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10 DOWNING STREET

From the Private Secretary

6 April 1981

The Prime Minister is grateful for the Foreign and Commonwealth Secretary's minute of 26 March and the report on FCO and ODA common services attached to it. She welcomes the recommendations for integrating the units concerned with management services, staff inspection and ADP, internal audit and home accommodation and other services.

The Prime Minister recognises that merging personnel services and financial control would have a short-term cost and that integrating the management and control of the two separate Civil Services would need careful handling. But she notes that the Diplomatic Wing already manages staff from both services and believes that the short-term costs would soon be mitigated by the useful additional savings which would come from full integration.

The Prime Minister suggests, therefore, that the costs of the obstacles to integration of personnel management and financial and manpower control should be re-examined (say in twelve months' time) in the light of what has been learnt from bringing together the activities already identified.

I am sending a copy of this minute to Jim Buckley (Lord President's Office) and Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER

Amongst the various studies on merging the FCO and ODA, there has recently been a review of common service functions. Lord Carrington submits this with his summary of the recommendations. He intends to bring together staff inspection work, internal audit, ADP, security, accommodation and supply. Given the different character of the mainstream work of FCO and ODA, he has concluded that personnel and finance functions should remain separate. (Flag A) *FCO to PM 26/3/81*

3/4/81

Derek Rayner's Office remain unconvinced by the review's recommendations in respect of personnel and finance work. Mr. Priestley's note (Flag B) points to the successful use of common services arrangements between DOE/Transport, and Trade/Industry. He also suggests that the differences between the UK-based work of the two parts of FCO have been over-stated. He suggests that we might put down a marker for a further review on personnel and finance in about a year's time, in the light of progress in merging other activities. This could be commissioned as in the draft letter at Flag C. *attached to Priestley's note 3/4/81*

Mr. Priestley is suggesting that the common services review has been conducted with no great desire to recommend merger across the board. I suspect that this is right. But scope for integration between ODA and FCO has been under incessant study in one way or another for some three or four years. The Foreign and Commonwealth Secretary has already made it clear that he thinks he has been pushed a bit too far on staff reductions. You may prefer not to press too hard on his own management of the two offices. Would you like us to say that you would not wish to rule out integration of finance and/or personnel functions in due course, and that you hope this can be further reviewed, but without putting a specific time-scale on this?

2 April 1981

MPD I think it is very disappointing. Other departments have not found the same difficulties. Agree letter at Flag C. *not*

Mr PATTISON

REVIEW OF THE COMMON SERVICES OF FCO AND ODA

1. We spoke briefly last Friday about the review of FCO/ODA Common Services attached to Lord Carrington's minute to the Prime Minister of 26 March. Mrs Thoms has discussed it with you at greater length and what follows is based on her work.

Background to the review

2. The 1979 Rayner Project on the merger of the FCO and the former ODM was asked to examine "the ideal structure as if we were starting afresh". The outcome was less radical than that but was accepted on the basis that the chief practical question was how far and fast "integration" should be pressed (Sir Derek Rayner's minute to the Prime Minister of 6 March 1980).

3. Following the report, two joint units were agreed upon (aid policy and economic relations) and the other areas of apparent overlap (including the geographical departments) were left over for the management review. Common Services were left for yet later survey, following the management review. In the event, the management review recommended limited integration and against merger of the geographical departments.

Common Services

4. The report recommends a limited integration, as follows:

	<u>potential staff* savings</u>	<u>potential cash savings</u>	<u>Recommendation</u>
Personal services	6 - 8 (1%)	£130,000	no merger
Financial control + manpower	4 (2%)	£54,000	no merger

* It is a weakness of the report that staff and cash savings are not identified as proportions of the total in those areas. The % figures shown are estimates based on the organisation charts



	<u>potential staff* savings</u>	<u>potential cash savings</u>	<u>Recommendation</u>
Staff inspection, management services and ADP	no saving	-	merger
Internal audit	no "significant" savings	-	merger
Home accommodation and other services	10 (5%)	£167,000	merger
Travel units	not given	not given	no merger but saving of 2 posts from procedural changes


5. In total, these recommendations would give initial savings of 12 posts and £191,500 (0.8% of total expenditure on common services). This compares with potential savings from full integration of about 23 posts and £400,000 (1.7% of common services expenditure).

Comment

6. The report has four main arguments against full integration:

- a. No operational benefits would arise because the Diplomatic and Home Civil Services, and the FCO and ODA, are different animals. There would be a disbenefit from trying to combine their different 'cultures'.
- b. Radical re-organisation would be necessary.
- c. Co-location of the relevant parts of the organisation might be difficult.
- d. The staff don't want it.

7. The argument about the separateness of the two Civil Services is supported by their different terms and conditions, but less convincing when the actual work to be done is examined.



Home Civil Servants represent their departments abroad and Diplomatic Service staff do stints at desk jobs in London similar in kind to those in any other Government Department. The discussion of travel arrangements (7.9 - 7.13) is not without interest in this respect. In the case of personnel work, this argument is further weakened by the fact that the Diplomatic wing already employs 1,400 Home Civil Servants which it manages and controls alongside its 4,200 Diplomatic Service staff.

8. The "two separate institutions" argument is also used against integrating financial control (para. 2.12). The report could, perhaps, have drawn on the account of the creation of DOE* which spoke of the need for a finance organisation that was strong but flexible (and not necessarily uniform throughout the department) and which took account of "the importance of considering the department's spending as a whole, and of making comparisons between policies, between services, and between functions avoiding duplication between the central apparatus and the functional finance organisations". (Apart from DOE and the Department of Transport, which have joint common services, there is another integration model in the joint common services of the Departments of Industry and Trade. The Accounting Officer problem is overcome by making one of the two departmental Permanent Secretaries concerned the Accounting Officer for the relevant expenditures.)

9. The significance of the co-location argument is difficult to assess. In the case of those functions which the report recommends for merger, co-location is said to be essential, but potentially difficult (particularly for accommodation services which would have to be set up in the Diplomatic wing). There is no discussion of where internal audit or the inspection staff would sit. Co-location is not mentioned specifically as

* Civil Service Studies 4, HMSO 1977.

a problem in integrating either finance work or personnel management (although on the latter, it is again said to be essential).

10. Sir Derek Rayner said in his minute to the Prime Minister of 6 March 1980 that "housing in one place is not critical to the success of a merger, but more co-location than at present would very much help its efficient operation". Whilst all finance work should sit together, it need not be in the same place as all the personnel management work. The report says little about the options for and practical problems of co-location to support its line (para. 1.13) that "there could be difficulties in achieving co-location".

11. More generally, the report is very negative. Separate organisations are seen as self-evidently right unless the case for merger is overwhelming. For example, Chapter 2 sets aside savings of £54,000 pa (and possibly more) from integrating financial control even though paragraph 2.12 says that there is no overriding reason for not doing it. Similarly, the report recommends against merging personnel services (with savings of £130,000 pa and a lot more later on) even though the "difficulties could no doubt be overcome" (para. 4.20).

12. Integration of training activities (5.4 and 5.5 in particular), registry services (7.7(a)), typing and secretarial services (7.7(c)), travel arrangements (7.12) and welfare (9.4) is not recommended either because practices or "responsibilities" are different (there is little examination of whether they need or should be) and/or because separate personnel services prevent it from being worthwhile.

Advice

13. The report will get rid of only part of the overlap which it identifies and the recommendations against full



integration are not generally well-supported. The Prime Minister will not want to appear to second-guess the Foreign Secretary on points of departmental detail, but she may be content ~~for~~ you to write along the lines of the attached draft.

Elizabeth Thoms

PP

C PRIESTLEY
3 April 1981

Enc: Draft private secretary letter.

CONQUEROR

G G H Walden Esq
Foreign and Commonwealth Office

The Prime Minister is grateful for the Foreign Secretary's minute of 26 March and the report on FCO and ODA common services attached to it. She welcomes the recommendations for integrating the units concerned with management services, staff inspection and ADP, internal audit and home accommodation and other services.

The Prime Minister recognises that merging personnel services and financial control would have a short-term cost and that integrating the management and control of the two separate Civil Services would need careful handling. But she notes that the Diplomatic Wing already manages staff from both services and believes that the short-term costs would soon be mitigated by the useful additional savings which would come from full integration.

The Prime Minister suggests, therefore that the costs of and obstacles to integration of personnel management and financial and manpower control should be re-examined (say in twelve months time) in the light of what has been learnt from bringing together the activities already identified.

I am sending a copy of this minute to Jim Buckley (Lord President's Office) and Clive Priestley (Sir Derek Rayner's Office).

M A PATTISON



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PRIME MINISTER

Review of Common Services

1. As foreshadowed in Sir Derek Rayner's minute of 6 March 1980 officials from the Diplomatic Wing and the Overseas Development Administration, with valuable help from the Civil Service Department's Staff Inspection and Evaluation Division, have now looked at the common service functions of both Wings of the FCO. I attach a copy of the report. You will recall the decision taken, as a result of last year's management review of the ODA, not to merge the geographical departments of the two Wings.

2. The report concludes that, given the distinct tasks performed in each Wing of the FCO, the personnel and financial functions should also continue to be performed separately. I agree with this conclusion. It reflects Derek Rayner's own point that the best way of rationalising common service functions was bound to be heavily influenced by the way in which the functions concerned were organised. While full integration might of course produce further limited staff or financial savings, the upheaval implied by such a radical approach would more than outweigh such a benefit. The differing staffing arrangements required by the world-wide deployment of the Diplomatic Service also, in my view, requires separate management.

3. The report's other main recommendations consist of proposals for establishing a joint Inspectorate, Internal Audit and Automatic Data Processing Sections, a single Security Department and integration of staff dealing with accommodation and supply matters at home. These proposals should produce savings of some £200,000 and save 12 staff. The creation of a Joint Inspectorate in particular should help to ensure that the two wings work together as closely

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27 MAR 1981





as possible, that overlap is reduced to a minimum across the board and that common standards are applied in both Wings.

4. In reaching these conclusions the report had also to take into account the separate location of the two Wings which is an added barrier to any merger of their common services beyond the level recommended. In his minute of 6 March Derek Rayner drew your attention to the problems of accommodation and suggested that Richmond Terrace might provide an opportunity to bring units of the two Wings close together. But delay on the restoration of Richmond Terrace and the urgent need for repairs to parts of the Old Public Offices make co-location further off than ever.

5. I believe that subject to our being able to resolve some problems which could arise from the merger of the security sections, the new arrangements set out in the report, taken together with the measures already agreed in March 1980, including the establishment of two joint departments dealing with Aid Policy and Economic Relations which are now functioning well, as well as the outcome of the ODA Management Review itself, will ensure a more economical and effective working relationship between the two Wings. The Joint Inspectorate will give us an opportunity to identify all possible ways of streamlining our operations both in the administrative and policy making areas.

6. I am sending a copy of this minute to the Lord President of the Council and to Sir Derek Rayner.

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Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01-

Your reference

Our reference

Date 18 February 1981

1. We were appointed to review the common service functions in the FCO's Diplomatic Wing and ODA and to recommend the most efficient way of carrying these out. We found in both Wings a firm belief that a merger of support services for two such different institutions would not only entail much disruption but also result in less efficient performance overall. It was cynically suggested that the result would be like tying together by the tail a cat and a dog!

2. In developing proposals for merging services we had the valuable assistance of Messrs J Mulford and M Hoare of the CSD's Staff Inspectorate. The blending of their professional expertise and views with our own knowledge of the functions and requirements of the two Wings has been an interesting exercise.

3. We believe that the conclusions reached in this Review are right in the existing circumstances and where changes have been proposed these would be workable and cost effective. It will not please everyone but we would hope that the verdict on it may be, to quote Adam Smith:-

"With all its imperfections, however, we may perhaps say of it what was said of the laws of Solon, that, though not the best in itself, it is the best which the interests, prejudices and temper of the times would admit of. It may perhaps in due time prepare the way for a better."

K O H Osborne

W J Watts

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FCO/ODA COMMON SERVICES REVIEW

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FCO/ODA COMMON SERVICES REVIEW

CHAPTER I - INTRODUCTION

1.1. Our Terms of Reference require us:-

- (a) to review the common service functions such as personnel and finance performed by the departments dealing with these matters in the two Wings of the FCO in the light of the recommendations of the Management Review into the functions of the ODA and certain parts of the Diplomatic Wing; and
- (b) to make recommendations on the most efficient way of carrying them out bearing in mind the relative costs and effectiveness of the possible solutions.

A copy of the full Terms of Reference is at Appendix 1.

Background

1.2. The proposal to carry out this review of common service functions originated in Sir Derek Rayner's minute to the Prime Minister of 6 March 1980, following the Adams/McCulloch Report which was aimed at reducing duplication, improving policy co-ordination between the Diplomatic Wing and the ODA, and achieving manpower savings. That Report recommended inter alia the rationalisation of certain functional responsibilities between the two Wings in order to avoid duplication and overlap, and the creation of two jointly staffed Departments. These recommendations were accepted and implemented following the ODA Management Review. This also resulted in the establishment of an Aid Policy Board to include officials from the Diplomatic Wing as a means of co-ordinating aid policy and foreign policy at highest official level.

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1.3. The Management Review was mainly concerned with the reorganisation of the ODA for the most effective administration of the bilateral aid programme, multilateral aid and associated international activities. It pointed to the Permanent Secretary ODA's need for clear channels of command under him in the deployment of financial and manpower resources involved in administering the aid programme.

1.4. The Review also examined the Adams/McCulloch recommendation for an experimental merger of geographical departments as a stage in progressive integration. On this it concluded that "the tasks of international relations and aid administration constitute distinct functions" and recommended that the geographical departments in the two Wings should remain separate. This recommendation was accepted.

1.5. The decision not to merge the core geographical departments and acceptance of the ODA Management Review's other recommendations, especially those on Structure and Top Management, implied the continued separation (at official level) of operational responsibilities between ODA and the Diplomatic Wing.

1.6. We were advised by the Steering Group:-

(a) that the ODA Management Review had been approved by the Secretary of State and the Prime Minister and its conclusions were not open to question; but

(b) that subject to this it is intended to develop as close as possible relationships between the two Wings.

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1.7. The position is, therefore, that the FCO Diplomatic Wing and the ODA constitute two distinct operational institutions, both responsible to the Secretary of State, but each differently organised to perform different functions, in one case mainly overseas, and with separate votes and establishments. Each institution is headed by a PUS/Permanent Secretary with separate management and accounting responsibilities. Of the two jointly staffed Departments created after the Management Review, one, Aid Policy Department (ADP), is integrated into the ODA management structure; the other, Economic Relations Department (ERD) forms part of the Diplomatic Wing as far as chain of command and administration are concerned.

1.8. The problems of merging the common services of the two Wings of the FCO are much greater than would be involved in any proposal to merge the supporting services of two Home Departments. The differences in the functions performed by the two Wings in London are at least as wide as those performed by any two Home Departments and there are additional complexities because:-

(a) the Diplomatic Service is separate from the Home Civil Service and independently administered. Its staff are employed on different terms and conditions of service from Home Civil Service personnel. In particular Diplomatic Service personnel have an unrestricted liability to serve abroad anywhere in the world; and

(b) the management and supporting services of the Diplomatic Wing are geared to the existence and needs of the 139 diplomatic missions and 60 subordinate posts overseas.

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Accordingly, in what may appear to be similar areas of administration, ~~in the two Wings~~, the volume of and relative importance attached to the work involved can differ considerably ^(in the two Wings). For this reason responsibilities are divided differently between departments eg ODA's Establishment Department deals with subjects, responsibility for which is split between no less than 5 departments in the Diplomatic Wing. Any major integration, therefore, would involve substantial restructuring of departments in either or both Wings. The principal departments concerned are:

FCO Diplomatic Wing

Personnel Operations Dept (POD)

Personnel Services Dept (PSD)

Personnel Policy Dept (PPD)

Accommodation and Services
Department

Finance Department

Internal Audit Unit

Security Department

Inspectorate

Training Department

Library and Records Dept

ODA

Establishment Department

Organisation Department

Finance Department

Accounts Department

Internal Audit Unit

Approach to the Task

1.9. We studied the ODA Management Review and recent Inspection Reports on departments both in the Diplomatic Wing and ODA. We then spent some time with the departments and sections concerned with administration or the provision of services in each Wing discussing the nature and weight of the tasks in which

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they were engaged and how these relate to similar work being done in the other Wing. Where necessary we arranged to meet jointly with officials of both Wings to examine the practicability of merging their work and responsibilities, and the implications of such a merger. Our understanding from the Terms of Reference and the guidance given by the Steering Group was that the essential questions in considering merging common services were those of efficiency and cost effectiveness. In both Wings economies have been made recently in supporting services and their costs closely scrutinised. Where the total volume of work after a merger would be unchanged, the issue in cost terms was, therefore, whether or not bringing together comparable support functions would offer opportunities for economies of scale; and the extent to which these might be negated by the disruption and consequent loss of effectiveness (and possibly short-term cost increases) resulting from changes in established organisations and operating practices. We also considered the possible value of mergers as a means of harmonising existing practices and developing common procedures. Apart from any short term benefits which might arise, harmonisation of procedures would also facilitate a merger of operational and managerial responsibilities in the future if a political decision to this effect should be taken.

1.10. After we had completed our field work we were joined by two CSD Staff Inspectors and together prepared ^{illustrative} models of what, from their professional experience, appeared to be appropriate structures for integrated common services. Although

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implementation of these might in some cases involve deviation from the conclusions of the ODA Management Review, we considered them in the light of the above criteria and our assessment of their workability in practice. In the models in the Annexes to the various Chapters of this Report it should be understood that gradings shown are interchangeable between DS and HCS equivalent.

1.11. Our Terms of Reference require us to have "due regard, as appropriate, to those matters dealt with under Aid Programme Class II vote 10". In effect this means the ODA's four Scientific Units. We were advised that we were not required to re-examine the status of these Units but only to consider the broad arrangements for balancing their manpower needs against those of the rest of the FCO. This we have done (see Appendix 2). We have similarly excluded from detailed study the Passport Office and the Communications Division at Hanslope Park both of which are subject to the overall administrative control of the Diplomatic Wing. Any change in these arrangements would involve a fundamental change in their status, which is outside our remit. The present arrangements for the administration of Hanslope Park are to be examined by the Diplomatic Service Inspectorate early in 1981.

/SUMMARY OF MAIN FINDINGS

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SUMMARY OF MAIN FINDINGS

1.12. The Diplomatic Wing and the ODA are separately administered. This is a reflection of their differing functions. But they are linked at Ministerial level and the concept of a single common services organisation therefore has obvious attractions.

1.13. This report shows how full integration of common services could be achieved with estimated savings of around £400,000 a year. (These savings are only illustrative, but they amount to about 1.7% of the combined costs of common services in both Wings). It also shows, however, that integration would involve a radical reorganisation of existing structures, which would be likely to cause its own problems; and there could be difficulties in achieving co-location (which would be essential to successful operation). There are also very real anxieties among the staff over the implications of such a change. These difficulties could no doubt be overcome but it remains a major consideration whether the combining of administrative resources would be sound organisational practice given the undeniably separate cultures of a Home Civil Service organisation and the autonomous Diplomatic Service.

1.14. It is easy to understate the importance of common services in both Wings; they represent focal points for effective control of finance, manpower and administrative service costs. The Permanent Under-Secretary FCO is Head of the Diplomatic Service and responsible for the administration of the Diplomatic Wing and its 139 overseas missions: the Permanent Secretary of the ODA is responsible for the management of the ODA as a whole. Any integration of common services would therefore mean creating departmental organisations which would serve two masters.

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1.15. The existence of two separate Accounting Officers is not, in itself, an insurmountable obstacle to the integration of common services; and we do not rest our recommendation on this consideration. But the separate responsibilities of the PUS FCO and Permanent Secretary ODA reflect the different functions of the organisations of which they are the official heads and, as Sir Derek Rayner commented in his minute to the Prime Minister, common services are bound to be influenced markedly by the way in which the functions they serve are organised.

1.16. The limited staff savings likely to result from a merger of personnel and financial control mechanisms have to be balanced against the different operational requirements, the locational questions, and the disruption likely to be caused. In the existing circumstances we have not recommended integration of these sectors.

1.17. We have, however, recommended bringing together those parts of the two Wings concerned with Staff Inspection, Management Services, ADP and Internal Audit. We also recommend the integration of security, home accommodation management and some service support areas. Merger of these would prepare the way for any further integration at a later date. The initial savings achievable would only be about £167,000 a year.

1.18. Some areas of common service already exist, eg overseas communications, legal advisory services, library services and the Economists Branch. There are also some jointly staffed departments. The steps proposed will continue the evolutionary process.

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CHAPTER II: FINANCE

Background

2.1. The PUS FCO is Accounting Officer for 5 votes and the Permanent Secretary ODA is Accounting Officer for 3 votes. As shown in the 1980/81 Supply Estimates Class II these are respectively:

<u>FCO Diplomatic Wing</u>	£
1 Overseas Representation: Diplomatic and Consular Services	167,856,000
3 BBC: External Services	54,645,000
4 British Council	29,917,000
5 Foreign & Commonwealth Services	19,879,000
6 International Subscriptions, Special Payments etc (FCO)	41,153,000
 <u>ODA</u>	
9 Superannuation etc (Overseas Services)	66,518,000
10 Overseas Aid	898,560,000
11 Overseas Aid Administration	19,197,000

2.2. In the Diplomatic Wing, Finance Department, headed by a DS4 officer, prepares the Main and Supplementary Estimates, controls expenditure from Votes 1 and 3-6, makes payments and prepares the annual appropriation accounts. It deals with other Diplomatic Wing departments and missions overseas on policy issues and other matters involving expenditure and negotiates with the Treasury on the annual PESC exercise. Accounts are integrated into the Department which has an establishment (reduced following a recent Inspection) of 124 (excluding Internal Audit), all DS personnel apart from one senior Principal and a few junior staff. Of these about 106 are concerned with payments and other work of

a purely accounting nature. The sections dealing with this work are supervised by the specially recruited Senior Principal with accounting qualifications who is also deputy Head of the Department. Much of the work is checking and processing the Monthly Statements of Accounts received from the 139 Missions abroad, which include expenditure debitable to the votes of other government departments and organisations. The Principal Finance Officer's role is filled by the Head of the Finance Department. He reports to an Under-Secretary who supervises 10 other Departments and has no specific responsibility of a PFO kind. Beyond him the chain of responsibility lies through the Chief Clerk to the PUS as Accounting Officer. A continuing task for the Finance Department is meeting changes in expenditure requirements arising from political developments abroad by making adjustments between Heads and sub-heads.

2.3. In the ODA there is a slightly different set up. Finance Department (with a staff of 12) deals with general policy issues, the annual PESC exercises, preparation of estimates, control of votes etc. A separate Accounts Department (which is due to move to East Kilbride in mid-1981 under dispersal arrangements) handles the issue and receipt of money from the three votes for which the ODA is responsible (Votes 9-11) including the preparation of the annual appropriation accounts. The Accounts Department (staff complement 75) is headed by a Senior Principal, who is answerable to the Head of Finance Department. Above him there is the PFO (an Under-Secretary who has other aid programme responsibilities) who reports direct to the Permanent Secretary, as Accounting Officer.

2.4. Attached as Annexes II A-D are organisation charts of the Finance Departments of the two Wings as they are at present, in each case showing separately the accounts and other financial work.

2.5. The only votes for similar purposes in the two Wings are those for administration (ie Vote 1 for the Diplomatic Wing and Vote 11 for the ODA), and Vote 4 and that element of the ODA Aid Vote (Vote 10) which goes to support the cost of British Council activities. The case for the creation of a "single pocket" for overseas expenditure was recently considered by an inter-departmental study group (which included Treasury representatives). Originally conceived in the particular context of expenditure on military training overseas, it nevertheless considered all kinds of overlapping areas in overseas expenditure including aid. The conclusion was that the existing vote structure should remain unchanged.

A Unified Finance Structure

2.6. In association with the CSD Inspectors we drew up a model of an integrated finance structure (Annex II E) to serve both Wings of the FCO. This envisages a merger of ODA's Finance Department with the comparable sections of Finance Department in the Diplomatic Wing (ie excluding its accounts work) but with (at any rate for the time being in view of the implications of East Kilbride) two separate accounts sections, one for the ODA and the other for the Diplomatic Wing votes. Such a department would need to be jointly responsible, through

/a

a single PFO, to the Accounting Officers for the two Wings, and, apart from the two accounts sections, it would probably have to be located in the ODA rather than in the Diplomatic Wing. The ODA is the major spending unit, being currently responsible for just over 75 per cent of total FCO expenditure, and with a substantial degree of delegated authority in relation to aid programme expenditure. Its Finance Department is so closely involved on a day to day basis with the main thrust of ODA's work that it would not be practical for it to be located elsewhere than in Eland House.

2.7. For much the same reason it would probably make sense for the Department to be administered as part of the ODA (with an appropriate PESC adjustment if necessary). Because much of the work - particularly that concerned with estimates, delegations of authority, monitoring expenditure and financial control generally - is of a semi-specialised nature, there would be benefit in terms of continuity and operational efficiency if the Department were staffed mainly by Home Service personnel thus avoiding the problems which can result from filling posts with Diplomatic Service officers often on a relatively short-term basis. It would however be desirable for a significant proportion of posts at lower levels to be filled by Diplomatic Service officers to enable them to gain training and experience in accounts work before going overseas. A leavening of DS

/officers

officers with experience and therefore understanding of the special problems arising from the Diplomatic Wing's overseas operation would also be necessary at other levels on both accounts and other finance work. Possibly something in the region of 20 per cent would be about the right figure (with postings being a matter for agreement between the two Wings).

2.8. The model proposes that a combined department should work to a single Principal Finance Officer at Under Secretary level, who would be part of the top management structure in the ODA, although he would be responsible through the Chief Clerk to the PUS FCO, as Accounting Officer for the Diplomatic Wing's votes (ie Vote 1 and Votes 3 to 6). The present ODA PFO already has responsibility for Aid Policy Department, Investment and Crown Agents Department and Internal Audit, in addition to the Finance and Accounts Departments. It would be inappropriate for these departments to be assigned to another Under-Secretary and the addition of the Diplomatic Wing finance work at Under-Secretary level (which at present occupies 10-15% of a superintending Under-Secretary's time in the Diplomatic Wing) might result in a fairly heavy burden. We believe however that, with suitable delegation, it would be acceptable, although some adjustment of responsibilities at senior level might prove necessary in the light of experience.

2.9. While such a department would in our view be workable, the essential question is what advantages would it offer over the present arrangements.

2.10. As far as staffing is concerned, a unified Finance Department structured as at Annex II E would, in the judgment of our CSD colleagues, appear to offer immediate staff savings as follows:-

- (a) 1 A/S post.
- (b) 1 CO post (out of 4) through combining the sections in each Wing which handle PESC and estimates etc.
- (c) 1 EO and 1 CO post, which represent the staff currently envisaged for the London office of the ODA Accounts Department (mainly for cashier work) when it has moved to East Kilbride. In a unified finance organisation it should be possible for this work to be absorbed elsewhere at the London end.

These represent savings of about £54,000 a year at current costs. It could be that, in the longer term, experience of a combined Finance Department might throw up further small savings at the lower levels, although it is not possible to foresee these at present. (We must however record that it has been represented to us that there could be difficulty over accommodating the work of the ODA's London office within the Diplomatic Wing accounts organisation, since one important task would be the payment of weekly salaries. These are due on Fridays in both Wings and payment cannot be staggered.)

2.11. Further savings might emerge over time if, in due course, the Diplomatic Wing's accounts work were to be moved to East Kilbride, along with that of the ODA (which is not administratively practicable in the near future). But here again these would probably be small since the volume of work would be

unchanged; and a move to East Kilbride would involve problems (especially in the handling of overseas mission accounts) as well as the additional costs which have to be accepted as the general price of dispersal. For the Diplomatic Wing there would be added expenditure in that Diplomatic Service staff posted to East Kilbride would qualify for detached duty terms (currently at £3,600 a year).

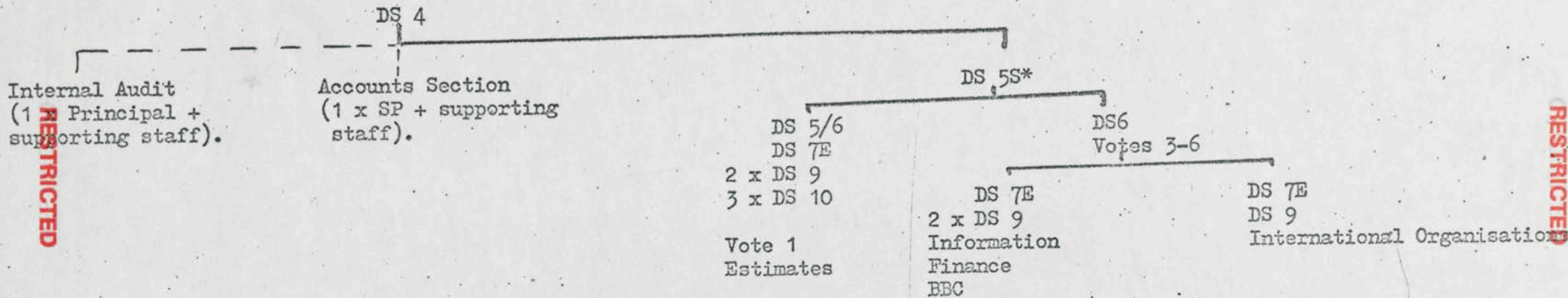
2.12. On the operational side, a merged Finance Department would, as already noted above, have to be jointly responsible upwards to the two separate Accounting Officers in each Wing. It would also be providing a service to what, notwithstanding the arrangements for closer co-ordination of policy making between the two Wings, remain essentially two distinct institutions for operational working purposes. Such an arrangement would be administratively possible and there would appear to be no overriding reason why finance work should not be brought together in this way. But any small operational benefits arising from more continuity of expertise would be likely to be more than offset by other problems.

Conclusion

2.13. In view of the small staff savings which might be expected to result from a merger we do not feel it would be justifiable to disturb the existing arrangements which have worked satisfactorily over time. We therefore recommend that the present organisational arrangements should be left unchanged.

DIPLOMATIC WING - FINANCE DEPARTMENT

Non-accounting work



* The DS5S also has responsibilities for the Distressed British Subjects Recoveries services which is part of one of the accounts sections.

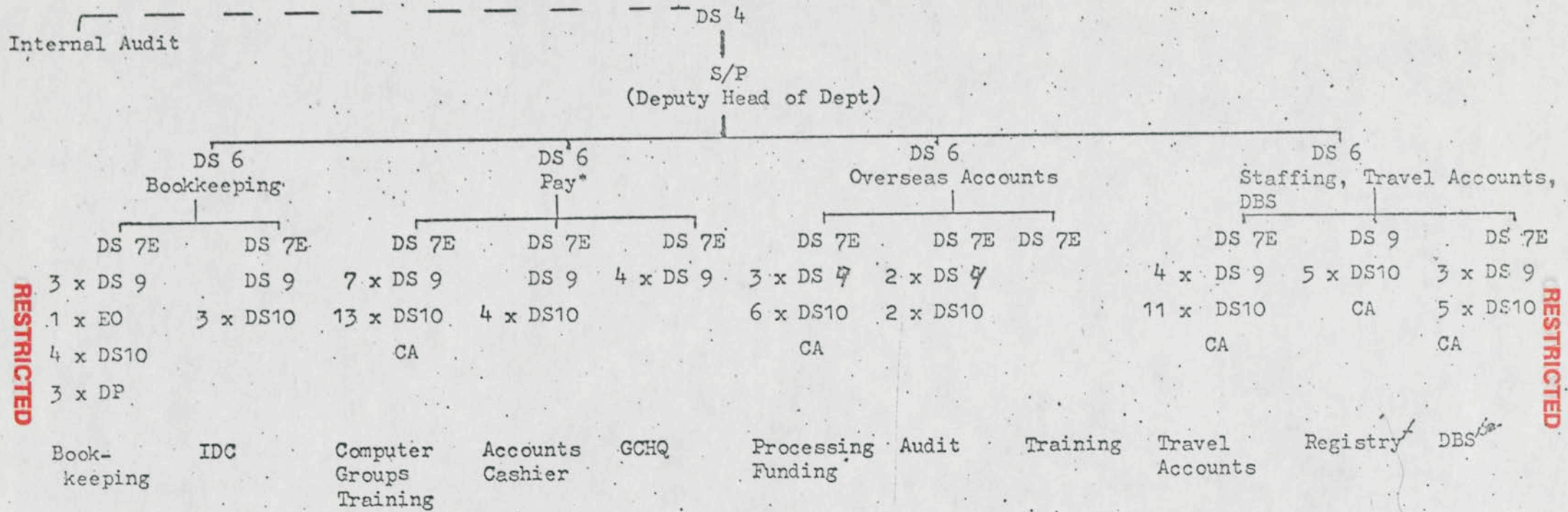
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Annex 111

DIPLOMATIC WING - FINANCE DEPARTMENT

Accounts Work



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Footnotes:

- * Pay Section is expected to be cut by about 50% and some work moved to PSD, but probably not until 1987
- † Registry serves whole department.
- ‡ DBS work is supervised by the DS5S responsible for non-accounts work.

ANNEX II B

ODA FINANCE DEPARTMENT

1 x AS

→ Accounts Dept

Section

1

PESC, Estimates
disbursement forecasts,
FIS etc

1 x P

1 x HEO

2 x EO

1 x CO

2

Multilateral institutions
Dep Territories, Assoc
States, RTA, Loan and
Grant Agreements

1 x P

1 x HEO

3

Functional TC,
Scientific Units,
office vote,
pensions

1 x SEO

1 x HEO

4

Bilat aid & TC

1 x SEO

1 x HEO

One EO also assists Section 4

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ANNEX II C

ODA ACCOUNTS DEPT
 (East Kilbride)
 PART - U/S (PFO)

FIN.

ICA

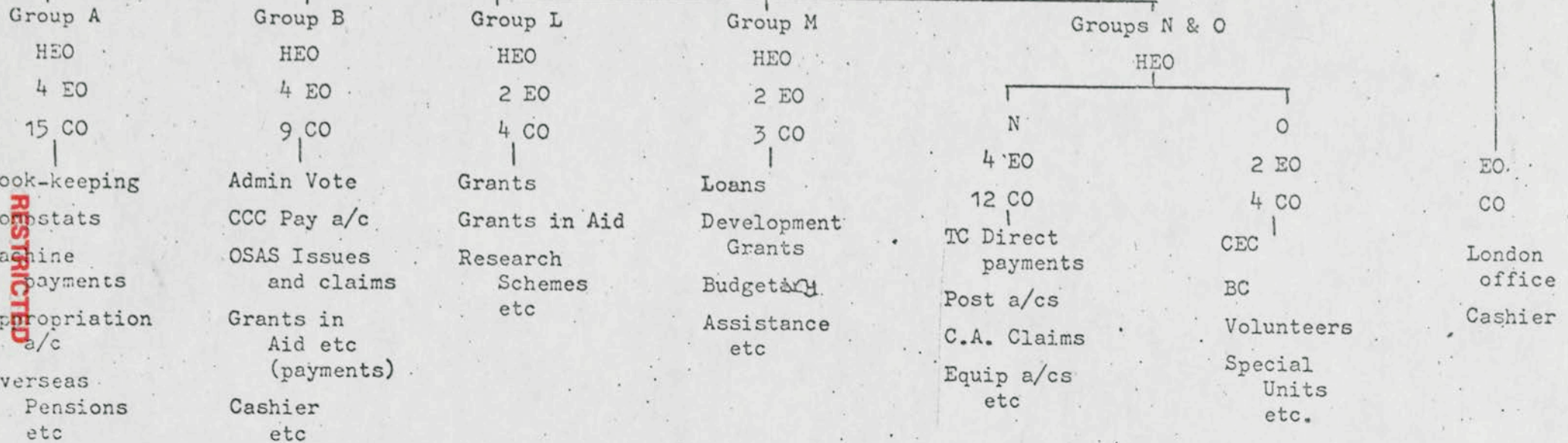
ETPD

IAU

SP

SEO

SEO

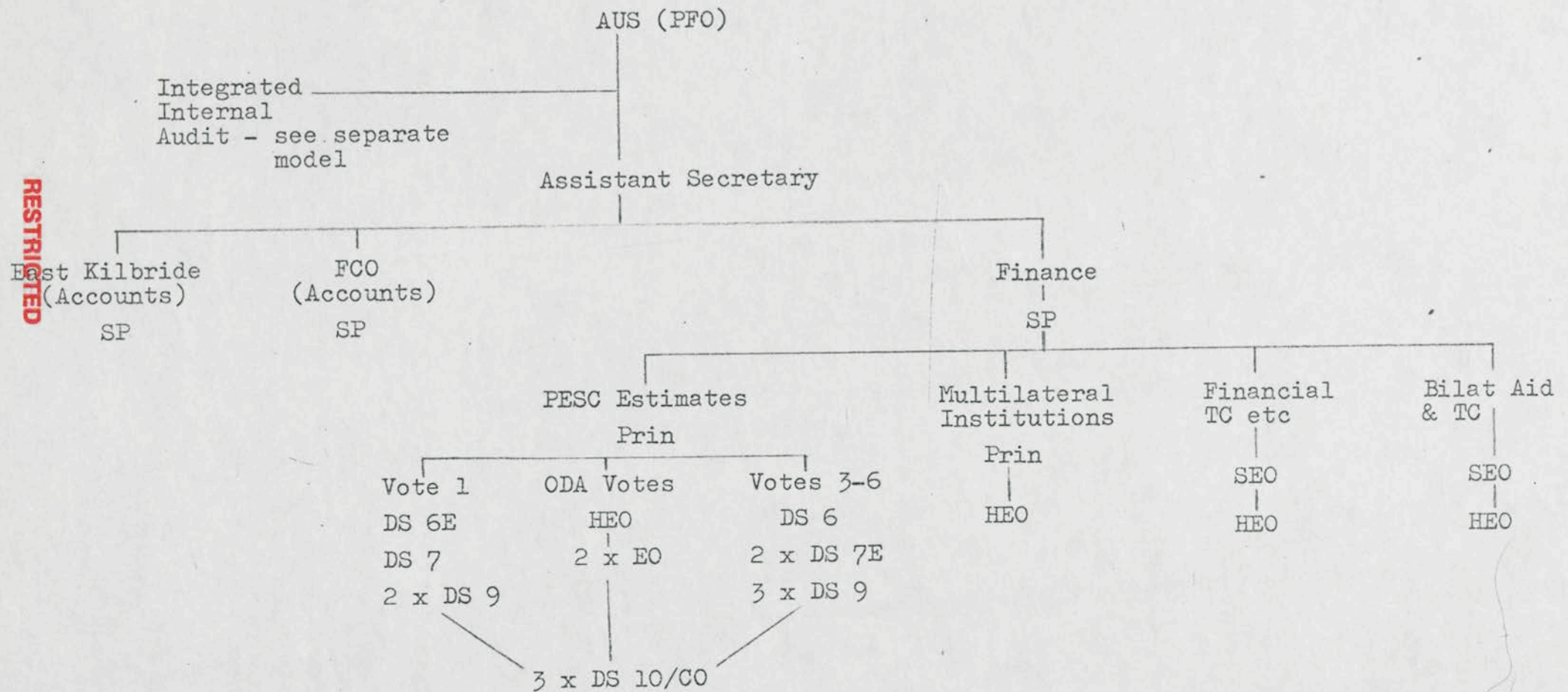


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A UNIFIED FINANCE STRUCTURE



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CHAPTER III: INTERNAL AUDIT

3.1. The Internal Audit Unit in the ODA at present has a staff of five, ie one Principal (the Chief Internal Auditor), one HEO and three EOs. ~~Some increase in this establishment is expected in the near future.~~ The Chief Internal Auditor is responsible to the PFO, but has the usual right of direct access to the Accounting Officer in exceptional circumstances.

3.2. The Internal Audit Unit in the Diplomatic Wing has a staff of 10, ie a Principal with accountancy qualifications on loan from the Ministry of Defence, 4 x DS 7 and 5 x DS 9. In the absence of any formally designated PFO, the Head of the Unit is responsible to the Head of Finance Department, but here again with the right of direct access to the Accounting Officer.

3.3. The two units serve the same purpose and their responsibilities accord with those laid down in the Guide to Government Accounting. However, in practice there appears to be a considerable difference in emphasis. The Diplomatic Wing's Internal Audit Unit does a great deal of traditional auditing work, especially of the accounts of overseas missions (which involves some travelling), whereas the ODA unit concentrates more on systems and other organisational matters related to financial control. This would seem to be a reflection of the different functions of the two Wings of the office, with the ODA focussing on the special problems of the management of the aid programme.

3.4. There could be benefit in bringing the two Internal Audit Units together, in much the same way as we have proposed below

for staff inspection. Some of the advantages are significant in operational terms. Audit development and performance are improved by an interchange of ideas and the task of developing staff with the skills needed for the audit of computer systems could be more effectively executed if the resources of both Wings were combined. Audit effectiveness requires long learning curves and continuity and the recent review by the CSD has pointed to the problems of achieving this in the Diplomatic Wing's Internal Audit Unit. The continuity and stability of having an HCS element in a combined team should facilitate a more professional approach and thereby increase effectiveness. It would also increase flexibility when the need for ad hoc audits arose.

3.5. CSD guidance is that there should be regular exchanges of programmes and reports between Staff Inspectorates and Internal Audit Units. It would be distinctly advantageous that the combined Inspectorate which we have recommended below should be able to exchange findings with a single Internal Audit Unit. Finally our expectation that a common systems approach should be developed through the creation of a joint Inspectorate/Management Services/ADP department makes the most substantial point for creating also a combined Internal Audit Unit which would be associated with the development and testing of new systems.

3.6. All these advantages depend on co-location. It would also be necessary to ensure that the complement contained sufficient posts to enable Diplomatic Service experience to be brought to bear, and to allow some DS personnel to gain experience in the problems.

3.7. There are, however, counter arguments. A merged Internal Audit Unit would be unlikely to provide any significant staff savings. Internal Audit is an important tool of financial management, and it is arguable that each financial authority should have its own Internal Audit Unit. Were there to be a single Unit jointly serving both Wings, the deployment of its resources in the light of competing demands could cause problems if the two Finance Departments remain separate. This could be overcome by having a joint Internal Audit Board which would ensure that there was equality in meeting demands in the long term audit programme.

Conclusion

3.8. The case for merging the two Internal Audit Units rests on operational benefits rather than on staff savings. Our conclusion is that irrespective of whether or not it is decided to merge the two Finance Departments there would be advantage in creating a single Internal Audit organisation. We therefore recommend that a combined jointly staffed Internal Audit Unit should be formed to serve both Wings.

CHAPTER IV: MANPOWER RESOURCES AND PERSONNEL MANAGEMENT

4.1. To appreciate the implications of attempting to merge personnel services it is necessary to understand the different ways in which the two Wings are staffed.

4.2. The Diplomatic Service Order in Council 1964 (Annex A) established a new Service administered separately from the Home Civil Service and formed initially by merging the former separate Foreign, Commonwealth Relations and Trade Commissioner Services. It now consists of approximately 4,200 members whose terms and conditions of service, embodied in Diplomatic Service Regulations, reflect their liability to posting anywhere in the world and the likelihood that they will spend two thirds of their careers overseas. Grades and basic salary scales are equated to those of Home Civil Servants but the Diplomatic Service is not part of the Home Civil Service, which means that there is no automatic inter-changeability of staff, and transfers - like temporary secondments and interchanges - have to be negotiated individually.

4.3. Diplomatic Service personnel staff 139 diplomatic missions, each headed by an Ambassador or High Commissioner and 60 subordinate posts in 127 countries, supported at lower level by locally engaged (LE) staff. A normal tour of duty abroad is about 4 years, but in some unhealthy or otherwise difficult posts it is necessarily less and there are often unplanned staff movements arising from political upheavals in the host countries, health or other reasons outside the control of management in London.

/4.4.

4.4. Diplomatic Service officers are expected to develop a language/regional and/or a functional specialization, eg commercial, since particular skills and experience are either essential or highly desirable in certain posts in order to provide an effective service to the FCO and to HMG as a whole. The planning of career development and the effective deployment of Diplomatic Service Officers is therefore a complex business.

4.5. In addition to Diplomatic Service personnel the FCO Diplomatic Wing manages about 1,400 Home Service staff (excluding the separate establishments of the Passport Office and of the Communications Division at Hanslope Park for both of which the FCO has overall administrative responsibility). These Home Civil Servants do not serve abroad. Apart from professional grades, eg economists, librarians and a handful of other specialists recruited specifically for posts for which particular experience and continuity are required, they consist of clerical and supporting service personnel. Some of these, eg clerical officers and assistants, messengers etc, perform duties similar to those undertaken by the same grades elsewhere in Whitehall (and in countries abroad, often by LE staff), but others, eg Cypher and Signals Branch, escorts for Queen's Messengers etc, are peculiar to the FCO. A breakdown of the main categories is given at Annex B.

4.6. The ODA is staffed entirely by 1350 Home Civil Servants. There are also some 850 Home Civil Servants in the four Scientific Units which stand in much the same relationship administratively to the ODA as does the Passport Office to the

Diplomatic Wing, although their costs are wholly met from the Aid Vote (Vote 10) and not from the Administration Vote (Vote 11).

4.7. The organisational structure and arrangements for personnel administration differ widely between the two Wings. In the Diplomatic Wing the work, because of the sheer volume, is divided between three Departments.

1. Personnel Operations Department (POD) deals with all staff postings and career planning.
2. Personnel Policy Department (PPD) is responsible for overall manpower planning, resource allocation and recruitment, discipline etc (but not training for which there is a separate Department).
3. Personnel Services Department (PSD) is concerned with conditions of service, including allowances and LE staff salaries in overseas posts, and related matters (including financial conditions of service for Home Civil Servants).

The three Departments report to two Under-Secretaries (who have other responsibilities) and through them to the Chief Clerk and PUS. The organisation of the chain of command and of the three Departments is shown on the charts at Annexes C, D and E. During the field study the point was made that because of the make up of the Diplomatic Service with a very high administrative to executive stream ratio and of the rank of the 139 Heads of Mission and other senior staff overseas, personnel matters have to be handled at an appropriate senior level in the administration.

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The problem of having two thirds of the Diplomatic Service scattered throughout the world also necessitates a time consuming Board system in London which does not involve the personal appearance of candidates (as with Promotion Boards in the ODA and most other Home Departments) combined with an intricate grid system for postings operated by POD.

4.8. In the ODA, personnel work is also divided. Establishment Department deals with career development, postings, recruitment, training, conditions of service and other matters which, in the Diplomatic Wing, are distributed between POD, PPD, PSD and Training Department. Responsibility for manpower policy and resource allocation rests with Organisation Department (which is also responsible for Management Services, Office Services etc). Both Establishment and Organisation Departments are under the direction and control of the Principal Establishment Office (PEO), an Under-Secretary reporting direct to the Permanent Secretary. They may be merged following the move of certain ODA Departments to East Kilbride and a chart showing the organisation which will then exist is at Annex IV F. Apart from the four Development Divisions they do not administer staff abroad.

A Unified Personnel Structure

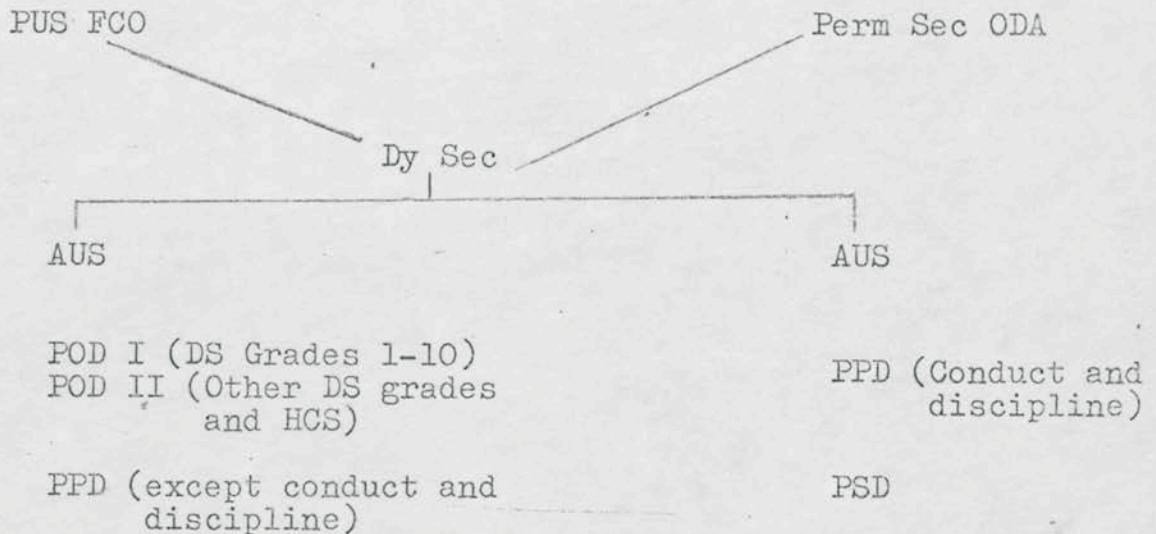
4.9. In association with the Civil Service Department inspectors we drew up a model of how an integrated personnel division could be formed. The volume of work and the distinctions between the HCS and Diplomatic Service are such that the model had to be formed on the basis of two groups for individual Personnel Management, but supported by common Personnel Planning and Conditions of Service branches. The whole personnel function would need to be brought together at the level of a Deputy Secretary who would act in the traditional Principal

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/Establishment

Establishment Officer role on behalf of the PUS in FCO and the Permanent Secretary in ODA.

4.10. The outline structure would be as follows:



The Deputy Under Secretary and the two Assistant Under-Secretaries would have other responsibilities.

A chart showing a possible way in which this personnel function could be married into the top structure of the FCO as a whole is at Annex IV G.

4.11. Charts showing the possible personnel structure of the POD I, POD II and PPD are at Annexes IV H, J and K (PSD would be unchanged initially as at Annex IV E). The models envisage the dismantling of the existing ODA Establishments Department and Organisation Department and the incorporation of appropriate Sections into a modified Diplomatic Wing structure to provide a joint personnel service. In the CSD Inspectors' judgment the

/initial

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initial savings which could then be achieved are of the following order:

ODA 1/2 Under Secretary - dismantling of separate PEO function.

DS Wing Downgrading of 1 Grade 4 post to Grade 5S following the transfer of some responsibilities to POD II.

DS Wing 1 x DS 6 from the Special Grade Management Unit in the present POD to be incorporated in the new POD II.

ODA 1 x SP in London Org Dept on loss of:

- a) Manpower (Office Vote) to PPD
- b) Staff Inspection to combined Inspectorate
- c) ADP to joint unit.

ODA 1 x Principal and 1 x EO through absorption of ODA Manpower Vote responsibility into PPD. This should offer economies of scale, bearing in mind the seasonal nature of manpower planning.

DS Wing CO/DS 10 post by combining record keeping responsibilities.

The value of these savings would be in the region of £130,000 a year at current prices. In the Inspectors' judgment an additional Principal post should be saved in POD II once the department has been properly established and the ODA move to East Kilbride completed. This will have to be considered however in connection with a possible rationalisation of responsibilities for HCS Conditions of Service matters between POD II and PSD. In the longer term further savings might be possible at the lower operational levels as the organisation gains experience and settles down.

Arguments for and Against

4.12. If the integrated personnel management organisation is to operate successfully it would be essential for all four departments to be co-located and for POD I and POD II, between

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whom the interface would be very great, to be adjacent to one another. Subject to this, such a model would provide a workable organisation although some responsibilities would probably need to be adjusted in the light of practical experience. This might apply particularly to the assumption that the work load of the ODA's PEO (50% of his time) can readily be taken on board elsewhere. This would probably require an examination and re-allocation of work loads more generally at Under-Secretary level. We also have some reservations about the extent to which the other savings would in practice be achievable.

4.13. This question is of particular significance in that the case for integrating the personnel functions of the two Wings rests almost entirely on the extent to which such an arrangement might be more economic. We can see no significant operational benefit in a merger so long as there remain two separate Services, recruited in accordance with different criteria to meet different career requirements, one for home service and the other with an unrestricted liability for posting anywhere in the world and therefore with different terms and conditions. Their deployment and career development will continue to revolve around their own particular Wing of the office, and although the benefit of cross-postings between Wings is fully recognised (and we agree with the comment in earlier reports that the level of this should be increased) this can be - and is being - developed under present arrangements.

4.14. It should also be noted that a merger on the lines proposed means in effect the incorporation of ODA's Establishment Department and the manpower unit in its present Organisation

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Department into the Diplomatic Wing's personnel organisation. The deep-seated feelings and anxieties which exist within the ODA about their status and comparative independence would clearly not be helped by such a significant change in their staff management. A specific commitment on the part of senior management to introduce the changes in an understanding and progressive manner might do something to reassure ODA staff that their welfare and career interests would be fully taken into account.

4.15. Any major re-organisation is unsettling to staff and liable to affect morale. In the particular circumstances of the FCO sensitivities are increased by the fact of the existence of two separate services. There are separate Staff Associations in the two Wings and two Whitley Councils. The ODA staff representatives expressed fears that a merger could result in discrimination and damage to the interests of their members. A pooling of the existing HCS establishments in both Wings would, for instance, increase the opportunities for promotion of the COs and CAs at present on the Diplomatic Wing establishment, at the expense of those now serving in the ODA. The Diplomatic Service Staff Association were primarily concerned with the possible threat arising from merger to the independent administration of their Service. Some apprehension was felt that if more London based posts were filled by HCS rather than DS personnel this would entail DS personnel

/spending

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spending a higher proportion of their careers overseas and strengthen the criticism, often levied against them, that they are out of touch with life and developments at home.

An Alternative Solution

4.16. We also considered the possibility of a simple transfer of responsibility for all HCS personnel serving in the Diplomatic Wing to the existing personnel management organisation in the ODA, leaving the Diplomatic Wing to manage DS personnel only. There are three objections to this:

- (a) many Home Civil Servants working in the Diplomatic Wing are specialists of one kind or another, recruited to fill specific posts. They are aware when they are appointed that their career prospects within the FCO will be very limited and either are not concerned or are prepared to look elsewhere after a number of years' service.
- (b) the HCS element is woven into the staffing and function of the Diplomatic Wing in London. If it was separately managed, there would be a need for more explanations and discussion between the two organisations over the filling of posts (particularly if the ODA Establishment Department remained in Eland House, with minimal contact with the rest of the FCO).
- (c) although such a move might open career opportunities to Home Civil Service Clerical staff in the Diplomatic Wing, this would be open to the objection already noted in the context of a merged organisation (see paras 4.14. and 4.15.).

/4.17.

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4.17. Administration of an HCS element by the Diplomatic Service Wing causes no real problems. The terms and conditions of service are centrally laid down and well documented and there are no major difficulties in their interpretation and application. The work load involved in HCS personnel administration in the Diplomatic Wing is determined, therefore, largely by the numbers involved and would not be materially affected if responsibility was transferred elsewhere. Any staff savings which on paper might be achieved would be minimal and likely to be more than offset in practice by the problems which would arise and which would need time consuming discussion to resolve. A limited transfer of responsibility for management by the Wing of staff serving in the other would be operationally complicated and would not lead to a unified management structure for personnel and resource control. This is a major weakness of this approach.

Some Possible Modification of Existing Arrangements

4.18. Some services, however, are provided on a common basis to both Wings and it seems to us logical that where this is so, and where they are all serving on the same terms, there should be a common establishment. This already exists for the Legal Service, which is managed by the Diplomatic Wing but provides advice and support as required to the ODA and its constituent Departments. The Library Department also serves both Wings but the cadre of professional librarians is divided between the Diplomatic Wing establishment (15) and that of the ODA (5), although they are completely interchangeable. Responsibility for economists is also divided with 9 being paid and administered by the Diplomatic Wing and 55 by the ODA. No staff savings

/would

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would result from unifying the establishment and administration of librarians and economists, but it would in our view be a sensible rationalisation.

4.19. The arguments could be applied to other areas where specialist services are provided from a common source (eg personnel engaged in ADP work if our proposals for this are adopted) and to a limited extent in the case of clerical and subordinate service grades. However, in some cases members of these grades are a small but important element of the purely Diplomatic Wing organisation in London and their separate administration would create difficulties and reduce effectiveness. We have commented on this in the relevant sections of this report.

Conclusions

4.20. The savings which might be achieved by merging personnel services would be relatively small. They have to be balanced against the effect on staff morale which would exacerbate the problems inevitable in any radical reconstruction. Nor can we see any real operational advantages to offset the considerable disruption and short term loss of effectiveness which would be unavoidable in making sweeping changes. Difficulties could no doubt be overcome and problems solved arbitrarily but changes would only be worthwhile - and perhaps in practice effective - in the context of a wider evolutionary plan for the progressive full merger of the establishments of the Diplomatic Wing and ODA, similar to that which existed when the Diplomatic Service Administration Office (DSAO) was set up in 1964 to integrate the then FO and CRO and their respective separate Services.

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4.21. In the circumstances which exist at present we conclude that no significant benefit or savings are likely to accrue from either of the two main solutions examined in this Chapter and therefore make no recommendations for change.

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AT THE COURT AT BUCKINGHAM PALACE

The 20th day of November 1964

Present,

THE QUEEN'S MOST EXCELLENT MAJESTY
IN COUNCIL

Whereas Her Majesty maintains a Foreign Service, a Commonwealth Service and a Trade Commission Service;

And Whereas it is expedient to establish a single Service to take the place of the said Services;

Now, therefore, Her Majesty is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

1. On 1st January 1965 Her Majesty's Foreign Service, the Commonwealth Service and the Trade Commission Service shall be amalgamated to form a single Service which shall be known as "Her Majesty's Diplomatic Service" and which shall discharge the functions of the Services aforesaid.

2. On 1st January 1965 the following persons who were immediately before that date members of the Services mentioned below shall become members of Her Majesty's Diplomatic Service in a grade determined by the Secretary of State to be equivalent to the substantive rank which they held immediately before the said date in the said Services:—

(a) all members of Her Majesty's Foreign Service;

(b) all members of the Commonwealth Service who have not before that date elected to remain members of the Home Civil Service;

(c) those members of the Trade Commission Service who before that date have applied to join Her Majesty's Diplomatic Service and have been accepted for it by the Secretary of State.

3.—(1) A person who immediately before 1st January 1965 is a member of the Trade Commission Service but who on that date does not become a member of Her Majesty's Diplomatic Service may, if he either has applied for transfer thereto or does so before 1st January 1966, be accepted for transfer to Her Majesty's Diplomatic Service by the Secretary of State.

(2) A person for whom a Certificate of Qualification for Service in Her Majesty's Foreign Service or the Commonwealth Relations Office has been issued by the Civil Service Commissioners before 1st January 1965 but who has not on that date taken up appointment may be appointed in Her Majesty's Diplomatic Service by virtue of the said Certificate of Qualification.

4. Members of the Commonwealth Service who on 1st January 1965 become members of Her Majesty's Diplomatic Service may at any time before 1st January 1966 elect to transfer to the Home Civil Service, and those who so elect may be so transferred without the issue of a further Certificate of Qualification by the Civil Service Commissioners.

5. The incorporation under the foregoing provisions of this Order of a person in Her Majesty's Diplomatic Service shall not affect that person's tenure of any post or appointment in the service of Her Majesty held at the date of incorporation; provided that in the case of a post or appointment in Her Majesty's Diplomatic Service such person shall, on becoming a

(D.C. 675) 1.1.50

member of that Service, hold the post or appointment as a member of that Service and subject to the conditions and regulations applicable to such members.

6.—(1) Except as provided in Articles 2 and 3 of this Order, no person shall be appointed a member of Her Majesty's Diplomatic Service, unless a Certificate of Qualification for appointment to Her Majesty's Diplomatic Service has been issued by the Civil Service Commissioners in his favour.

(2) Members of Her Majesty's Diplomatic Service may be employed in any appropriate post of the Service in the United Kingdom or overseas as required in the public interest.

(3) A member of Her Majesty's Diplomatic Service may be seconded for special duties outside that Service or may be transferred to another branch of Her Majesty's Civil Establishment, subject, where necessary, to the issue of an appropriate Certificate of Qualification by the Civil Service Commissioners.

7.—(1) The Secretary of State shall from time to time make regulations for Her Majesty's Diplomatic Service.

(2) The said regulations may in particular provide for all or any of the following matters:—

(a) the division of the Service into branches and grades;

(b) the conditions of appointment of new members to branches and grades of the Service;

(c) the salaries for the branches and grades of the Service;

(d) the conditions of promotion in the Service;

(e) in conformity with any Act or Acts of Parliament which may be applicable, the conditions of retirement and pension of members of the Service.

(3) The said regulations, in so far as they specify salaries, allowances, travelling allowances, or conditions of retirement and pension, shall not be made without the concurrence of the Lords Commissioners of Her Majesty's Treasury.

8.—(1) In this Order the expression—

(a) "member of Her Majesty's Foreign Service" means a person who has been granted a Certificate of Qualification by the Civil Service Commissioners and who is serving as a member of Branch A, B, C, D or T of Her Majesty's Foreign Service;

(b) "member of the Commonwealth Service" means a person who has been granted a Certificate of Qualification by the Civil Service Commissioners and who is serving in a post under the Secretary of State for Commonwealth Relations in one of the grades or capacities listed in paragraph (2) of this Article, provided that the person concerned is not on loan to the Commonwealth Relations Office from another Government Department, and the expression "Commonwealth Service" shall be construed accordingly;

(c) "member of the Trade Commission Service" means a person who has been granted a Certificate of Qualification by the Civil Service Commissioners and who is serving in one of the grades or capacities listed in paragraph (2) of this Article in an appointment—

(i) in the Trade Commissioner establishments of the Board of Trade, or

(ii) in any other establishment of the Board of Trade provided he is in receipt of Home Service Allowances, or

(iii) in a Foreign Service establishment on loan from the Board of Trade,

provided that the person concerned is not on loan to the Board of Trade from another Government department, and the expression "Trade Commission Service" shall be construed accordingly.

(2) The grades or capacities referred to in sub-paragraphs (b) and (c) of paragraph (1) of this Article are the following:—

- any grade in the Administrative Class;
- any grade in the Legal Class;
- any grade in the Executive Class;
- any grade in the Information Class;
- any grade in the Research Officer Class;
- the grade of clerical officer;
- any typing grade;

Commonwealth Relations Office Security Guards.

(3) For the purpose of paragraph (1) of this Article a person shall be deemed at any date to be serving in one of the posts, grades or capacities referred to therein if such person is serving in that post, grade or capacity at that date, or if having so served before that date, he was immediately before it on secondment to a post outside the Service or on loan to another Government Department or has been granted leave of absence.

9.—(1) This Order may be cited as the Diplomatic Service Order 1964.

(2) The Foreign Service Order in Council 1943 shall be revoked on 1st January 1965 provided that the revocation of any provision of that Order by this paragraph shall not affect the validity of anything previously done thereunder or by virtue thereof.

W. G. Agnew.

DS WING ADMINISTERED HOME CIVIL SERVANTS

GRADE	Payroll 1 December 1980
-------	-------------------------------

Administration Group

Assistant Secretary	4
Senior Principal	2
Principal	19½
SEO	5
HEO A & AT	2
HEO	5
EO	20
CO	258½
CA	93
	<hr/>
Sub-total	409

Economist Group

Chief Economic Adviser	1
Senior Economic Adviser	2
Economic Adviser	4
Senior Economic Assistant	2
Economic Assistant	—
	<hr/>
Sub-total	9

Librarian Group

Deputy Librarian (IOLR)	1
Principal Librarian	1
Senior Librarian	1
Librarian	5
Assistant Librarian	8
	<hr/>
Sub-total	16

Science Category

Senior Principal Science Officer	1
Senior Scientific Officer	—
	<hr/>
Sub-total	1

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GRADE	Payroll 1 December 1980
-------	-------------------------------

Professional and Technology Group

PPTO	1
	—
Sub-total	1

Museum Grades

Director	1
Deputy Archivist - Museum Grade 'B'	1
Assistant Keeper I - 'C'	8
Senior Research Assistant - 'D'	7 $\frac{1}{2}$
Research Assistant I - 'E'	13 $\frac{1}{2}$
Research Assistant II - 'F'	1
Senior Conservation Officer, Cons Grp 'E'	1
Museum Technician Group II	4
Museum Technician Group III	5
Museum Technician Group IV	3
Repository Assistants	11
Laminators	2
	—
Sub-total	58

Cypher & Signals Branch

Senior Cypher Supt	5
Cypher Supt	11
Cypher Officer I	38
Cypher Officer II	111
	—
Sub-total	165

Secretarial Category

Chief Superintendent	2
Senior Superintendent	
Superintendent	5
Personal Secretary	3
Specialist Typist	
Typist	
	—
Sub-total	10

Other Clerical and Support Staff

Photoprinters	42 $\frac{1}{2}$
Messengerial Class Office Keepers	12
Messengers	243

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GRADE	Payroll 1 December 1980
-------	-------------------------------

Paper Keepers	91
Telephonist	1
Teleprinter Operators	7
Senior Data Processors	1
Data Processors	3
Photographers	
Cartographical Draughtsman	2
Drawing Officer Assistants	
Sub-total	402½

Security Grades

Home Security Grade I	
II	1
III	5
IV (uniformed)	5
IV (non-uniformed)	17
V	42
Sub-total	70

Industrial Civil Servants (see under Wilton Park)

Other non-industrial Grades

Drivers	23
Cleaners	33
Cooks	2
Nursing Staff	2
Stores Officers	
Process & General Supervisory	
Language Instructors	14½
Translators	4
Field Investigating Officers	17
Sub-total	95½

Wilton Park Staff

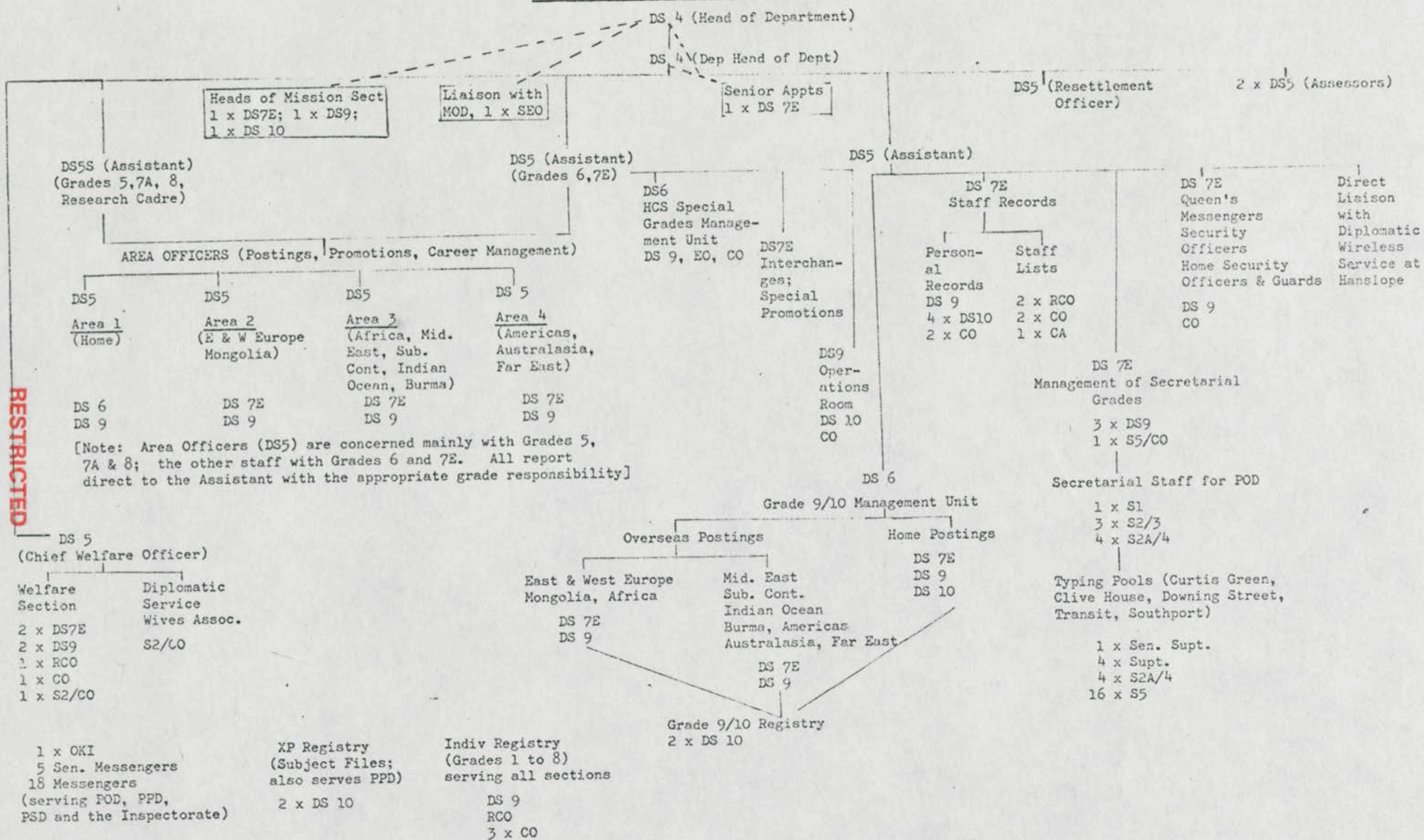
Director	1
Deputy Director	1
Lecturers	6
Domestic Bursar	1
*Stewards/Patrolmen/Handymen	4
*Handywomen/Waitresses	13
Sub-total	26

*Industrials

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CHIEF CLERK
ASST U/SEC
PERSONNEL OPERATIONS DEPARTMENT

Inspectorate
(excluding ADP)

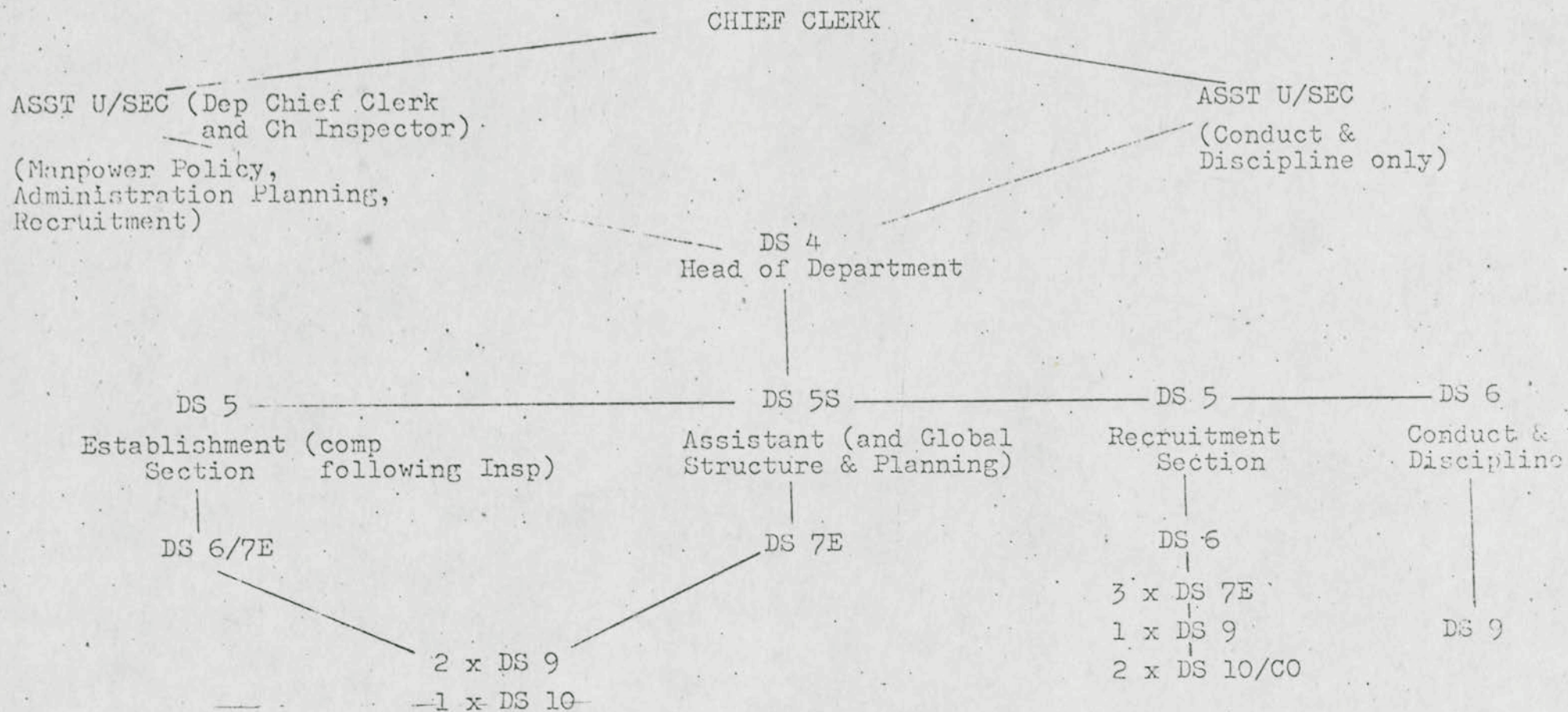


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PERSONNEL POLICY DEPARTMENT

Ideal Establishment



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* XP Registry

2 x DS 10/CO
1 x PK

Secretarial

1 x PA
2 x S2/3

Total = 24

*also serves POD

Annex 11 D

PERSONNEL SERVICES DEPT

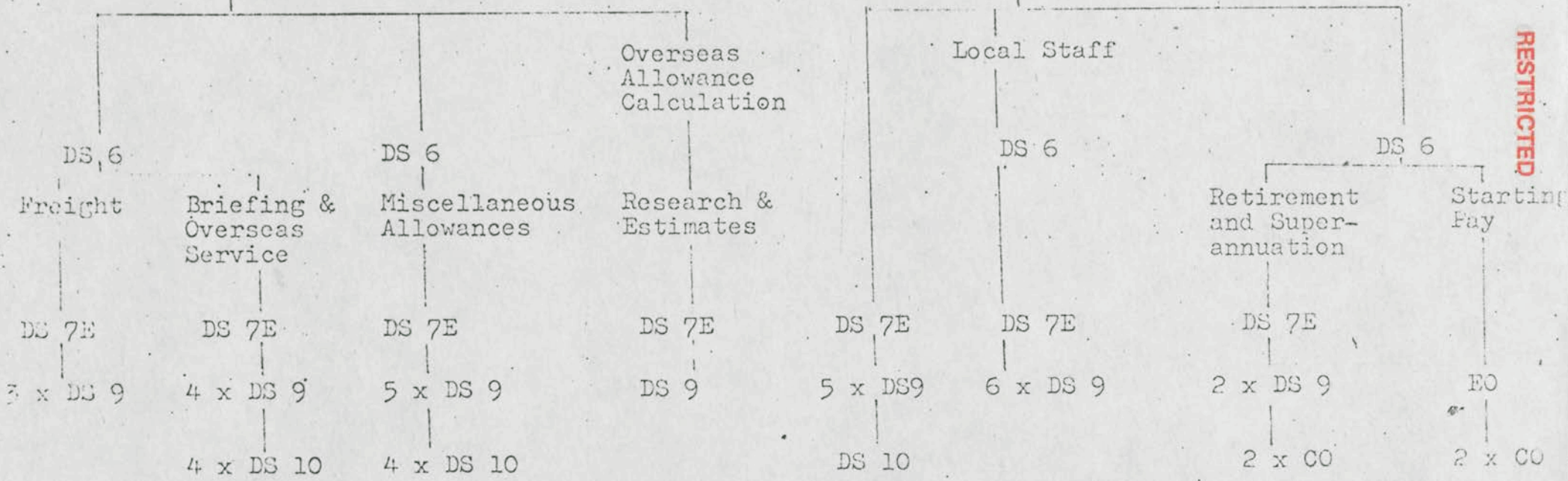
DS 4
Head of Department

DS 5S
Assistant

DS 5S
Assistant

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Registry: DS 9/EO
3 x CO
1 x CA

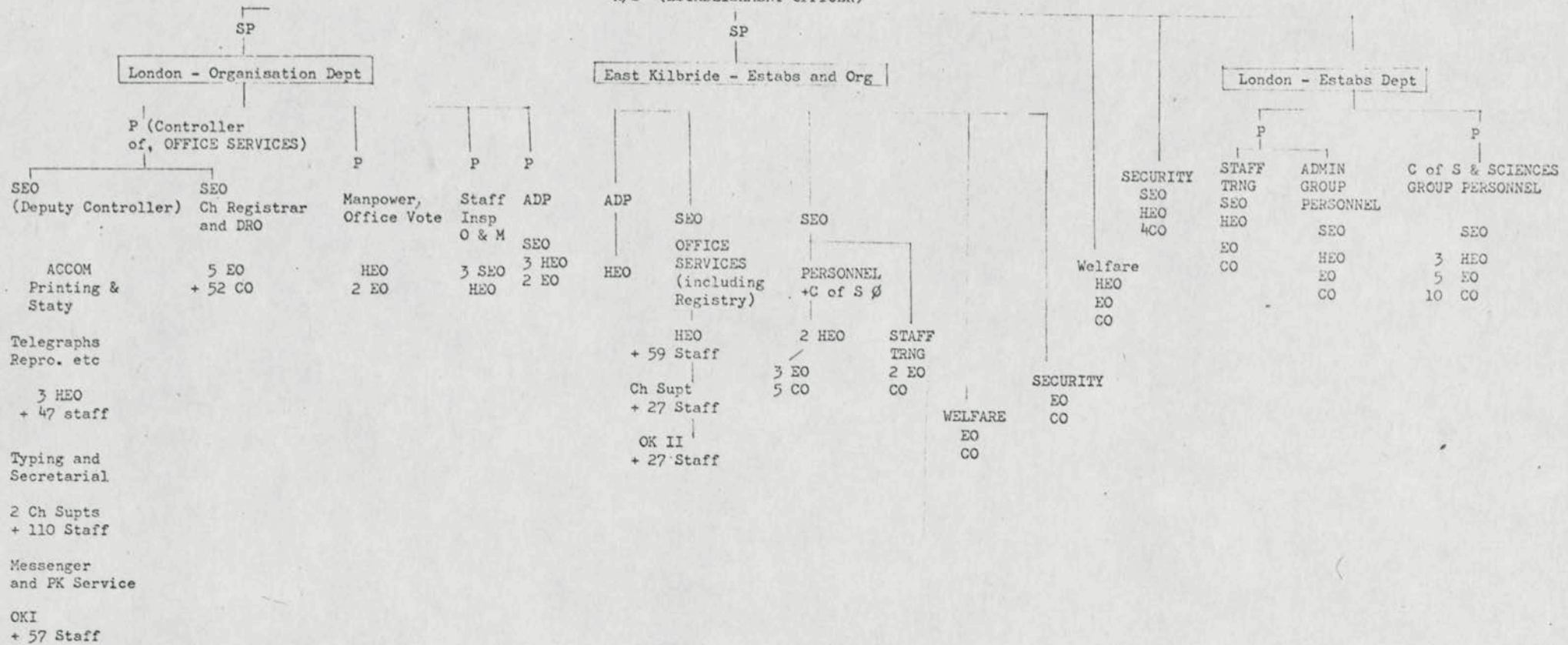
Secretaries: 01
2 x 100

AM 15

ODA ESTABLISHMENT AND ORGANISATION DEPARTMENTS

UP TO 50%
U/S (PEO)

A/S (ESTABLISHMENT OFFICER)



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Ø C of S = Conditions of Services

A SUGGESTED TOP STRUCTURE

PUS FCO Diplomatic Wing

Perm Sec ODA

AUS (Vice Marshal
of Diplomatic
Corps)
Protocol & Conference

Dy US (Chief Clerk)

AUS
(Director of
Communications/
Technical Services)

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AUS (Dy Chief Clerk
and Chief Inspector)

Inspectorate (except
ADP)
PPD (except conduct
and discipline)
Personnel Dept I (DS)
Personnel Dept II
(H.C.S. and
misc grades
serving
overseas)

AUS (Administrative Services)

50% -
Security Dept (Personnel
and Physical)
PSD
Training Dept
PPD (conduct and discipline
only)
Accommodation & Services
Dept
50% -
Passport Office
Migration & Visa Department
Consular Department
Nationality & Treaty Dept
Claims Department

AUS (PFO)

Finance Dept
Accounts Dept

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Communications
Division
ADP
Technical Security

POD I (Grades 1 - 10)

DS 4 (Head of Dept)
Operational Management
Grades 1 - 4

DS 5S } Support on Grades
1 - 4
2 x DS 5 } Operational Management
for Grades 5 - 8

DS 5
Area 1

DS 5
Area 2

DS 5
Area 3

DS 5
Area 4

DS 5
Chief Welfare
Officer

DS 5
Resettle-
ment
Officer

2 x DS 5 (PT)
Assessor

DS 6

DS 7E

DS 7E

DS 7E

DS 7E
Inter-
change

DS 6
Grade
9/10
Manage-
ment
Unit

3 x DS 7E/HEO

DS 9

DS 9

DS 9

DS 9

Over-
seas
2 DS 7E
2 DS 9

Post-Home
ings

1 x DS 7E
1 x DS 9

3 x DS 9/EO

Diplomatic
Wives
Association
1 x CO

1 x RCO
2 x CO
1 x S2/CO

1 x DS 10

1 x DS 7E
& Staff
Records

Individual Registry
Grades 1 - 10

DS 9
RCO
4 x CO

(integrated with ODA)

*Note. This chart includes the
Operations Room and Research section,
which, apart from reporting lines, would
remain unaffected.*

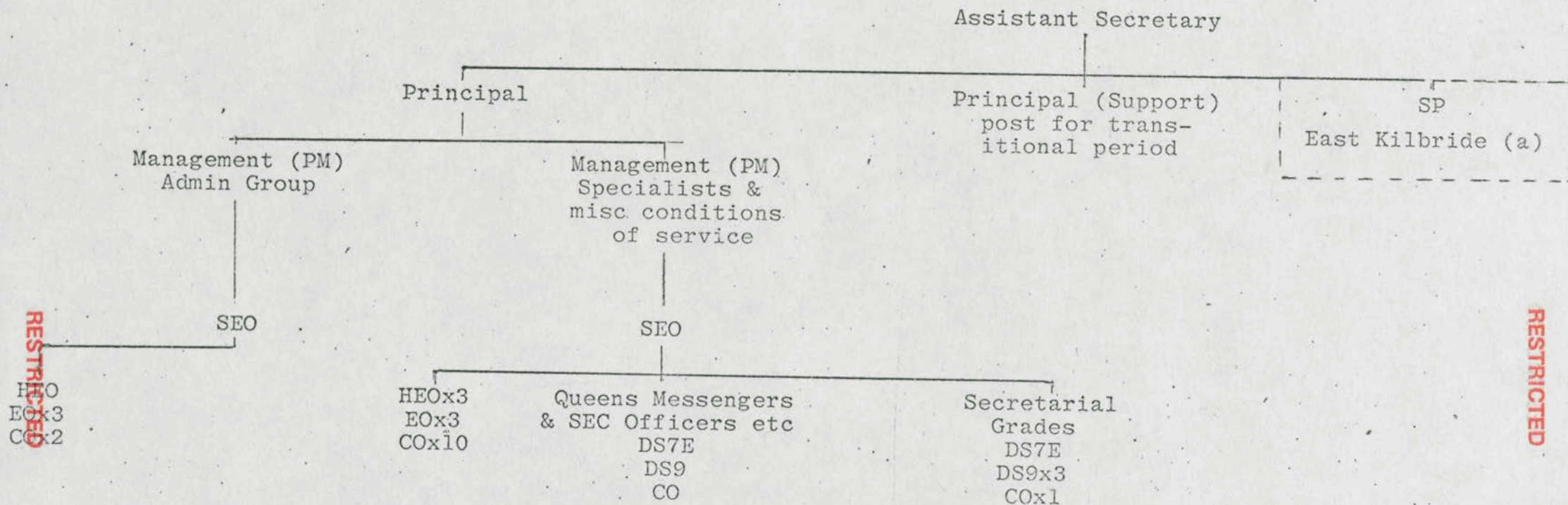
Officers below Prin Level = 100 (Above = 1 x A/S + 1 x Prin)

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ANNEX IV H

POD II (Other DS Grades and HCS)

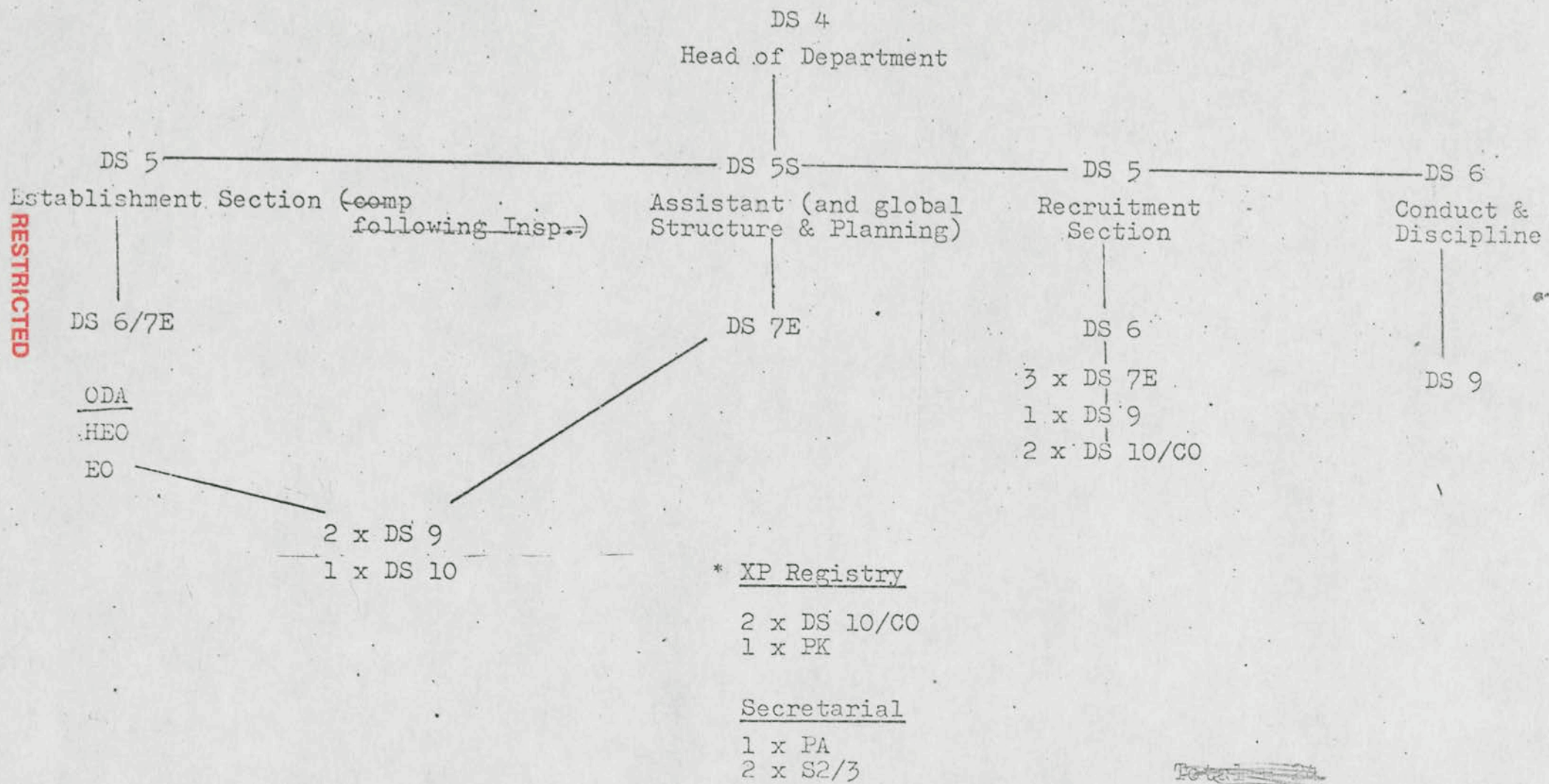


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Notes (a) Complemented as shown on ODA chart

PERSONNEL POLICY DEPARTMENT



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ANNEX IV K

also serves POD

~~Page 1~~

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CHAPTER V: TRAINING

5.1. Training is an integral part of the personnel management function and therefore arrangements for handling it must be considered in close association with those for other aspects of personnel work.

5.2. In the FCO Diplomatic Wing there is a separate Training Department headed by a DS 4. A large part of his work is concerned with the Diplomatic Service Language Centre (DSLIC) and allied language training matters. The DSLIC's facilities are, within the capacity available, open to staff of other Government departments and organisations. The department is to be inspected shortly. A DS 5 heads a Section responsible for training policy and requirements. In close association with POD he arranges for external training (Business and Civil Service College courses, Sabbaticals, EEC courses etc) and supervises a Unit which runs internal training courses for new entrants and on specialized aspects of DS work eg the handling of consular, commercial and immigration matters, for staff taking up appointments overseas.

5.3. In the ODA there is a small training unit in the Establishment Department comprising one SEO (the Departmental Training Officer), one HEO, two EOs and a CO. The unit reports to a Principal who is responsible for staff training policy which takes up about 5% of his time. It arranges induction and other courses relating to the ODA and its work, as well as the usual range of more general courses for junior staff. It also arranges any external training required by ODA officers and briefing

/programmes

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programmes for Diplomatic Service personnel who will be dealing with aid matters in posts overseas. There is a separate training unit for East Kilbride, comprising at present one HEO and 2 EOs.

5.4. If it was decided to dismantle the ODA Establishment Department and integrate its work into a new joint Personnel Division covering both Wings, it would be necessary and logical for ODA's training requirements to be looked after by the Training Department which would then serve both Wings (see model at Annex V A). A merger of responsibilities for arranging external training would be possible but as far as in-house training is concerned ODA's requirements differ considerably from those of the Diplomatic Wing. The possibility of co-operating by sharing some courses for junior staff has been examined but the scope is limited until such time as the ODA procedures and practices may be brought into line with those of the rest of the FCO. It would therefore be necessary to retain the personnel engaged in training ODA staff as a sub unit and in the short term there would not be any significant staff savings.

Conclusion

5.5. So long as ODA retains independent responsibility for establishment matters generally (and therefore its own Establishment Department) we see no grounds for merging responsibilities for training although we recommend that there should be close liaison between the staff concerned with arranging training in the two Wings to obviate any possibility of duplication and overlap.

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AN INTEGRATED TRAINING DEPARTMENT

Chief Clerk

AUS

DS 4 Head of Dept - PA
(Director Diplomatic Service Language Centre)

DS 5 Policy, Requirements
and on language training

Dy Director
Diplomatic
Service Language
Centre

Policy and Requirements
Section

Instruction Unit

ODA Training Unit

DS 7E

2 DS 9

2 CO (shared with
Instruction
Unit)

DS 5 (Head of Unit
and Commercial
Instruction)

DS 6

2 DS 7E

2 DS 9

1 Senior Supt of Typists
(Secretarial Instruction)

1 S5 (shared with Language
Centre)

SEO

HEO

2 EO

1 CO

(East Kilbride)

HEO

2 EO

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SECRET

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CHAPTER VI: INSPECTORATE AND MANAGEMENT SERVICES

6.1. In both Wings there is a common requirement to check that the staffing, structure and organisation of work are such as will provide maximum efficiency and cost effective performance. In pursuing this objective separately in the past the two Wings have however developed machinery with different emphases reflecting the different nature of the two institutions and the functions they perform.

6.2. The ODA's prime function is the spending of the Aid Vote and it is structured for this purpose with virtually all its departments directly involved in the allocation and administration of public funds. The Internal Audit Unit therefore plays a primary and important role in reviewing management systems and procedures throughout the ODA. Staff inspections on the other hand are carried out by two SEOs in the Organisation Department and concentrate on staffing levels, organisation and the grading of posts connected with the administration of that aid. We were told that it is proposed to strengthen the Staff Inspection Unit by the addition of a further post at Principal level.

6.3. In the FCO Diplomatic Wing the emphasis is different. Few departments have financial management responsibilities and the preoccupation is with the deployment of manpower and other resources in carrying out and supporting the FCO's political and other non-financial work. There has grown up, therefore, in the Diplomatic Wing a strong Inspectorate consisting of teams led by DS 4 officers which inspect missions overseas and departments in London. We were impressed by the comprehensive and detailed

/nature

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nature of their examinations and reports which cover not only complementing but also management systems. Where these have a financial aspect there is close liaison with the Diplomatic Wing's Internal Audit Unit.

6.4. O and M studies are also mounted in the critical inspection of existing arrangements and the consideration of new managerial systems. In the Diplomatic Wing there is a three-man O and M Unit within the Management Services section of the Inspectorate. In the ODA there is a two-man O and M Unit which forms part of the Management Services section of Organisation Department. We were told that in the ODA it is intended shortly to combine the Staff Inspectors and the O and M Units to form a single group.

6.5. As far as ADP applications are concerned, in the ODA specific administrative computer studies and the provision of advice and assistance (including the requirements of the Scientific Units) are the responsibility of the ADP Unit in Organisation Department. Reports are made to the Head of Organisation Department who is responsible to ODA higher management through the Principal Establishment Officer. The PEO is responsible for the overall planning of work.

/6.6.

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6.6. Advice on the use of ADP techniques in the management and operation of the Diplomatic Service is the responsibility of the ADP Section of the Diplomatic Service Inspectorate. The ADP Section, however, reports through the Home Inspector to the Director of Communications, who is also Chairman of the Computer Services Steering Group (CSSG). Study of the application of computer-based equipment to the FCO telegram message-handling system is the responsibility of Communications Engineering Department, reporting to the Director of Communications.

6.7. Co-ordination of ADP policy in the Diplomatic Wing has, in the past, been the responsibility of the Computer Services Steering Group (CSSG). It has, however, proved to be too unwieldy to exercise proper control. In practice, executive authority now rests with the Director of Communications (DS 3), advised by a smaller working group. This comprises the senior Home Inspector (DS 4); the Heads of ADP and Management Services sections (DS 5); representatives of the Personnel Departments; and technically qualified members of the Communications Departments. The Director (who may be re-named Director of Technical Services) is responsible to the Chief Clerk (DS 2), and through him to the PUS. The CSSG remains in being primarily as a means of consulting departments concerned with ADP projects.

6.8. In both Wings progress in introducing ADP techniques has been slow. The radical nature of the changes which would have to be made to existing methods and organisation have been a factor in this but the main obstacle has been an acute shortage of staff with the knowledge and expertise to plan and execute projects. We were told that both Units urgently require

/strengthening

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strengthening in skills and number (particularly systems analysts) to carry through the existing modest programmes. Measures to achieve this are in hand in conjunction with the Central Computer and Telecommunications Agency (CCTA).

A Unified Structure

6.9. At Annex VI A is a model of a joint Inspectorate to cover both Wings, incorporating Management Services and ADP Sections. The Diplomatic Wing's Overseas Inspection teams would not be affected by a merger except that they would assume full responsibility for inspecting the four Development Divisions. The Home Inspectorate would have to be jointly staffed by DS and HCS personnel which could be done initially by incorporating the proposed Principal and the two existing SEO posts in the ODA Staff Inspection Unit. No fundamental difficulties are seen over this. The next step might well be to fill one of the DS 4 Inspector posts with a suitable Assistant Secretary from ODA. The Inspectorate's London work programme would have to be agreed between higher authority in the two Wings of the office. To ensure full confidence, it would be desirable for someone with an ODA background to be involved in any inspection of an ODA department, and vice versa as far as the Diplomatic Wing is concerned.

6.10. No difficulty is seen in merging the staff engaged in O and M work in the two Wings. As in the case of the Home Inspectorate their deployment would be a matter for agreement. (This should at least end the present rather absurd situation with the two Wings using different forms for the same purpose eg telegraph drafts. There should be some savings if the two Wings used standard forms although it is not possible to quantify this.)

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6.11. ADP calls for more detailed comment. The separate ADP Units were, in theory, merged when the FCO and ODA were first brought together in 1970. But a 1972 Report showed that the ODA had separate specialized ADP requirements and the only overlap with other FCO requirements was in the field of pay and accounts. This Report also indicated however that the whole range of ADP requirements by both Wings could have been met by a large general purposes computer (which the FCO had considered installing but decided against in 1972). When the Government changed in 1974 the two ADP Units became once more entirely separate.

6.12. It was impressed on us that the differing functions of the two Wings involved a different type of computer operation. The extent to which any of these separate operations could be accommodated on the same piece of equipment will of course depend upon the capacity it offers and the extent to which it is considered appropriate to go for large or small machines. At present it appears to be the generally accepted view that micro computers are to be preferred as being more flexible; but in considering issues of this kind an overall view of the needs of the two offices has clear advantage.

6.13. The case for merging responsibility for ADP matters really rests on the following two points:-

(a) ADP is a specialized and sophisticated form of O and M work and cannot be divorced from other aspects of Management Services and the general subject of resource utilization. If, as we have suggested, the

/Inspectorate

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Inspectorate and the O and M services are merged to form a single joint department, it makes sense for that department to include an ADP Unit.

(b) As noted above, in both Wings there is an urgent need for experienced computer staff. These are difficult to come by and the existing situation, particularly in the Diplomatic Wing, where DS staff engaged on computer work are liable to be posted overseas after a few years, is unsatisfactory in an area where the knowledge and experience which will make an officer fully effective can only be acquired over a long period. Where there is a shortage of people with the necessary knowledge and experience we see a single Unit as offering the following benefits:-

(i) a pooling of the knowledge of ADP techniques painfully gained by a small number of personnel in both Wings;

(ii) assurance against overlap and duplication so that, whilst the different requirements of the two Wings would be fully considered, the trend would be to standardise developments in both equipment and soft ware, particularly in such common fields as financial control, accounting and information systems;

(iii) better career opportunities for those few officers who do specialise in this field.

6.14. A merged ADP section would have to be responsible through the Home Inspector to the Director of Communications in the Diplomatic Wing and to the PEO in the ODA. Because of

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the specialised nature of ADP work, and in accordance with recent CSD directives on the application of computer techniques, a small Steering Committee, with appropriate representation from each Wing of the office, should be established to consider overall administrative systems, ADP policy and the work priorities of the ADP Unit. The ADP Unit within the Inspectorate itself would not necessarily comprise all staff engaged in ADP work in the two Wings. There will be other staff (eg those concerned with the introduction of the ODA's Management Information Service) engaged in operational rather than advisory tasks. But the deployment of all staff for administrative computer work should be on the advice of the officer in charge of the ADP Unit within the joint Inspectorate to ensure full flexibility in their use. Since computer staff are not, at any rate at present, specialists in grading terms the HCS staff concerned should be career-managed by the ODA so as to give them the opportunity of moving into other generalist posts whenever this seems appropriate in career terms. ADP developments under the control of the Director of Communications are a separate matter from administrative computer developments. Co-ordination of all ADP developments would be provided by the ADP Policy Steering Committee, chaired by the Director of Communications/Technical Services.

Conclusion

6.15. Staff Inspection, O and M and ADP techniques constitute key areas in paving the way for any successful merger elsewhere

/between

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between the two Wings (Internal Audit is dealt with separately in Chapter III). The application of uniform standards and of a common approach to the organisation and staffing of the two Wings / ^{through} a joint Inspectorate tasked to harmonise procedures and practices, would ensure that the two Wings in future drew closer together. We see this as an important stage in the process of evolution towards further integration if and when this may be decided on. To succeed it would be essential for the whole of the joint organisation to be co-located. Unless and until it should be decided to create an integrated Personnel Management Division, a Joint Inspectorate would have to be answerable both to the Chief Inspector/Deputy Chief Clerk in the Diplomatic Wing and to the Principal Establishment Officer in the ODA and thence upwards to the PUS FCO and Permanent Secretary ODA. We see no difficulty in this given the acceptance of the desirability of developing a closer relationship between the two Wings. We therefore recommend, as a positive step forward, the creation of a unified Staff Inspection, O and M and ADP structure as in the model at Annex VI A.

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A UNIFIED INSPECTORATE

PERM SEC ODA

PUS FCO

CHIEF CLERK

PEO (ODA)

DEPUTY CHIEF CLERK & CHIEF INSPECTOR

AUS (DIRECTOR OF COMMUNICATIONS)

ADP

Overseas Inspectorate

4 x DS 4

4 x DS 6

4 x SI (PA)

Staff Inspection
and Management Services

3 x SEO/DS 6

3 x DS 7/HEO

1 x DS 9/EO

Support Staff

1 x CO

1 x S1

1 x S2

1 x S2A

Home Inspectorate
and Management Services

2 x DS 4/AS

2 x DS 5/Prin

DSP Editorial
and combined
Procedures Unit

1 x DS 7

1 x CO

1 x CA

ADP Unit

2 x DS 5/Prin

1 x SEO

3 x DS 7/HEO

5 x DS 9/EO

CDA Management
Information
System Team

SEO

2 x HEO

1 x EO

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CHAPTER VII: ACCOMMODATION AND SERVICES

A. General

7.1. In the Diplomatic Wing there is an Accommodation and Services Department under a DS 4 officer which comprises two main sections. The Overseas Accommodation Section with the Head of Department is housed in Croydon (because of the need for close working relationship with the PSA). On the 'Home' side there are three Sections under command of a DS 5 officer: Home Accommodation, Transport, and Supply and Reproduction Section. The first two are situated in Matthew Parker Street, the third in Cornwall House with the Reproduction Sub-Section in Downing Street East and Curtis Green. The Home Accommodation Section deals with FCO office accommodation in London, office-keepers and messengerial and other services in London. The Transport Section (which has been the subject of a recent Review) handles the ordering and supply of vehicles and spares for the 861 official vehicles at home and overseas, the armouring programme for Heads of Mission cars and the management of the FCO Home Transport Pool the prime purpose of which is to carry the Queens Messengers. The Supply and Reproduction Section is responsible for the ordering and supply of office machinery and stationery at home and abroad, document reproduction and printing, and the issue of Office Circulars and Instructions. Organisation charts for the Home Accommodation and Supply and Reproduction Sections are at Annexes VII A and B. A decision has been taken recently to hive off the Home Accommodation and Services Section to form an independent Unit because of the difficulties of distant supervision from Croydon and the possibility of the Overseas Section there taking on additional responsibilities from PSA.

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7.2. The mail and telegram services in the Diplomatic Wing are the responsibility of a separate department, Communications Operations Department. Registry staff are integrated into individual departments throughout the office, but the small Registrar's branch in the Library and Records Department is responsible for prescribing procedures, general supervision of all Registry work and regular inspections in association with the Inspectorate at home and overseas.

7.3. In the ODA these services are provided by a separate unit which is the responsibility of Organisation Department. This unit is headed by a Principal and the work is divided up into sections as follows:-

- Accommodation and Reception
- Printing, Stationery, Travel and Mail
- Office Keeping Services
- Telegraph Branch
- Typing and Secretarial Services
- Registry Service

An organisation chart for the ODA Office Services Unit (excluding East Kilbride) is at Annex VII C. Operationally the Telegraph Branch is little more than a service point for ODA telegraphic traffic most of which is already sent over the Diplomatic Service communications network. The Mails Branch is mainly concerned with handling non-personally addressed mail coming into the ODA. Mail for overseas is handled by the Diplomatic Wing's Bag Room and is normally sent there direct by despatching officers in the ODA.

A Unified Structure

7.4. There are obvious parallels between the work of the two Wings of the office in this area, and a rationalisation

/of

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of functions through a merging of responsibilities should offer some prospect of staff savings. Such a merger could probably only sensibly be based on bringing the appropriate sections of the ODA's office services organisation into the Home Accommodation and Services Unit in the Diplomatic Wing's Accommodation and Services Department.

7.5. At Annex VII D is a possible model for such a combined unit. This has been drawn up in the light of recent Inspection Reports, discussion with the heads of the units concerned, our CSD colleagues experience of similar organisations elsewhere in Whitehall and generally recognised ratios for supervisory grades. Its adoption would offer the following possible savings:

- 1 Principal/DS 5
- 1 SEO/DS 6
- 2 HEO/DS 7
- 1 EO/DS 9
- 3 CO/DS 10
- 1 Chief Superintendent Typing
- 1 Assistant Chief Photoprinter

At current costs these would total something in the region of £167,000 a year.

7.6. The combined unit would, in our view, have to be incorporated into the line management structure of the Diplomatic Wing because of its considerable responsibilities for supplying overseas missions. However we see some advantage in it being staffed mainly by Home Civil Servants. Work in this particular field is not an essential part of the career development and experience of most Diplomatic Service officers and can probably be most

/effectively

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effectively undertaken by staff serving for longer periods than is likely to be the case with DS personnel on home postings. It would, however, be necessary to allow for a leavening of DS staff, particularly in those sections dealing with supplies for overseas. As with Finance Department, about 20% would perhaps be the right figure.

7.7. Although the proposed model is a simple one, there are certain aspects which call for comment:-

(a) The fact that registry services in the two Wings are not only organised differently, but also operate different systems for entering and retrieving papers, precludes a straightforward merger. In the early 70's attempts were made to rationalise registry procedures between the two Wings, and to adopt a uniform system. These were abandoned when the Government changed in 1974. Until the present differences can be removed (through the work of the Joint Inspectorate/O and M Branch recommended elsewhere in this report) we see no alternative to retaining the ODA Registry Services within the common Home Accommodation and Services Unit, developing close liaison with the Registrar's Branch in Library and Records in the Diplomatic Wing (into which it might eventually be merged, with a prospect of future savings).

/(b)

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(b) The model requires the Chief Registrar in the ODA to assume supervisory responsibility for the ODA's Mails Branch, Telegraph Branch and Overseas Travel Section (on which we comment further below). All these will need to be physically located within the ODA and this should not be an unacceptable burden for an SEO grade post.

(c) ODA's typing and secretarial services have not been included among the responsibilities of the merged Unit. If the personnel organisations of the two Wings were to be combined, they could be managed by the appropriate personnel department (POD II) in accordance with current Diplomatic Wing practice. If not, they could probably most conveniently be placed under the SEO post referred to in (b) above.

(d) The model does not take account of the work of the Administration Officer for the India Office Library and Records on the assumption that this will be taken over by the existing staff of the India Office Library Department (as we have been told is the current intention).

(e) The Diplomatic Wing's Transport Section would take over responsibility for the supply of transport for the ODA's four Development Divisions. (This would require releasing the ODA from the standard Home Department requirement to purchase through MOD and to obtain CSD approval for purchasing anything other than a Mini.)

(f) As part of the merger, we would expect the Diplomatic Wing's Overseas Accommodation Section to assume

/responsibility

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responsibility for Development Division accommodation matters, debiting costs to the appropriate votes.

Conclusion

7.8. Home Accommodation and Services are not significantly affected by the differing functions of the two Wings of the office; and combining the existing services in the way proposed in the model should provide a perfectly viable organisation. The cost would be a dismantling of the ODA's present organisation under which all office services are combined in a single unit. This could well result in a diminution of the service at present enjoyed by the staff in Eland House. It will also be necessary for procedures to be devised to ensure that expenditure on behalf of each Wing is allocated to the correct vote. But these points have to be offset against the savings (see paragraph 7.5. above) which would be expected to result from a merger. Although we have some reservations about the ultimate benefits, on balance we can see no strong reason why a common organisation on the lines suggested should not work. We therefore recommend this merger. The timing and detailed arrangements for this will depend on:-

- (a) the completion of the move to East Kilbride; and
- (b) the outcome of the PSA Review, which may involve the transfer of some responsibilities to Departments.

/B.

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B. Overseas Travel

7.9. Overseas travel arrangements are organised differently in the two Wings. The ODA has an Overseas Travel Section (within the Office Services Unit) which handles all journeys by officers from the ODA and COPR (but not the other three Scientific Units, which make their own arrangements through travel agents) and for the families of Development Division staff. The work includes calculation and authorisation of advances, obtaining passports and visas, working out suitable itineraries, booking flights and obtaining tickets, providing the officer with financial instructions and information on health or any other special conditions applying to the area of the visit, and the subsequent checking and authorisation of travel claims. The complement of the Section is 1 EO, 6 COs and 1 CA. It handles something in the region of 1300 overseas visits a year. It has no specific vote responsibility. This rests with the departments authorising the travel, i.e. Organisation Department for travel funded from the Aid Administration Vote and, in the main, the geographical departments for travel funded from Aid Vote technical co-operation funds.

7.10. In the Diplomatic Wing the Travel Unit, which is part of the Overseas Section of Personnel Services Department, consists of 1 DS 7, 6 DS 9 and 3 DS 10.

The Head of the Overseas Section normally authorises duty journeys overseas but otherwise the Travel Unit has full responsibility for controlling expenditure on all travel sub-heads on the FCO Vote. It deals with applications for

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/concessionary

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concessionary journeys and advises on passport, visa and health requirements, assisting where necessary. Responsibility for checking and authorising the payment of individual travel claims rests at present with Travel Accounts Section in Finance Department. An Inspector has recommended that the Travel Unit and Travel Accounts should be merged to form a single entity within PSD as soon as accommodation constraints permit.

7.11. Unlike the ODA, the Diplomatic Wing does not make bookings for its staff. Once journeys have been authorised, officers are left to make their bookings through the British Airways office implant unit in Curtis Green. This is open from 9 to 6 daily (with arrangements for out of hours facilities) and handles around 11,000 movements a year. The Unit offers a specialist service with selected BA staff able to draw up and advise on itineraries (to include bookings on most other airlines) as well as issuing tickets. It is also prepared to take on full responsibility for arranging concessionary journeys for dependants once authorisation for travel is given, including notification of flight details to parents. We were told that officers often find positive advantage in dealing direct with the Unit (which has a direct link with the main BA computer) rather than through an intermediary, and that the result is a saving of staff combined with at least as good a service.

Conclusion

7.12. Given the differing responsibilities of the travel units in the two Wings we see no significant benefit in merging

/them

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them at any rate at present. If however it were to be decided that a unified personnel organisation should be created, the possibility of merger would merit further consideration when travel work in the Diplomatic Wing is brought together in Personnel Services Department. We do however see merit in the adoption by the ODA of the

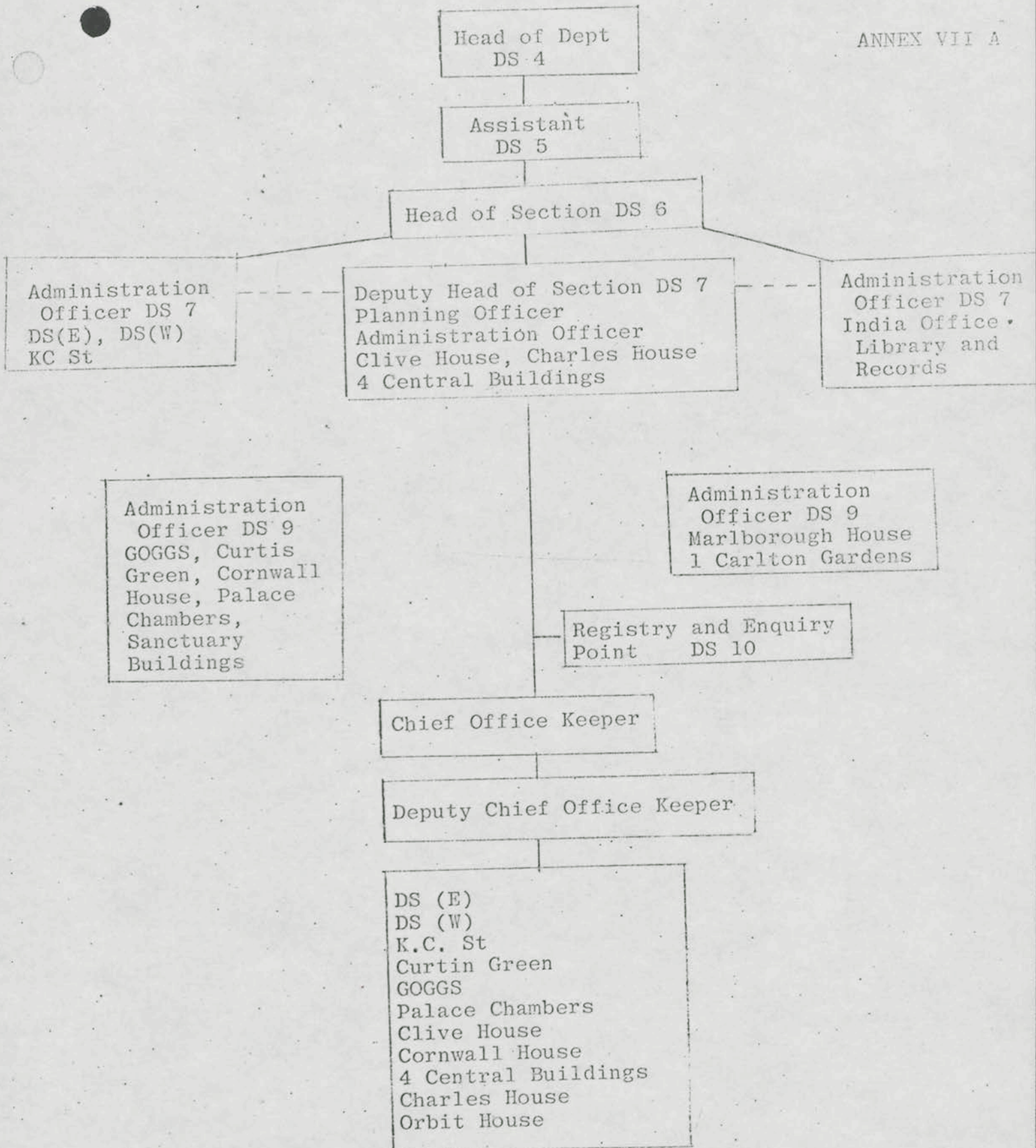
Diplomatic Wing practice of requiring officers to make all their own booking arrangements direct with the British Airways office in Curtis Green, which now has considerable experience in handling Government officers' travel arrangements; and we so recommend. Such an arrangement would offer staff savings in the ODA flight booking unit. This is at present staffed by 3 COs. At least two of these could be abolished (a saving of £24,000 at current prices) leaving one for an experimental period to check and advise on passage entitlements. It may well be that in time this post too could be dispensed with.

7.13. Detailed procedural arrangements would need to be worked out with the British Airways unit but Diplomatic Wing practice should provide a suitable guide.

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ANNEX VII A



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ACCOMMODATION AND SERVICES
DEPARTMENT
SUPPLY & REPRODUCTION SECTION

Head of Department
DS 4

Assistant
DS 5

Head of Section
DS 6

Deputy
DS 7

Printing Services Manager
(Head of Document Reproduction Centre)

Head of Stationery Sub-Section
DS 9

Head of Procedures Unit
DS 9

Head of Machinery Sub-Section
DS 9

Chief Superintendent
Head of Specialist Typing Unit

Printing Unit
(Thro' HMSO)

RCO Euro and Africa

CO Uni-forms

RCO Overseas Exc Euro & Africa

Dip Sce Procedures
Dip Sce Regulations
Leading Personality Reports
Circulars

RCO Euro and Africa

RCO Other Overseas

CO Repairs & Records

DS 10 Home

RCO Visiting Cards
Labels
Adverts
Desk Plates
Home Dist

CC White Papers
Dip Reports

Stores
Ch Fkpr
Sen Fkpr
3 x P/Kpr
2 x Porter/Mess

CO
CA

CA

6 x Specialist Typists

DISTRN CENTRE

5 x ACP
2 x LDG.OP
26 x PP1
14 x PP2

Staff spread over buildings with main unit in Downing St(E)

ACP = Ass Chief Photoprinter
LDG.OP = Leading Operator
PP1 = Photoprinter Grade I
PP2 = Photoprinter Grade II

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ODA HQ OFFICE SERVICES (ie excluding East Kilbride)

A/S (Head of Establishment and Organisation Department)

S/P (Head of Organisation Branch)

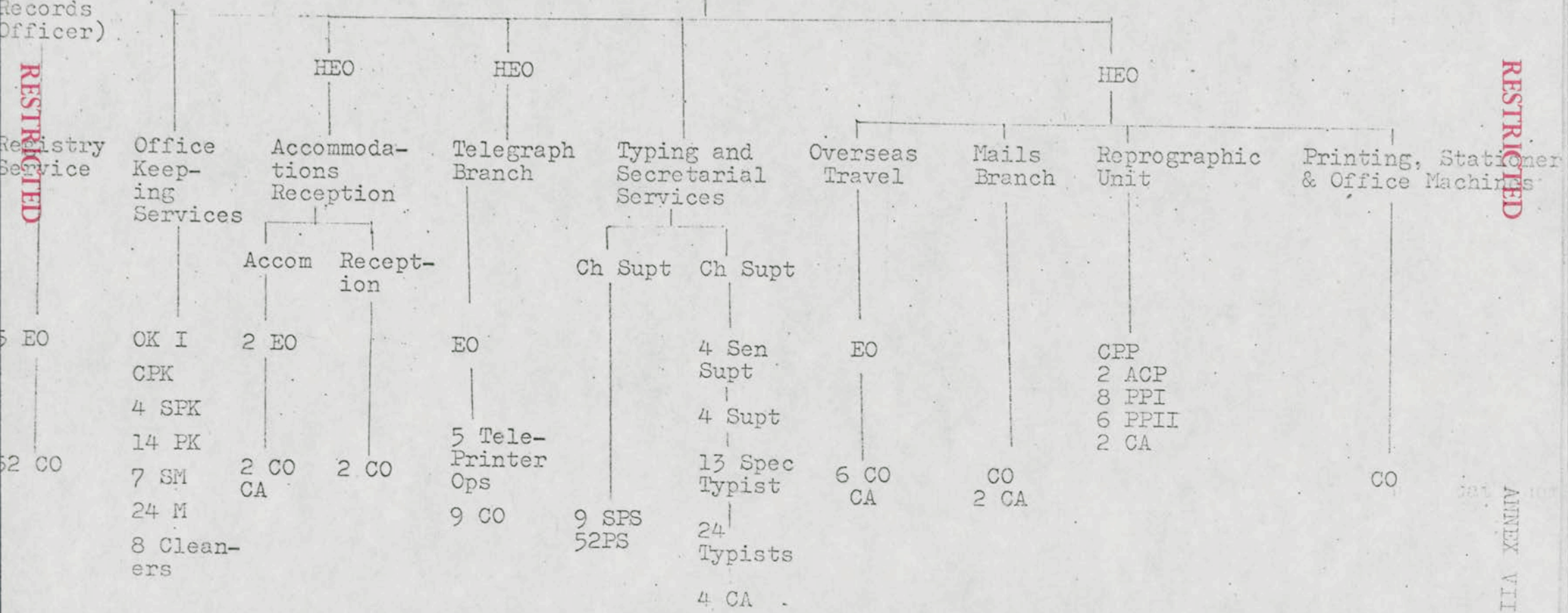
P (Controller of Office Services)

SEO
(Chief Registrar and Deptl Records Officer)

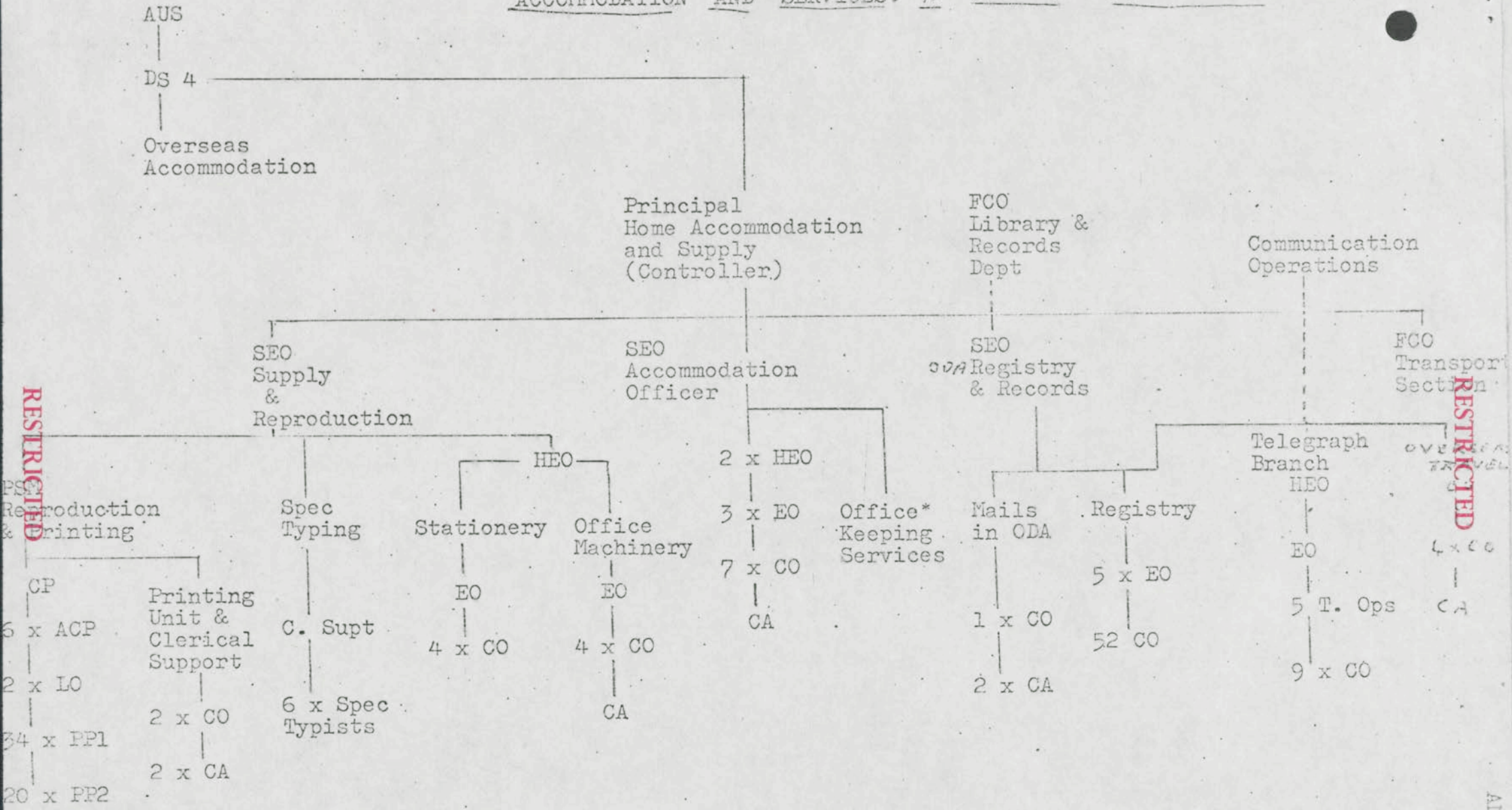
SEO
(Deputy Controller)

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ACCOMMODATION AND SERVICES: A UNIFIED STRUCTURE



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*In accordance with laid down standards

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CHAPTER VIII: COMMUNICATIONS

8.1. The FCO Diplomatic Wing's telegraph and bag services are utilised extensively by the ODA in the same way as by other Whitehall Departments eg the Department of Trade, and the ODA's telegraph branch is little more than a service point. Where the ODA does possess its own separate communications facilities eg telex, these are primarily to meet operational requirements not covered by the Diplomatic Service's network eg communications with the DEVDIV in Barbados and with East Kilbride.

8.2. No staff savings would therefore result from a merger of communications staff since the operational parts of ODA will remain separately located and their requirements will be unchanged. At a later stage, particularly when the Diplomatic Wing instals its new message switch, the communications system as a whole could usefully be re-examined. Meanwhile, we have recommended in Chapter VII that the ODA's Telegraph Branch should, for administrative convenience, remain within the ODA's Office Services Unit if and when the Unit is absorbed into a combined Home Accommodation and Services Branch. It should however be guided by the advice of the Director of Communications and his technical staff in considering the cost effectiveness of any arrangements. Telephone services are provided by British Telecommunications, and there is no reason why this should not continue to be arranged by the Home Accommodation & Services Branch of the ODA consulting as necessary the Communications Division of the Diplomatic Wing.

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CHAPTER IX: LEGAL, LIBRARY AND OTHER SERVICES

9.1. The FCO's Legal Branch also serves the ODA which has no professional legal staff of its own ie the service is already fully integrated.

9.2. The FCO main Library also serves ODA through a sub-Library/Service point in Eland House. ODA have a complement of 5 professional librarians to cover this but in practice they are interchanged with the 15 librarians on the Diplomatic Wing's establishment at the discretion of the Head of the Library and Records Department. We suggest in Chapter IV para 4.18. that the two establishments should be merged and managed from the same personnel division with a PESC adjustment if appropriate.

9.3. The ODA is responsible for its own records but the work of selection and transfer to the Public Records Office will only become a major task 25 years after the creation of ODA's predecessor, the Department of Technical Co-operation, in 1961. It would seem sensible then to draw on the expertise of the experienced Records Branch of the Diplomatic Wing's Library and Records Department and we recommend that this should be considered at the appropriate time.

9.4. Welfare Sections are attached to the Personnel Management authorities in both Wings. So long as personnel matters continue to be handled separately there is no case for merging the Welfare Sections between whom there is close liaison on any overseas matters concerning ODA staff and TCOs abroad.

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CHAPTER X: SECURITY

10.1. Background. The Official Committee on Security in Government Departments lays down guidelines in two publications ("Security in Government Departments" and "Manual of Personnel Security Measures"). The Permanent Secretary in each Government Department is required "as his personal responsibility to ensure that his Department has an effective security organisation, staffed by competent persons who have the confidence and support of the senior officers in the Department". Responsibility for security in the ODA therefore rests with the Permanent Secretary and in the rest of the FCO with the PUS.

10.2. The FCO Diplomatic Wing has a strong Security Department reflecting the importance attached to the subject due to the sensitive nature of much of its work and the volume and complexity of problems resulting from its overseas operations. The Department is headed by a DS 4 officer who reports through the Director of Communications on technical security subjects and on personnel and other matters through the Assistant Under-Secretary in Personnel Division to the Chief Clerk and ultimately to the PUS FCO. He has the right of direct access to the PUS. All staff, employed in the Diplomatic Wing in London, including junior grades, are Positively Vetted. This is done by a special Section within the Department which also PV's staff from other Government Departments selected to fill posts overseas.

10.3. Standards of personnel, technical and physical document security are high. Not only in missions abroad but in each department of the Diplomatic Wing an officer is designated

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as Security Officer responsible for the interpretation, application and enforcement of security instructions. The Security Department advises, monitors and runs courses designed to ensure that all staff are security conscious. It is responsible for the deployment of the Security Guard Force in London and for the organisation of measures to protect British missions and staff abroad.

10.4. Work done in the ODA is generally less sensitive and security requirements there are accordingly less. The Departmental Security Officer is an SEO who heads a small Unit in the Establishment Department (which also deals with Honours and Awards) and is responsible through its Head and the FEO to the Permanent Secretary to whom he has the right of direct access. Much of the Unit's work consists of the maintenance of records and Normal Vetting of ODA staff and of TCOs serving with overseas governments. Only about 130 ODA staff are Positively Vetted through the agency of the Ministry of Defence. PV reviews are dealt with by the SEO who carries out about 45 a year. Security training (other than for members of the Security Section) is limited to a one-hour session on the induction course for new entrants. There are 6 Security Guards under the direction of the Departmental Security Officer for guarding the ODA offices.

10.5. We found that the differing levels of security requirements in the two Wings had implications for a whole range of common service issues and created problems for joint handling (even of accounts!)

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It would be essential for all ODA staff working in a merged Department to be security cleared to the same standard as their Diplomatic Wing colleagues and the effect of merging departments will therefore be to increase the number of persons to be Positively Vetted. The costs of Positive Vetting (about £1,000 per head) will have to be taken into account in calculating estimated savings. If the annual number of ODA staff to be Positively Vetted remained at no more than 20 it might be possible to undertake this with the existing establishment of the Diplomatic Wing's Security Department (which should throw up savings in MOD where the work at present is done). But if, as seems probable, the number rose sharply it might be necessary to take on additional Investigation staff.

Conclusion

10.6. Whatever other services or functions are to be merged or jointly staffed however we consider that there is a case for widening the common basis of provision of security services in the two Wings. This could be done by placing the small Security Section at present part of the ODA Establishment Department under the control and guidance of the Head of the Diplomatic Wing's Security Department who would then be answerable to both the PUS in the FCO and the Permanent Secretary in the ODA. This would not result in any identifiable staff savings but would provide a single focal point for security matters throughout the FCO. The service to ODA would cover Positive Vetting, security training, co-ordination of guard protection and security advice generally to the Permanent Secretary.

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10.7. The Head of Security Department in the Diplomatic Wing has expressed understandable reluctance to add to his responsibilities which would involve upward reference to two Permanent Secretaries. We appreciate his concern, but we doubt whether in practice the amount of additional work would be very great; and it would to some extent be balanced by the elimination of any need in future for consultation on security matters between the two Wings. We consider that there is a good case on grounds of operational advantage for bringing together responsibility for security matters at Head of Department level and we recommend that this should be done.

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CHAPTER XI: GENERAL CONCLUSIONS AND SUMMARY OF RECOMMENDATIONS

A. General Conclusions

11.1. In his minute to the Prime Minister of 6 March 1980, Sir Derek Rayner said that any rationalisation of such common service functions as personnel and finance would be bound to be influenced markedly by the way in which the functions they serve are organised. The ODA Management Review and other steps which have been taken to eliminate duplication and overlap in the operational and policy making responsibilities of the two Wings have nevertheless left them as two administratively distinct organisations (Chapter I para 1.7.).

11.2. In considering the scope for integrating common services therefore the situation is different from that which existed in 1964 when the Diplomatic Service Administration Office (DSAO) was set up to administer the Votes and Services of the former Foreign Office, Commonwealth Relations Office and Trade Commissioner Service and by stages to bring about a full merger in accordance with an agreed timetable and plan of action. As the Adams McCulloch Report pointed out, any similar proposal for a full merger of the ODA and FCO Diplomatic Wing would have wide ranging implications and should only be approached with considerable caution.

11.3. Staff in both Wings expressed their strong views that it was necessary to maintain separate control of the Votes and Services required to support with maximum efficiency the different roles and functions of the two institutions (as recognised in the ODA Management Review). We have not sought to rest our recommendations upon such considerations, but

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concluded that the major factor was that the operations of the two Wings remain separate. Whilst this is so, a merger of finance and personnel services would cause difficulties and disruptions which would outweigh the value of any immediate staff savings or operational benefits which might accrue. On grounds of practical efficiency and effectiveness therefore we have recommended against any change in the existing arrangements for Finance (Chapter II) and Personnel Management (Chapter IV).

11.4. We have, however, recommended the establishment of a joint Inspectorate, including Management Services and ADP sections, and a joint Internal Audit Unit (Chapter VI and Chapter III). This would result in close scrutiny and harmonisation of the different systems and procedures which have developed separately in the two Wings. It would also facilitate further moves towards the merger of operational and managerial functions and responsibilities if and when this should be decided on.

11.5. The continued existence of separate Votes covering office services for the two organisations could cause some problems in merging responsibilities in this field. Office services

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and their costs are largely dependent on location and size of the organisations concerned and the Diplomatic Wing suffers from being divided between 14 buildings in London. Adding responsibility for ODA and its 2 buildings would not achieve substantial staff savings. It is arguable however that increased efficiency would stem from more continuity if responsibility for administering office services was left mainly to HCS staff. Only time and experience could prove or disprove this.

11. 6. In these general conclusions we should like to emphasise two points on which we suggest the success or otherwise of any moves towards merging common services are likely to depend. These are:

i) the importance of co-location.

✓ Any merger which leaves the former ODA and Diplomatic Wing elements separately located at opposite ends of St James's Park is likely to be cosmetic only. The importance of bringing people together to develop common attitudes is recognised and emphasised in Sir Derek Rayner's minute. [Co-location of a joint Inspectorate and Home Accommodation and Office Services Unit will present severe problems given the present shortage of ^{made} accommodation in the Whitehall area which will be/more acute for the FCO over the next few years by the "decanting" moves involved in refurbishing the Downing Street buildings.]

/ii)

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ii) Staff attitudes and morale.

We have referred to the widespread feelings of apprehension and suspicion which exist among some staff particularly but not exclusively in the ODA and which colour their attitude towards merger. To overcome these it will be necessary for management to show sympathetic appreciation of their genuine concern. Particular care would need to be taken in those cases where the benefits of merger rest to some extent on a wider use of Home Civil Servants on grounds of continuity and more specialisation eg in the joint Home Accommodation and Services Unit. Such changes can only be made, in the case of DS 9 posts and above, at the expense of the number of home posts available to Diplomatic Service staff. This problem could be met by making a corresponding number of posts elsewhere in the ODA open to DS personnel. But this in turn would mean that ODA staff would be filling a much larger proportion of ancillary jobs in place of those more directly concerned with ODA's aid work. ODA staff would certainly regard this as loss of opportunity and not true interchange.

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B. Summary of Conclusions and Recommendations

11.7. Finance. The small savings which might be expected from a merger of the Finance Departments would not justify disturbing existing arrangements. (Chapter II, para 2.13)

11.8. Internal Audit. There would be advantage in a combined Audit Unit. The case rests on operational benefits rather than staff savings. (Chapter III, paras 3.8 and 3.9)

11.9. Manpower Planning and Personnel Management. No significant benefits or savings are likely to arise from any merger of personnel organisations. We therefore make no recommendations for change. (Chapter IV, paras 4.20 and 4.21)

11.10. Training. There would be no benefit in a joint Training Department, at any rate so long as the personnel organisations remain separate. (Chapter V, para 5.5)

11.11. Inspection and Management Services. A unified Staff Inspection, Organisation and Methods, and Automatic Data Processing Organisation should be created. (Chapter VI, para 6.15)

11.12. Accommodation and Services. A common Home Accommodation and Services organisation should be a viable proposition, offering some staff savings. (Chapter VII, para 7.8)

11.13. Overseas Travel. ODA should adopt the Diplomatic Wing practice of requiring officers to make their own air bookings. This will offer some staff savings. (Chapter VII, paras 7.12 and 7.13)

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11.14. Security. The ODA's security section should be placed under the control and guidance of the Diplomatic Wing Security Department. (Chapter X, paras 10.6 and 10.7)

11.15. At Annex XI A is a table showing the existing complements of the common service organisation of the two Wings, and the savings which would emerge from full integration and from the integration which we have recommended.

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ANNEX X

COMMON SERVICES STAFFING PRE- AND POST-INTEGRATION

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Grade	Diplomatic Wing	ODA	Combined Total	Integrated Total	Savings from Full Integra- tion		Savings from recombinant Integration	
					Posts	Costs	Posts	Costs
U/Sec DS3	See Footnote 1.							
A/S - DS4	15	2	17	15	2	74,830	-	-
SP - DS5	7	3	10	10	-	-	-	-
P - DS5	26	9	35	33	2	56,068	1	28,034
SEO - DS6	32	16	48	46	2	45,112	1	22,566
HEO - DS7	75	30	105	103	2	38,228	2	38,228
EO - DS9	143	56	199	196	3	46,446	1	15,482
CO - DS10	189	169	358	350	8	95,648	5	59,780
CA	16	35	51	51	-	-	-	-
Chief Supt of Typists	1	3	4	3	1	15,797	1	15,797
Sen S of T	2	5	7	7	-	-	-	-
S of T	4	5	9	9	-	-	-	-
SPS/S1	68	9	77	77	-	-	-	-
PS/S1/2	140	56	196	194	2	21,990	-	-
Typists	76	58	134	134	-	-	-	-
Print Service Manager	1	-	1	1	-	-	-	-
Chief PP	-	1	1	1	-	-	-	-
Asst PP	4	2	6	5	1	11,620	1	11,620
PP	42	16	58	58	-	-	-	-
Prin Librarian	1	-	1	1	-	-	-	-
Sen Librarian	1	1	2	2	2	-	-	-
Librarian	5	1	6	6	-	-	-	-
Asst Librarian	8	3	11	11	-	-	-	-
Lecturers 1 & 11	14	-	14	14	-	-	-	-
Field Investigat- ion Officers	18	-	18	18	-	-	-	-
Others (ie Office Keeping staff, Messengers, Cart- ographers, Revision of Records etc)	399	90	489	489	-	-	-	-
TOTALS:	1287	570	1857	1834	23	405,739	12	191,500

Footnotes:

- Any saving at U/Sec level would only be made in the context of a general reallocation of responsibilities.
- Diplomatic Wing figures exclude Registry staff integrated with department other than those concerned with common services. Also all communications staff.
- Certain of the savings shown above can be achieved without merger eg. 2 x CO saved through ODA adopting Diplomatic Wing practice for airline bookings.
- There would be some offsetting additional expenditure on increased security vetting.

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TERMS OF REFERENCE

ANALYSIS OF THE DEPARTMENTS PROVIDING
COMMON SERVICES IN BOTH WINGS OF THE FCO

1. The FCO are required to report to Ministers by 31 March 1981 on the best way to rationalise the common service functions, such as personnel and finance, in both Wings of the office in the light of the recommendations of the Management Review recently carried out into the functions of the ODA and certain parts of the Diplomatic Wing. To that end you are to undertake a review of the functions carried out by the respective departments in the Diplomatic Wing and ODA dealing with these matters (having due regard, as appropriate, to those matters dealt with under the aid programme Class II Vote 10), and make recommendations as to the most efficient way of carrying out these functions bearing in mind the relative costs and effectiveness of the possible solutions.
2. You should take full account of the reports of the Diplomatic Service Inspectors on the administrative departments of the Diplomatic Wing as well as the ODA Management Review.
3. In the course of your enquiry you should report progress as necessary to a Steering Committee. You should aim to complete your report by 31 December this year and submit it to the Permanent Under Secretary and the Permanent Secretary (ODA).

ODA SCIENTIFIC UNITS

1. Our terms of reference require that in carrying out our task we should have "due regard, as appropriate, to those matters dealt with under the Aid Programme Class II Vote 10". We were advised that this particular requirement reflected CSD concern that we should consider whether, either under existing arrangements or under any revised structure for the control of personnel which we might recommend, the arrangements for the management and control of the ODA's four scientific units (the cost of which is borne on the Aid Programme and not the Overseas Aid Administration Vote) were adequate to ensure that their manpower needs were properly balanced against other competing claims within the FCO's overall manpower ceiling.

2. The current complement of the units is 845, as compared with 1,342 for the ODA itself. The staff of the units thus represents a significant proportion of the overall ODA staffing figure and it is important that its level should be kept under close scrutiny in the light of other calls on the tightly controlled manpower allocation. The arrangements for managing the units were subject to a specific examination by the Management Review team, which made a number of proposals for a tighter and more effective mechanism. In the manpower field the main instrument for this is the Management Committee which will in future be smaller than hitherto, which will meet at least twice a year, and which will inter alia be required to examine the manpower projections of the individual units to ensure not only that they are fully consistent with aid policies and priorities but also within the scope of available resources.

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The report stresses the importance of the PEO's interests on the Management Committees being adequately represented and this will be achieved through the participation of representatives of the ODA's Organisation Department which is responsible for overall manpower planning, initially to the PEO and from the PEO direct to the Permanent Secretary. This Management Committee control will of course be backed up by the regular inspections of the Scientific Units undertaken by the ODA's Staff Inspection Unit (which we have recommended elsewhere could be merged with the Diplomatic Wing's Staff Inspectorate to provide a single unit serving the whole of the FCO).

3. We have considered whether there is any need for further changes in these management arrangements, in the light of the points made to us by the CSD, but have concluded that the Management Review's proposals should provide an adequate machinery for ensuring that the needs of the Unit are properly weighed against the needs of the ODA as a whole. The proof of the pudding will of course be in the eating; and it will be for the PEO to satisfy himself that these arrangements work satisfactorily in practice and, if not, to consider (in consultation with the Under Secretary (Natural Resources) who has overall administration responsibility for the Units) what alternative and tighter controls might perhaps be needed.

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