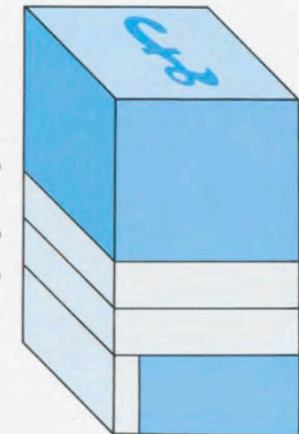
Water resources	6%
Water supply	29%
Sewerage	29%
Sewage disposal and treatment; environmental services	24%
Land drainage and flood protection	12%



Development agencies

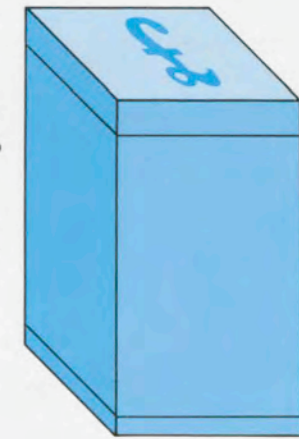
Finance £1.6 bn

Ultimately covered by grants and grant in aid	54%
Income from sales, fees etc	11%
Capital receipts	14%
Borrowing	21%



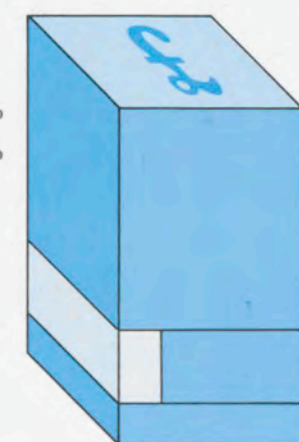
Gross current expenditure £0.6 bn

Housing Corporation	9%
New Towns	88%
Urban Development Corporations and Development Commission	3%



Gross capital expenditure £1.0 bn

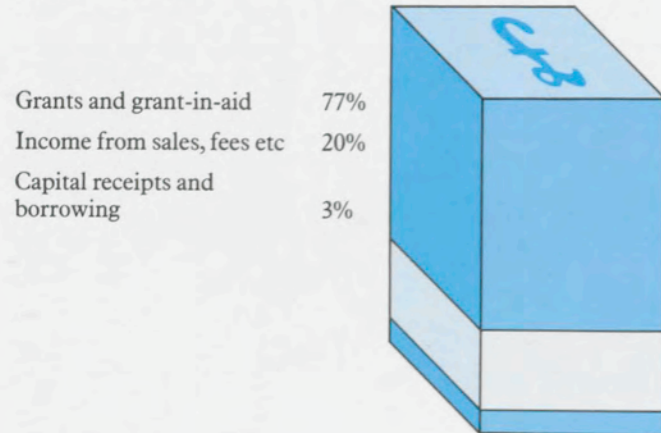
Housing Corporation	75%
New Towns	19%
Urban Development Corporations and Development Commission	6%



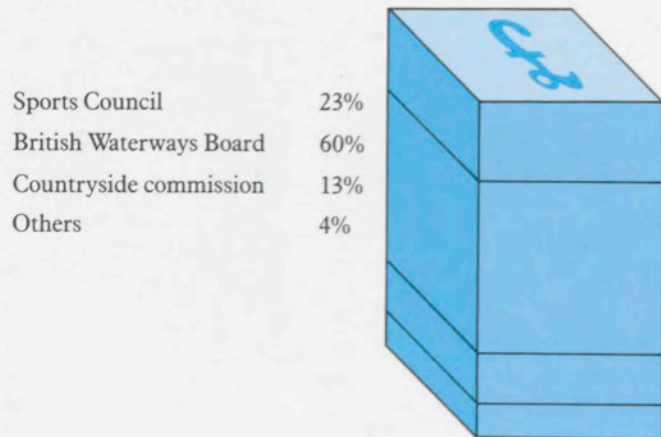
Illustrative figures only - see explanation opposite

Environmental and recreational agencies

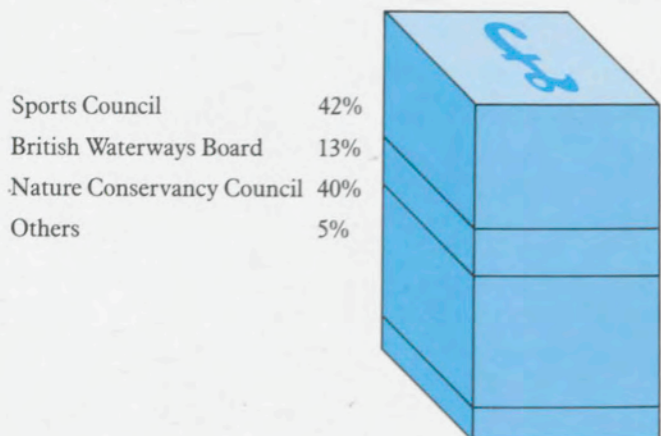
Finance £0.1 bn



Gross current expenditure £0.09 bn

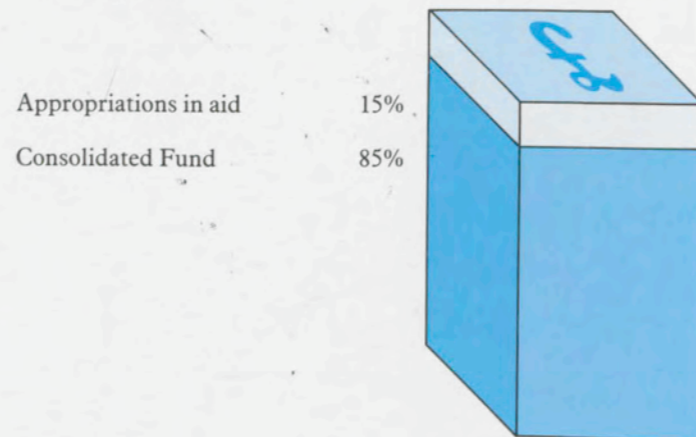


Gross capital expenditure £0.03 bn

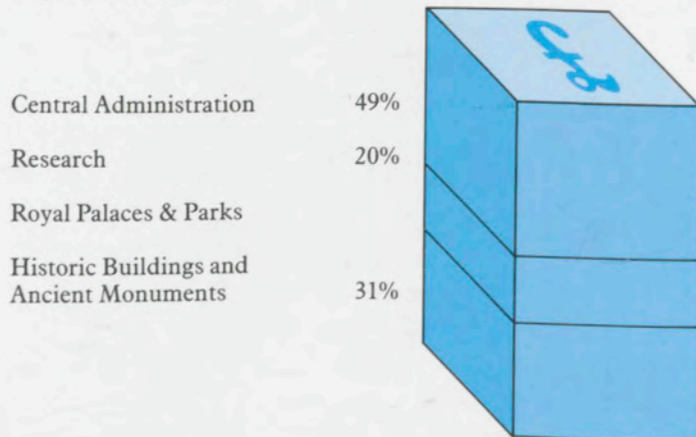


DOE direct expenditure

Finance £0.2bn



Expenditure £0.2bn



Illustrative figures only – see explanation on page 38

Public expenditure

For the purposes of planning and regulating the operation of the public sector in the national economy, the Government operates mainly on the total of public expenditure, and its component parts.

Not all the gross expenditure described here counts as public expenditure. Public expenditure is essentially the part of the gross expenditure financed from taxes or rates, or from borrowing. Expenditure which is financed by fees, charges, rents, from sales of assets or from reserves does not count as public expenditure.

The following table summarises the public expenditure on DOE programmes, by spending authority. It gives the planned expenditure figures for 1982/83 (derived from the 1982 Public Expenditure White Paper, "The Government's Expenditure Plans 1982/83 to 1984/85," Cmnd 8494) together with provisional outturn figures to indicate the expenditure achieved. To set the year's expenditure in context, figures for the outturn in 1981/82 and the plan for 1983/84, based on the 1983 White Paper, Cmnd 8789, are also given.

Public expenditure on DOE programmes
£ million, cash

		1981/82 Final outturn	1982/83 Planned expenditure	1982/83 Provisional outturn	1983/84 Planned expenditure
Local authorities' expenditure					
1	Housing, excluding New Towns and Housing Corporation				
	Current (a)	1413	1011	1067	754
	Capital				
	Gross	1906	2470	2310	2488
	Receipts	976	1064	1699	1292
	Net	930	1406	611	1196
2	Local Environmental Services				
	Refuse collection and disposal	519		557	
	Town and country planning	221		261	
	Recreation	464		502	
	Other local services	571		656	
	Administration and miscellaneous	118		96	
	Total	1893	1985	2072	2062
	Local Environmental Services				
	Refuse collection and disposal				
	Capital				
	Gross	61		56	
	Receipts	11		10	
	Net	50		46	
	Town and country planning				
	Gross	128		202	
	Receipts	95		196	
	Net	33		6	
	Recreation				
	Gross	112		114	
	Receipts	8		12	
	Net	104		102	
	Other local services				
	Gross	122		144	
	Receipts	25		36	
	Net	97		108	
	Administration and miscellaneous				
	Gross	130		155	
	Receipts	16		25	
	Net	114		130	
	Net Total	398	358	392	178

£ million, cash

		1981/82 Final outturn	1982/83 Planned expenditure	1982/83 Provisional outturn	1983/84 Planned expenditure
3	Coast protection	16	16	18	19
4	Administration costs of rate collection; registration of births, marriages and deaths	140	136	149	140
5	Derelict land reclamation	30	46	59	75
6	Urban Programme: DOE component, including housing and research	26	44	48	45
	Capital	85	158	166	218
7	Conservation Area Grants	2	3	3	4
Water authorities' (England) expenditure					
8	Regional water authorities (England): External financing limit	212	393	270	341
9	Minor grants and research	3	20	4	21
	Capital	12		16	
Sponsored Bodies					
10	Housing Corporation: Programme expenditure, revenue support to Housing Associations and administration costs	50	50	54	57
	Net Capital	491	530	680	632
11	New Towns: Housing, industrial and commercial, and sewerage	117	119	117	119
	Capital				
	Gross	223	157	142	131
	Receipts	170	98	135	114
	Net	53	59	7	17
12	Urban Development Corporations: (London Docklands and Merseyside)	2	3	11	10
	Capital	36	61	51	57

Public expenditure on DOE programmes £ million, cash		1981/82 Final outturn	1982/83 Planned expenditure	1982/83 Provisional outturn	1983/84 Planned expenditure
13 British Waterways Board: External financing limit	Current (b) Capital	29 3	38 2	37 2	40 2
14 Development Commission	Current Capital	7 4	} 21	8 7	} 58
15 Sports Council	Current Capital	12 9		} 28	
16 Countryside Commission	Current Capital	1 2	} (c) 11		
17 Nature Conservancy Council	Current Capital	9 1		} 11	
18 Other environmental bodies	Current	5	5		
Direct Expenditure by DOE					
19 DOE administration including Central Government housing administration and building and environmental research	Current Capital	115 2	} 120	112 2	(d)(e)129
20 Royal Palaces & Parks	Current (b) Capital	14 2		13 3	14 3
21 Historic buildings and ancient monuments; the Heritage	Current (b) Capital	24 2	21 3	26 3	(e)40 3

Notes

- a Excludes £300m provision for the Option Mortgage Scheme, which was subsumed in Mortgage Interest Relief at Source (MIRAS) as from 1 April 1983. The public expenditure resources involved were transferred to Inland Revenue. Current expenditure on Housing covers deficit support for housing revenue accounts and costs of administering other housing activities.
- b Includes building maintenance.
- c Increase on 1981/82 reflects the Commission's change to Grant-in-Aid status, which had the technical effect of bringing some additional components of Commission expenditure within the ambit of public expenditure programmes.
- d Includes almost £36 million for payments to the Property Services Agency (PSA) for accommodation services. In earlier years these were provided by PSA without direct charge to individual Departments.
- e Administration and research relating to Royal Parks, Historic Buildings, etc. included in "DOE Administration" for 1981/82 and 1982/83, and transferred to respective programmes (items 20 and 21) for 1983/84.

1982/83 Outturn

The outturn figures show a number of major diversions from the plan.

There was a substantial net underspend on local authority capital programmes generally during the year, due mainly to capital receipts (particularly council house receipts) coming in faster than expected.

The prospective underspend was foreseen in the course of the year and measures were taken in the autumn of 1982 to encourage local authorities to increase their capital expenditure. Additional resources were given for housing improvement grants, derelict land reclamation and other purposes. Additional resources were also given to the Housing Corporation, the Sports Council, the Nature Conservancy Council and the National Heritage Memorial Fund.

These measures were successful in stimulating extra capital investment on both Housing (items 1 and 10 of the table) and Local Environmental Services (item 2); but as the table shows, the scale of the extra receipts on Local Authority Housing (item 1) left a substantial net underspend there.

The overspend by local authorities on current expenditure on Local Environmental Services (item 2) and the administrative costs of rate collection and the registration services (item 4) was part of the general overspending on services by local authorities. The originally announced total of Rate Support Grant was reduced during the year in response to the overspending, by withholding some or all grant to overspending authorities.

The shortfall on the Water Authorities External Financing Limit expenditure (item 8), which covers the difference between water charges and other income and total expenditure, mainly reflects lower than anticipated costs, including construction and tender prices, interest rates and operating costs. Gross capital investment was only marginally below plan.

Financial statement

Voted expenditure and accounts

This section of the Report gives an account of the Department's financial transactions in relation to the monies which are 'voted' annually by Parliament to enable the Department to meet its own expenditure and provide grants and subsidies to local authorities and other bodies.

Estimates of requirements for the next financial year, known as 'Supply Estimates', are prepared each autumn and submitted to Parliament, normally on Budget day. Revised or Supplementary Estimates may be submitted during the course of the year to provide for expenditure not anticipated in the main Supply Estimates. Once voted by Parliament, funds are released to the Department in instalments throughout the year, and actual expenditure is monitored against allocation.

The relationship of voted expenditure to public expenditure varies from programme to programme. In some cases (for example, maintenance of Royal Parks and Palaces), the two terms are virtually synonymous. In other cases they are quite distinct. For example, for housing improvement grants, public expenditure is defined as the total amount of grant paid by local authorities to the private sector. But authorities finance their expenditure by borrowing, and receive through the Department an annual contribution towards the loan charges for 20 years, and it is this Exchequer contribution which appears in the vote. The amount in the vote therefore represents central Government support towards public expenditure incurred by local authorities over the previous 20 years.

Voted expenditure is described by Class and Vote titles. Classes correspond to the main programmes in the Public Expenditure Survey, and are sub-divided first into votes, which cover the main categories of Departmental expenditure; and further into Vote Sections. The Department receives the single large vote in Class VII (Housing) and all the votes in Class VIII (Other Environmental Services); also a number of votes in class XVIII (Rate Support Grant, Financial Transactions, etc.).

The tables

The first table, on page 51, gives a summary of all the Department's votes, and the notes on page 53 explain briefly how expenditure on the main elements has changed over the last two years, and how it supports the objectives and achievements described earlier in this report.

The table on page 56 gives a more detailed account of Vote VIII, 5 'Central Administration and Environmental Research' which covers the Department's operating budget. This vote is broken down to the level of individual 'subheads' within sections. Subheads describe the purpose to which money is to be applied. They are used in part to convey authority for expenditure, and also to control 'virement' (the transfer of expenditure) within votes. The figures shown are themselves summaries of more detailed breakdowns which are established within the Department to devolve financial control and accountability to the working level.

The figures in both tables derive from a system of cash accounting, designed primarily to serve the purposes of Parliamentary control of expenditure. Under this system the Department controls both current and capital expenditure by monitoring money spent against the amounts voted by Parliament.

The tables show the amounts spent by the Department in 1981/82, drawn from the year's Appropriation Accounts, the amounts approved by Parliament for 1982/83 in the Supply Estimates (including Revised and Supplementary Estimates), the provisional outturn for the year, and the Estimates (including July 1983 Supplementary Estimates) for 1983/84.

Certain categories of receipts (eg repayments of grant overpaid or from disposal of Exchequer funded assets) have to be surrendered direct to the Exchequer in the form of receipts to the Consolidated Fund, and cannot be credited to the Department's votes. These receipts have therefore been excluded from the tables. Other forms of income (for example admission receipts at Ancient Monuments and Royal Palaces and sale of souvenirs) can be credited to the relevant vote and are used to support gross expenditure. The technical term for this income is 'Appropriations in Aid.' Vote and section totals are shown net of such receipts, but the detailed table for Vote VIII, 5 shows the Appropriation in Aid totals for each vote section.

Status of the 1982/83 accounts

The statement of accounts for 1982/83 has not yet been audited.

The formal accounts will later this year be submitted by the Department's Accounting Officers (the two Permanent Secretaries) to the Comptroller and Auditor General for audit. Subject to satisfactory audit and certification, he will report them to Parliament in the Annual Appropriation Accounts. The Public Accounts Committee will then review the Accounts, and in particular any issues drawn to its attention by the Comptroller and Auditor General. The information on 1982/83 outturn has not previously been published, and is therefore shown in this report on the basis of unaudited figures.

Department of the Environment: Voted expenditure

Class and vote £000's Cash	1981/82 Outturn	1982/83 Estimate	1982/83 Provisional Outturn	1983/84 Estimate
VII, 1 – Housing, England				
A Subsidies	1,070,545	769,589	700,368	541,723
B Housing improvements	165,891	210,950	213,404	266,500
C Housing investment	60,134	66,200	64,621	68,800
D Home purchase assistance scheme	3,872	5,000	4,356	6,000
E Housing association grant and grants to the Housing Corporation	485,523	621,050	582,920	769,350
F Rebates and allowances	425,286	531,901	499,526	7,780
G Option mortgage scheme	254,010	310,082	297,602	6,060
Vote total	2,465,261	2,514,772	2,362,797	1,666,213
VIII, 1 – Local Environmental Services, etc, England				
A Other water supply, conservation and sewerage	17,691	16,015	16,013	22,009
B Recreation	6,526	1,400	1,396	1,400
C Other local services	1,915	13,915	12,802	2,568
D Coast protection	8,307	12,000	11,469	15,000
E Assistance to the construction industry	104	10	4	4
Vote total	34,543	43,340	41,684	40,981
VIII, 2 – Central Environmental Services, etc				
A British Waterways Board	28,400	37,596	37,589	40,275
B Derelict land	19	1,000	762	1,500
C Development Fund	9,098	15,340	12,815	19,565
D Other environmental services	38,868	56,420	55,684	56,262
E Civil defence	2	120	30	600
Vote total	76,387	110,476	106,880	118,202
VIII, 3 – Local Planning Services England				
A Town and country planning	4,106	7,900	7,079	6,050
B Other local services	4	15	7	10
C Derelict land reclamation	29,093	38,025	34,498	60,000
D Town and country planning compensation	230	50	5	50
Vote total	33,433	45,990	41,589	66,110

£000's Cash	1981/82 Outturn	1982/83 Estimate	1982/83 Provisional outturn	1983/84 Estimate
VIII, 4 – Royal Palaces, Royal Parks, Historic Buildings, Ancient Monuments and the National Heritage				
A Royal palaces, royal parks	16,460	17,311	17,708	17,926
B Historic buildings	13,581	13,326	13,622	17,518
C Ancient monuments	12,674	14,003	13,589	15,604
D National heritage	2,012	6,500	6,586	1,001
E Administration and research (a)	–	–	–	20,284
F Commission for Ancient Monuments and Historic Buildings	–	–	–	300
Vote total	44,727	51,140	51,505	72,633
VIII, 5 – Central Administration and Environmental Research (b)				
	135,400	154,260	142,002	(c) 170,763
VIII, 6 – Urban Programme Grants, England				
	104,004	115,000	112,329	140,000
VIII, 7 – Urban Development Corporations, England				
	37,493	63,494	61,938	66,645
XVIII, 1 – Rate Support Grants to Local Revenues, England				
	9,031,000	9,160,000	8,781,000	9,416,001
XVIII, 3 – National Parks Supplementary Grants, England				
	4,500	5,000	5,000	5,265
XVIII, 6 – Rate Rebate Grants (England) and Additional Rate Support Grants (England & Wales) to Local Revenues				
A Rate support grants	193,534	13,676	1,950	14,458
B Rate rebate grants	303,100	399,501	385,771	112,001
Vote total	496,634	413,177	387,721	126,459
Total of DOE votes, net of receipts	12,463,382	12,676,649	12,094,445	11,889,272

Notes

1982/83 figures are unaudited; see note on status of 1982/83 accounts on page 50

Sections are as in the 1983/84 Supply Estimates (which contain figures for the three years 1981/82 to 1983/84).

a Provision for this was within Vote VIII, 5 prior to 1983/84

b Includes Royal Parks etc administration and research in 1981/82 and 1982/83

c Includes almost £36 million for payments to the Property Services Agency (PSA) for accommodation services. Prior to 1 April 1983 these costs were borne on a PSA Vote.

Class VII, Vote 1: Housing England

Capital and current expenditure by local authorities and new towns on their own housing is supported by the Exchequer through subsidies (*Section A*) towards the deficits on their housing accounts. As rents of local authority and new town dwellings have increased over the past three years, subsidies have declined, thus releasing more of the total public expenditure resources available for housing to support capital expenditure. Subsidy claims in 1982/83 were less than anticipated, because of a combination of lower than planned capital expenditure and falling interest rates.

The cost to local authorities of giving improvement grants to private individuals is supported by Exchequer contributions (*Section B*). The Exchequer contribution is normally 75% of the cost of the grants, but in order to encourage local authorities to increase their activity in this field during 1981/82 and 1982/83 the Exchequer contribution was increased to 90%. The voted expenditure has therefore increased rapidly over the last three years as improvement grant activity increased, reflecting both this and the enhanced level of support. In 1982/83 claims by local authorities for improvement and repair grant contributions were higher than anticipated. This was partially offset by lower claims for environmental works, home insulation and improvement for sale.

Section C, Housing Investment, principally covers the central Government contribution towards the cost of local authority slum clearance programmes; also contributions towards authorities' provision of gypsy sites, and to the repair or repurchase of defective public sector houses bought by tenants.

Expenditure by housing associations is supported by Exchequer grants towards the capital cost of approved projects (*Section E*). The housing associations' share of the total programme has grown in recent years, which has led to a backlog of grant claims. The underspend in 1982/83 was due to slower than expected progress in clearing this backlog.

Up to 1 April 1983 the local authority-administered scheme for giving tenants means-tested rent rebates or rent allowances was a Departmental responsibility, with 90% of the cost being met by Exchequer contributions (*Section F*). From 1 April 1983 this scheme was merged in the new Housing Benefit Scheme for which the Department of Health and Social Security has central Government policy responsibility. The Department's expenditure therefore reduces virtually to nothing from 1983/84 onwards.

Up to 1 April 1983, mortgage holders who did not qualify for tax relief could apply under the Option Mortgage Scheme for low interest rate bonus. The lenders were reimbursed by the Department (*Section G*). The scheme has now been subsumed in the arrangements for mortgage interest relief at source (MIRAS), and expenditure will reduce to residual amounts from 1983/84.

Class VIII, Vote 1: Local Environmental Services, etc, England.

These small grants to water authorities and local authorities support various types of minor local expenditure, including capital works on rural water and sewerage supplies, and coast protection schemes.

Class VIII, Vote 2: Central Environmental Services etc.

The grant to the British Waterways Board (*Section A*) was increased in 1982/83 to enable faster progress on dealing with the backlog of maintenance on the canals. *Section B* covers payment of grant towards derelict land reclamation by individuals, companies and bodies other than local authorities. The value of claims received during the year was lower than expected, because of some slippage in the completion of projects. The Development Fund (*Section C*) is used to promote the economic and social well-being of the rural areas of England, mainly through provision of workshops, small factory units and assistance to small firms. The grants-in-aid to the Sports Council and Nature Conservancy Council (*Section D*) were also increased to enable them to continue to develop their work. The change to grant-in-aid status of the Countryside Commission (*Section D*) resulted in certain expenditure previously provided for in other votes having to be met from this Vote. Other miscellaneous payments in 1982/83 included a grant of £1.9 million towards the operating expenses of the Zoological Society of London (*Section D*).

Class VIII, Vote 3: Local Planning Services, England.

Local authorities have been encouraged to increase their expenditure on derelict land clearance over the last three years, with increased public expenditure provision, particularly for Category A schemes (reclamation for immediate and identified re-use of the reclaimed land). Grants to local authorities to support this work (*Section C*) have been increasing correspondingly. Town and Country Planning Compensation (*Section D*) covers residual payments of compensation for loss of development value of land established prior to 1955. Claims follow from a refusal of planning permission for the land in question. The number and size of such claims in any year cannot be forecast with accuracy.

Class VIII, Vote 4: Royal Palaces, Royal Parks, Historic Buildings, Ancient Monuments and the National Heritage.

The grant to the National Heritage Memorial Fund (*Section D*) was increased by £4 million during the year so as to build up the Fund to deal with contingencies that may arise requiring expenditure on the heritage. The vote overspent by £190,000 (0.4%) as a result of a shortfall in receipts, particularly admission charges at ancient monuments.

Class VIII, Vote 6: Urban Programme Grants, England.

Provision was increased to cover Exchequer grants towards a planned increase in local authority expenditure on inner city initiatives, including the introduction of Urban Development Grants.

Class VIII, Vote 7: Urban Development Corporations, England.

1982/83 was the first full year of activity for the two Urban Development Corporations, London Docklands and Merseyside, and the increase in provision reflects this. The Corporations have quickly built up momentum on the regeneration of their areas.

Class XVIII, Vote 1: Rate Support Grants to Local Revenues, England.

The shortfall on this vote reflects the holdback in Rate Support Grant payments to overspending local authorities.

Class XVIII, Vote 6: Rate Rebate Grants (England) and Additional Rate Support Grants (England and Wales) to Local Revenues.

This vote provides principally for grants to rating authorities towards rates rebates and to compensate for loss of revenue on exempt property in Enterprise Zones (*Section B*). The substantial reduction in provision for 1983/84 reflects the fact that as from 1 April 1983 rates rebates are also to be subsumed in the Housing Benefit Scheme, the cost of which is borne by DHSS. The smaller provision covers settlement of residual claims from earlier years. *Section A* of the vote mainly covers a number of minor RSG payments. The large underspend on this section reflects mainly the fact that the Government has been unable to make payments of some £11.5 million of residual RSG for earlier years, pending the outcome of litigation by the London Borough of Camden.

Class VIII, Vote 5 Central administration and environmental research

£000's Cash	1981/82 Outturn	1982/83 Estimate provision (a)	1982/83 Provisional outturn	1983/84 Estimate provision (b)
Section A Housing Subsidies:				
Housing Corporation, grant in aid	10,816	11,040	9,795	11,750
Section B Housing Administration				
1 Expenses of rent officers	15,242	18,100	17,238	19,100
2 Housing research and surveys	(c)	823	643	661
3 Rent assessment panels	(d)	2,273	2,303	2,373
4 National exchange scheme	-	200	174	300
Z Appropriations in aid (receipts)	(5)	(8)	(9)	(23)
Section B Net total	15,237	21,388	20,349	22,411
Section C Central Administration				
1 Salaries etc	(e,f)69,778	51,050	49,610	49,869
2 General administrative expenses	(e,f)21,658	20,797	16,686	(g)55,260
3 Administrative computers: current expenditure	4,460	2,699	2,322	2,699
4 Administrative computers: capital expenditure	553	986	497	739
5 Other tribunals, commissions, committees etc	(d)7,959	3,644	3,072	3,410
6 Enforcement appeals and established use certificates	11	63	36	51
7 Tenants' right to buy dwellings	14	200	11	10
Z Appropriations in aid (receipts)	(e,f)(32,567)	(14,655)	(14,963)	(13,357)
Section C Net total	(e,f)71,866	64,784	57,271	(g)98,681
Section D District Audit Service				
1 Salaries etc		6,211	6,078	} (h)8,892
2 General administrative expenses		2,680	2,896	
3 Audit Commission: preparatory expenditure		60	45	
Z Appropriations in aid (receipts)		(8,951)	(9,019)	(h)(8,892)
Section D Net total	(e)	-	-	-
Section E Royal Palaces, Royal Parks, Historic Buildings, Ancient Monuments and the Heritage: Administration and Management				
1 Salaries etc		11,620	11,562	
2 General administrative expenses		3,240	3,057	
3 Payments to Metropolitan Police in respect of policing of Hyde Park		640	701	
4 Royal Commission on historical monuments (England)		1,375	1,453	
5 Research into conservation of ancient monuments and historic buildings		24	45	
Z Appropriations in aid (receipts)		(15)	(22)	
Section E Net total	(f)	16,884	16,796	(i)

£000's Cash	1981/82 Outturn	1982/83 Estimate provision (a)	1982/83 Provisional outturn	1983/84 Estimate provision (b)
Section F Building and Construction Research (j)				
1 Building Research Establishment expenses	11,453	9,162	9,468	9,638
2 Building Research Establishment: other current expenditure	3,201	1,200	1,540	1,249
3 Building Research Establishment: capital expenditure	1,424	1,008	1,360	930
4 Building and construction research	(k)	2,310	1,756	2,285
Z Appropriations in aid (receipts)	(4,977)	(2,047)	(2,231)	(2,145)
Section F Net total	11,101	11,633	11,893	11,957
Section G Environmental Research and Surveys				
1 Grant to Royal Society	180	173	144	(l)
2 Hydraulics Research Station (m)	26	5,829	5,016	2,353
3 Centre for Environmental Studies	53	180	284	10
4 Environmental research and surveys	(c,k) 23,058	21,627	19,214	20,990
Z Appropriations in aid (receipts) (m)	(61)	(2,978)	(2,455)	(1,239)
Section G Net total	23,256	24,831	22,203	22,114
Section H Dog and game Licences				
	3,124	3,675	3,680	3,850
Section I Audit Commission				
	-	25	15	(h)
Vote total (net of receipts)	135,400	154,260	142,002	(g)170,763

Notes

1982/83 figures are unaudited: see note on status of 1982/83 accounts on page 50

Sections and Subheads are as in the 1982/83 Supply Estimates.

- a Supply Estimates as amended by Revised Estimates.
- b Supply Estimates plus July 1983 Supplementary Estimates.
- c Expenditure on housing research included under Subhead G4 in 1981/82; thereafter under B2.
- d Expenditure on Rent assessment panels included under Subhead C5 in 1981/82; thereafter under B3.
- e Expenditure and receipts in respect of District Audit Service, included under Section C in 1981/82, and under Section D in 1982/83. See also note (h).
- f Expenditure and receipts in respect of Royal Parks etc Administration included in Section C in 1981/82, and under Section E in 1982/83. See also note (i).
- g Provision includes almost £36 million for payments to Property Services Agency (PSA) for accommodation services. Prior to 1 April 1983, costs were borne on a PSA Vote.
- h 1983/84 expenditure and receipts relate to the formation, on 1 April 1983, of the Audit Commission: receipts will include fees in respect of work done by the former District Audit Service

prior to 1 April 1983, and reimbursement by the Commission of the salaries of seconded staff. See also note (e).

- i Provision in respect of Royal Parks etc. Administration transferred to Class VIII, Vote 4 for 1983/84. See also note (f).
- j For 1981/82, includes expenditure on hydraulics research, other than costs incurred in connection with privatisation of Hydraulics Research Station. See also note (m).
- k Expenditure on building and construction research included under subhead G4 in 1981/82; thereafter under F4.
- l Grant covered the cost of the Society's membership contribution to the International Institute of Applied Systems Analysis, and has been discontinued as from 1983/84.
- m Expenditure associated with the privatisation of Hydraulics Research Station (HRS), which took place on 1 April 1982, to cover the payment of grant and of salaries of DOE staff seconded to HRS. Reimbursement of salaries by HRS is recorded as Appropriation in Aid (Subhead G Z) within the Vote. See also note (j).

Vote VIII, 5: Central administration and environmental research

Outturn for 1982/83

There was a net underspend of some £12 million on the Vote in 1982/83, spread over various sections, but in particular reflecting larger than expected reductions in salary and running costs of the Department (*Section C*) and in Housing Corporation administration costs (*Section A*); and some slippage in a number of research contracts (*Section G*).

Subhead C2: General administrative expenses

The major element of the £4 million underspend on this subhead was due to the change from official pre-paid envelopes to ordinary postal methods, which resulted in lower expenditure than forecast. There were minor variations on other administrative items, mainly underspends.

Subhead C4: Administrative computers: capital expenditure

The underspend was largely due to slippage in some computer projects, which deferred some expenditure to 1983/84.

Subhead C5: Other tribunals, commissions, committees, etc

This subhead covers the running costs of a range of central and local bodies including Royal Commissions, the Local Government Boundary Commission, Local Valuation Panels. The volume of work of a number of the bodies was less than anticipated in 1982/83, and costs were correspondingly lower.

Subhead C7: Tenants' right to buy dwellings

This covers expenses incurred by the Secretary of State in exercising his power to intervene to allow tenants to exercise the right to buy their homes. Expenditure depends on the number of cases in which intervention occurs, and in 1982/83 was substantially lower than the provision.

Section F: Building and construction research

The overspends on Building Research Establishment running costs and capital expenditure (*Subheads F1, F2 and F3*) were substantially offset within the Section by underspending on extra-mural research contracts (*Subhead F4*) and higher receipts from co-sponsors of research (*Subhead FZ*). The overspend on capital (*Subhead F3*) was due to a number of purchases of equipment being brought forward.

Subhead G3: Centre for Environmental Studies

This Subhead covers expenditure arising from the closure of the Centre, including payments to cover liabilities related to pensions of former staff. The overspend reflects the fact that these payments, as determined on the basis of actuarial calculations, were higher than originally estimated.

Subhead G4: Environmental research and surveys

The underspend was due mainly to a number of research contracts starting or being completed later than anticipated: some final payments slipped into 1983/84.

Section H: Dog and game licences

This covers payments to the Post Office relating to the cost of issuing licences on behalf of local authorities.

Vote provision for 1983/84

The 1983/84 provision includes for the first time payments of almost £36 million to the Property Services Agency (PSA) for accommodation services used by the Department. These costs were until 1983/84 borne on a PSA Vote, and not charged directly to Departments.

The provision excludes the administration and research costs of the Department's Directorate of Ancient Monuments and Historic Buildings (some £16 million), which has been transferred to Class VIII Vote 4 as from 1983/84.

Senior Officials of the Department of the Environment at 31st March 1983

Excluding the Property Services Agency

Sir George Moseley KCB
Permanent Secretary and Accounting Officer

P J Harrop CB
Second Permanent Secretary and Accounting Officer

J Delafons CB
Deputy Secretary, Planning

K F J Ennals CB
Director General, Organisation and Establishments

T M Heiser
Deputy Secretary, Finance and Local Government
(Principal Finance Officer)

M W Holdgate CB
Deputy Secretary, Environmental Protection, Countryside and Sport
Chief Scientist

W I McIndoe CB
Deputy Secretary, Housing and Construction

M J Ware
Solicitor

The Department's administration and manpower

Distribution of staff

Ancient Monuments and Historic Buildings
Including direct labour force

27%

Establishments, including office services
Including work for DTp

24%

Regional offices

12%

Building Research Establishment

11%

Planning

9%

Housing and Construction

5%

Local Government and Finance

5%

Environmental Protection, Countryside
and Sport

3%

Central Services
Legal, statistics and information

3%

Water

1%

The Establishments Organisation provides personnel management, training, and office services (such as typing, registry and messengers) for both the Department of the Environment and the Department of Transport. It also contains the computer staff of the two Departments and the units dealing with organisational efficiency. Roughly two-fifths of the total effort goes on DTp work.

The Department's Regional Offices keep in touch with local authorities, other public bodies and the private sector throughout England, and in particular deal with a large amount of the case work concerned with housing and planning.

The Government is committed to improve the efficiency of the Civil Service and so to secure greater economy and better management. The Department is playing its part. In 1982/83 it cost £110 million to run; a reduction of £3 million (3%) on the cost of corresponding activities in the previous year.

This was achieved by better management and control of manpower and other administrative resources. Central to the control arrangements is the Management Information System for Ministers (MINIS). This is linked with an annual manpower budget and with Management of Administrative Expenditure Information System (MAXIS).

MINIS, which is published, provides the raw material for an annual review of each area of activity by the Secretary of State and his colleagues. Each activity is scrutinised to ensure it is appropriate for the public sector, that it is being executed efficiently, and that it is worth the cost of the effort that goes into it. MINIS has been successful not only in revealing substantial scope for economies in the Department but also in enabling Ministers to ensure that resources are allocated in accordance with their priorities and objectives. The disciplines of the system have also helped to develop greater awareness of the need to manage the Department's resources well.

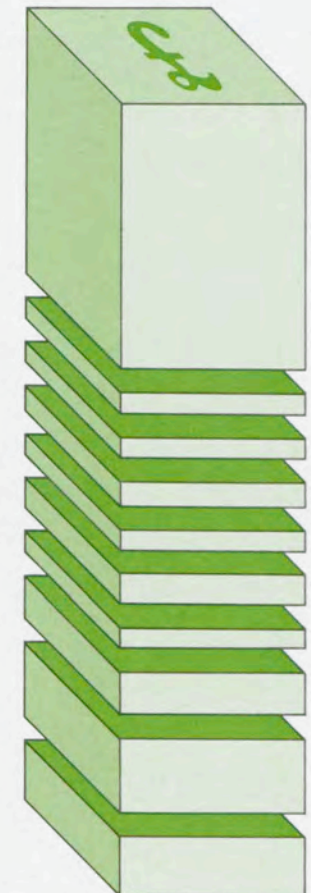
The main preparations for the introduction of MAXIS took place during 1982/83. It provides a computerised framework for estimating, monitoring and controlling administrative running costs. To facilitate the transfer of a greater measure of responsibility for the control of running costs from central divisions to individual managers about 150 units called 'cost centres' have been set up. MAXIS became operational from April 1983.

Supporting these resource controls is a continuous programme of studies and reviews, some by outside consultants. The aim is to ensure that the Department is sensibly organised, that appropriate staff are employed on the tasks to be done, and that advantage is taken of new technology. In 1982/83, for example, the Department was engaged in implementing the reports of Rayner studies into support services at the Building Research Establishment and into the organisation of cartographic services. Both reports recommended significant organisational and staffing changes.

As a result of the MINIS and manpower budgeting processes for reviewing work it was possible to reduce the number of staff employed during 1982/83 by 989 (11%). This included 502 staff in the District Audit Service for local authority accounts who moved to the new Audit Commission which came into being on 1 April 1983.

Gross Administrative expenditure of the Department £110m

Administrative expenditure except for the parts of the Department separately identified in Vote VIII, 5	Salaries	£50m
	Administrative expenditure	£20m
	Travel and Removals	£3m
	Post and Telecommunications	£3m
	Stationery	£5m
	Computing	£3m
	Other	£6m
Parts of the Department separately identified in Vote VIII, 5	Tribunals, commissions, committees etc	£3m
	District audit service	£9m
	Royal palaces, Royal parks, ancient monuments and historic buildings administration	£16m
	Building research establishment	£12m



These figures exclude the cost of accommodation which, prior to 1983/84, was borne on a PSA vote.

Functional category		Staff numbers	Non-industrial	Industrial	Total
Senior management	1/2%	1979	9330	1918	11248
Administration and executive	23%	1980	8799 1/2	1761 1/2	10561
Clerical and secretarial	25 1/2%	1981	8220	1632	9852
Professional and technical	8%	1982	7337	1465	8802
Scientific	6%	1983	6522 1/2	1290 1/2	7813
Specialist grades	10%	1984 (Estimated)			6650
Supporting staff	11%	(1 April in each case)			
Industrial staff	16%				

Under present plans, including the establishment of the new Historic Buildings and Monuments Commission, the size of the Department will have been reduced by 40% between 1979 and 1984.

Structure of the Department

Permanent Secretary	
Director General Organisation and Establishments	<ul style="list-style-type: none"> Senior Staff Management Personnel Management and Training Administrative Resources Information
Deputy Secretary Planning	<ul style="list-style-type: none"> Inner Cities Regional Policy and Development Land Use Policy Research, Minerals and New Towns London Housing and Planning Regional Offices (8) and Merseyside Task Force
Deputy Secretary Finance and Local Government	<ul style="list-style-type: none"> Local Government Finance Policy Housing, Water, Central Finance Local Government
Solicitor	
Chief Scientist	<ul style="list-style-type: none"> Environment Science Policy Unit Building Research Establishment
	<ul style="list-style-type: none"> Statistics Ancient Monuments and Historic Buildings Planning Inspectorate
Second Permanent Secretary	
Deputy Secretary Housing and Construction	<ul style="list-style-type: none"> Housing (3 Directorates) Construction Industry
Deputy Secretary Environmental Protection, Countryside, and Sport	<ul style="list-style-type: none"> Air, Noise, and Wastes Environmental Pollution Rural Affairs Sport and Recreation Water

The Department and Parliament

Legislation

	1981/82 Session November 1981 – November 1982	1982/83 Session November 1982 – May 1983
Government Bills Receiving Royal Assent		
Departmental	<ul style="list-style-type: none"> Local Government (Finance) Bill New Towns (Money) Bill Derelict Land Bill 	<ul style="list-style-type: none"> Mobile Homes Bill Water Bill
Other Departments Bills with major DOE interest	<ul style="list-style-type: none"> Local Government Bill (Miscellaneous Provisions) (Home Office) Social Security and Housing Benefits Bill (DHSS) 	<ul style="list-style-type: none"> National Heritage Bill (DES) Miscellaneous Financial Provisions Bill (Treasury)
Lost at Dissolution		<ul style="list-style-type: none"> Housing and Building Control Bill Local Authorities (Expenditure Powers) Bill
Statutory instruments laid before Parliament		
negative	67	53
affirmative	7	5
Adjournment debates	26	22
Parliamentary questions		
Oral	357	262
Written	2104	1400
Total	2461	1662

Environment Select Committee

The Department provided evidence to the Committee for its enquiries into Methods of Financing Local Government, the Private Rented Sector, the management of Urban Renewal and on the Department's main and supplementary Estimates

Investigations by the Parliamentary Commissioner for Administration

Year	Number of Complaints	Accepted for Investigation	Completed Reports	Complaint Upheld	Not upheld but some criticism
1981	57	8	12	3	3
1982	63	7	6	3	0

Other sources of information

Further information about the Department's accounts and budgets may be found in these documents. All are available from HMSO.

Appropriation Accounts 1981/82 (Classes VII, VIII and XVIII)
HC 42 1982/83.

The Government's Expenditure Plans 1982/83 to 1984/85 Cmnd 8494.

Supply Estimates 1982/83 (Classes VII, VIII and XVIII)
HC 214 1981/82.

Supply Estimates 1982/83 (Summer Supplementary)
HC 432 1981/82.

Supply Estimates 1982/83 (Winter Supplementary)
HC 13 1982/83.

Supply Estimates 1982/83 (Spring Supplementary)
HC 186 1982/83.

Appropriation Accounts 1982/83 (not yet published)

The Government's Expenditure Plans 1983/84 to 1985/86 Cmnd 8789.

Supply Estimates 1983/84 (Classes VII, VIII and XVIII)
HC 237 1982/83.

Supply Estimates 1983/84 (Summer Supplementary)
HC 27 1983/84.

Local Government Finance: The Rate Support Grant Report (England)
1982/83 HC 141 1981/82.

Local Government Finance: The Rate Support Grant.

Supplementary Report (England) 1982/83 HC 110 1982/83.

HMSO also publish a number of statistical series (covering Housing, Local Government, Construction, Pollution and Water), Government policy statements in the form of White Papers, the more important reports and studies relating to the Department's work, and the annual reports of many of the public bodies mentioned in this report.

The 'Annual list of Publications' and its monthly supplements provide details of all the publications issued by the Department – the 1982 list is available from DOE/DTP Sub-Library, Building 6, Victoria Road, South Ruislip, Middlesex HA4 0NZ for £1.35 plus 16½p postage. Details of selected publications of current interest can be found on Prestel – Frame 500323.

The statements from the Management Information System for Ministers (MINIS), describing in detail the organisation and work of the Department during 1982/83 and plans for 1983/84, are available from Room N10/19A, 2 Marsham Street, London SW1P 3EB. A complete set (11 volumes) costs £64.50 including postage: individual volumes cost between £3.25 and £9.00.

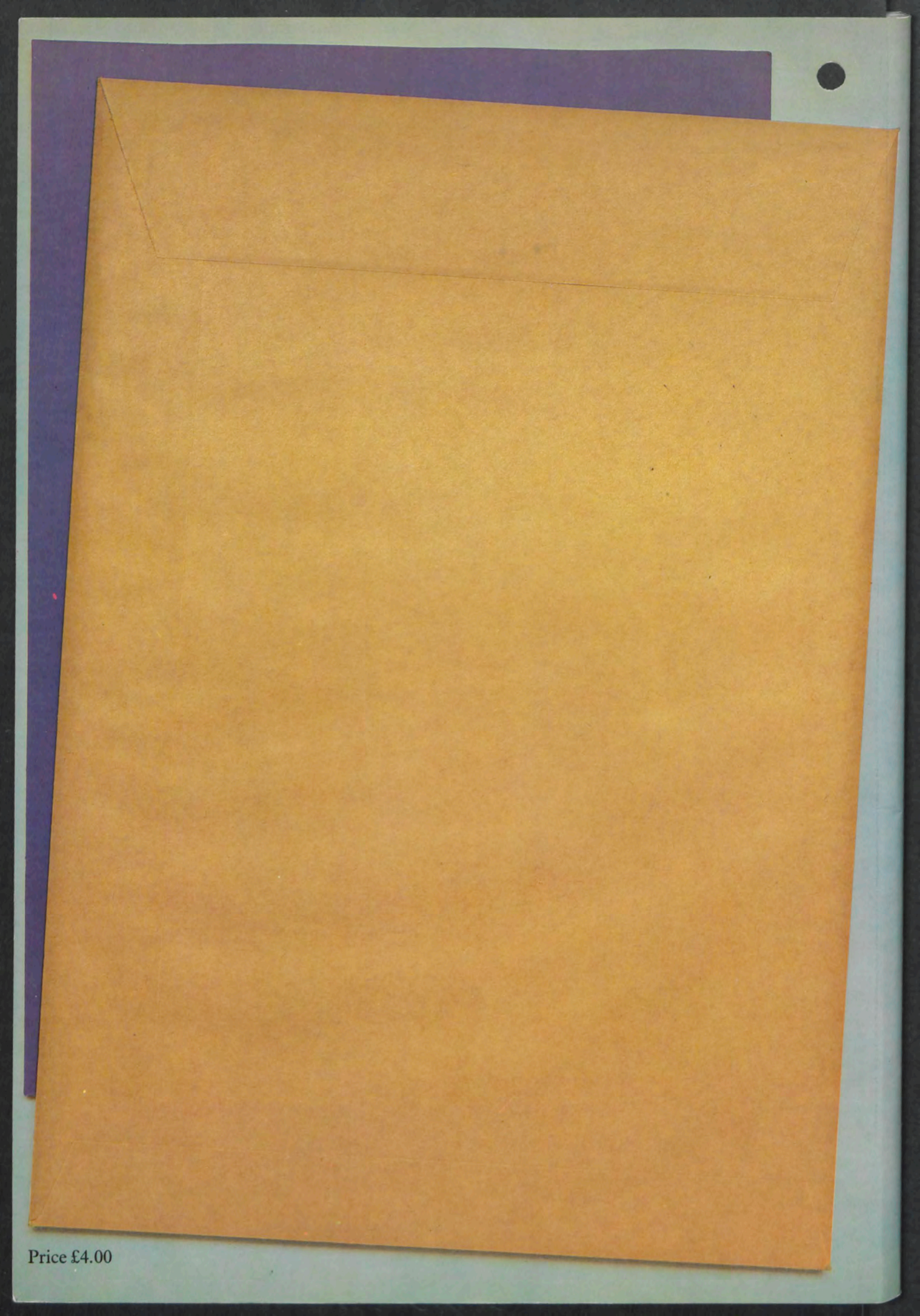
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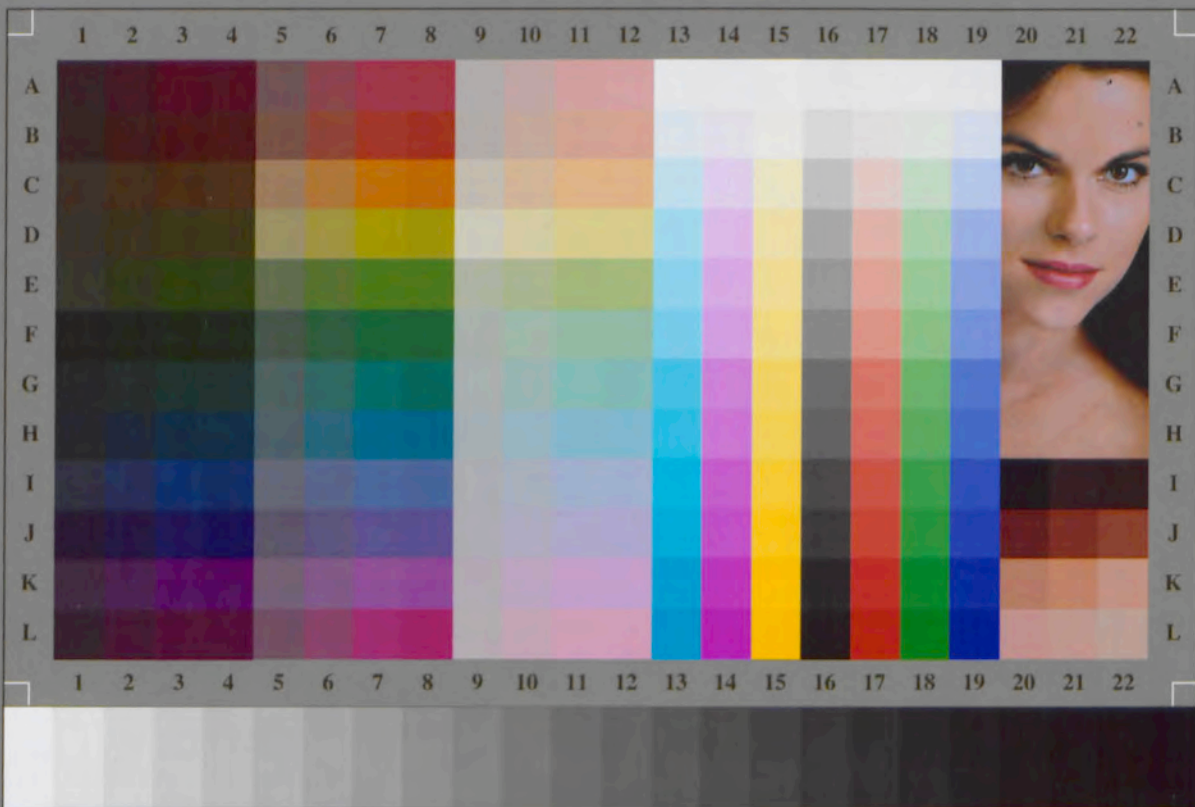
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