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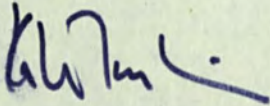
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**CIR REPORT**

The Prime Minister might like to see the attached short briefing leaflet on the CIR Report which we have produced to make the arguments more readily accessible to line managers in the civil service. It is shorter, crisper and less daunting than the full report.

Sometimes departments retain reports at their centre and do not circulate them to the line managers who are really responsible for delivering the results. In this case that would defeat the main object of the report. Robin Ibbs intends therefore, to write to all Permanent Secretaries enclosing copies of the leaflet for wider distribution.



Kate Jenkins  
10 December 1984

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# Helping Managers Manage

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A briefing for all civil service managers on a report to the Prime Minister by the Efficiency Unit: Consultancy, Inspection And Review Services In Government Departments.

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## The Report

The report looks at the role of Consultancy, Inspection and Review (CIR) services—the specialist management services—in departments. It recommends that the work of staff inspectors, management services and other specialists should be reorganised to meet the changing needs of management in the civil service.

The report by the Efficiency Unit builds on lessons from six departmental scrutinies of CIR services. The departments were DHSS, DTI, MOD, PSA, the Scottish Office and the Treasury. The CIR services scrutinised included staff inspection, management services, internal audit, ADP advisory staff and other expert advisory groups.

### This briefing

This briefing highlights the points from the report which will affect all civil service managers. (A 'manager' is any civil servant who controls resources.)

## Management Is Changing In The Civil Service

### The Background

The recommendations on consultancy, inspection and review services need to be seen against the background of recent changes in management in the Civil Service, many as a result of the Government's initiative in 1982.

The initiative has led to changes in many departments. The table below gives some examples.

Development	Examples
<b>Strategic management</b>  A top management group which plans and allocates major resources. It does so on the basis of a yearly review of functions, priorities and achievements	DTI: The Activity and Resource Management Review MOD: MINIS
<b>Annual budgets</b>  Annual budgets extending down each line of command to individual cost centres	DHSS: local offices Treasury: Under Secretary Commands
<b>Management information systems</b>  Systems to equip managers to monitor their costs and output during the year	DE: Resource Information System

Until now, most managers have worked to procedures laid down at the centre. They have been responsible for policy and running the unit—but not for the resources they use. Finance and manpower decisions have been made by others.

### The Financial Management Initiative (FMI) Changes

These changes put a new stress on accountability.

- working to plans with targets
- drawing clear lines of responsibility for resources
- setting and agreeing budgets and targets
- monitoring and controlling work done and costs
- assessing outcomes

## What The Changes Mean

### For Managers:

- *Authority* to manage resources. Managers will propose their own budgets and plans for challenge and approval by their line manager and at senior levels by the top managers of the department. What they do will be controlled through this process.
- *Responsibility* will rest with managers instead of inspection staff for
  - resource management and control
  - achieving greater value for money

Thus managers will have new powers, apply new skills and need to see their job in a new way.

They will need help from the specialist management services to do this.

### For top departmental managers:

- *A new strategic role.* Top managers will control their lines of command. But as a member of the top management group each senior manager should take a corporate view — with a strategic role in planning and deploying resources for the department as a whole.
- *A new and powerful resource control system.* The annual cycle of budget and target setting — with reviews throughout the year — will provide two things:
  - a means of tightening financial controls
  - a tool for improving management performance from year to year to increase the value for money achieved
- *A new emphasis on helping their managers succeed.* Top managers will be responsible for helping their own managers meet the targets they have agreed — and within the budgets they have approved for them.

### For CIR Services:

- *Support* for managers to help bring about the changes outlined above
- *Advice* to top management to make the new budget controls work
- *A new accountability* for helping managers to improve their performance

## What Still Needs To Be Done

The report confirms that the 1982 reforms are here to stay. In spite of changes made so far, however, much needs to be done.

### Individual managers

Below most senior levels, managers still do not know what the changes will mean for them in practice. They need to be informed — and reassured about their future role.

### Top departmental managers

They need to make a reality of the FMI stress on management responsibilities. They will need to put responsibility for improvements with managers. They will need to instil the new approach into their departments.

### The CIR services

They will be important to the success of the changes. Managers will rely in new ways on the CIR services. They will need expert help to set budgets, define targets and plan manpower. They will need to be able to measure their effectiveness.

*The CIR services need to position themselves to meet the challenges — and opportunities — these changes will present to them.*

The scrutinies showed that CIR tends to be fragmented into many separate units. Meanwhile the growth of value for money work has led different services to converge on many similar issues.

The CIR services have done valuable work but they suffer from shortcomings in the way they are used. The scrutinies found: overlaps between units; gaps in coverage; lack of 'visibility' to their customers; a lack of data about their results; and too little central planning of the services themselves. These findings were borne out by an Efficiency Unit survey of all departments covered by the FMI.

## Recommendations

The report makes seven recommendations to help departments bring about the management reforms aimed at three main objectives:

- To ensure that line management understands the implications of the management changes that are under way;
- To plan and manage the CIR services to support these changes, starting immediately with the change to resource management by budget;
- To monitor and co-ordinate the changes in the central departments.

### Recommendation 1

*The Implications Of The Management Changes:* Ministers in charge of departments with their Permanent Secretaries should ensure that line managers throughout their department understand that:

- a the primary responsibility for resource management and control and for achieving improvements in value for money lies with line managers;
- b the cycle of budget and target setting and review through the year will become the main method of monitoring, assessing and controlling line management's performance;
- c line managers will be given the authority they need to discharge their responsibilities, in the expectation that their activities may be audited but that the control mechanism is the budget;
- d there will be arrangements for line managers to be helped by specialists, within their own organisation, or within the department, or from outside;
- e CIR staff (except for Internal Audit) will be accountable primarily for how far they have helped line management improve its performance.

### Recommendation 2

*The Organisation of CIR Services:* Ministers should seek proposals from their Permanent Secretaries, within the next six months, for action to re-organise their CIR services. Options to be considered should include:

- a regrouping the existing specialists to create a *multi-disciplinary management support group*, including staff inspection, management services, operational research and computer experts, and with access to other specialists; this support group should provide expert advice to both line management and to the top management group;
- b developing a small *top management secretariat* which works directly for the senior management group and can co-ordinate the investigations and scrutinies commissioned or authorised by that group. The secretariat should draw on whatever source of expertise, within or outside the department, is most appropriate for the work it commissions.

### Recommendation 3

*Internal Audit:* should be maintained as an independent function, but internal auditors should work in close co-

operation with the management support group. How best to organise this co-operation will vary from department to department. Hitherto a majority of departments have emphasised the independence of internal audit by keeping a separate unit. That has obvious merit, provided the co-ordination with work to improve value for money is satisfactory and there are no artificial barriers which hinder joint working with other services where this is appropriate. On the other hand, departments should be free to group internal audit with other functions where the Accounting Officer is satisfied that there are advantages in this and that the independence and central standards of internal audit will be maintained. These organisational arrangements should be further reviewed in three years time.

### Recommendation 4

*Career planning:* for internal audit and management support staff, outside the functional specialisms, should aim to ensure that spells of continuous service are no more than five years, and that senior staff have real line management experience in addition to experience in their specialism.

### Recommendation 5

*The Transition To Budget-based Controls:* For the next two years at least, the principal task of the management support group should be to handle the difficult period of change to resource control by budget. They will need to work directly with line managers and with training divisions to ensure that line managers have the resource control systems and the skills that they will need. Once the new budget structure is in place, the management support group should have the resources to develop as an expert advisory service for line management.

### Recommendation 6

*Investigations By Top Management:* Work programmes for the services covered by this report should be approved by the senior management group. Investigations sponsored by senior management itself should concentrate on problem areas of wide significance. Although from time to time the senior management group may want to sample the position on a particular management issue, for example grading standards in one organisation of the department, it should not use its assignment staff for detailed second-guessing. These issues should be resolved as part of the budget-setting process and the responsibility for putting any deficiencies right should lie within the line.

### Recommendation 7

*The Central Departments:* Treasury Ministers and the Chancellor of the Duchy of Lancaster should jointly ensure that their departments:

- a monitor all departments' progress including their own in putting this report's recommendations into effect and report on progress in Oct 1985 and Oct 1986;
- b review by 31 May 1985 the organisation and roles of their central CIR services to ensure that they are able to reflect developments in departments and, in particular, development of the multi-disciplinary approach recommended for departmental management support units; this will include their role in training, practical support and co-ordination, monitoring effectiveness and participation in individual assignments.

## **Support Services And Managers**

In future, the report recommends, the CIR services should act as a management support group. Here are some examples of how they might work with managers in future.

### **Consultants to a manager**

A manager may be facing increased demand for services with no prospect of taking on extra staff. He could call on the support group to advise him. They might propose and then install computer systems to improve the speed with which the work is handled.

The manager identifies the problem — and decides whether or not to take the advice offered him by the support group.

### **An investigation for top management**

As a result of strategic planning work a top management group might be concerned at a backlog of work in one area. It could call on the support group to put in a team with the skills of management services, staff inspection and audit. This team would investigate and suggest solutions to top management.

Top management identifies the problem — and decides which solution to adopt.

### **An expert resource**

A manager runs a unit with a string of one-off projects in hand. Delays are frequent and his staff are suffering from the stress and complexity of handling a diverse range of activities.

The manager could call upon the support group to help. They might train his people in project planning, help them draw up project networks, store them in a computer, update them via terminals and finally print reports on demand.

The manager is responsible for recognising the needs of his staff — and for bringing in support which meets their needs.

## What Happens Next

Subject	Recommendations	Responsibility	Target
Communication to managers (Recommendation 1)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Ensure every manager knows what the changes will mean to him or her in practice</li> </ul>	Ministers in charge of departments and their Permanent Secretaries	By October 1985
Organisation of the CIR services (Recommendations 2-4)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Make proposals for reorganisation</li> <li><input type="checkbox"/> Ensure close co-operation between Internal Audit and new management support staff</li> <li><input type="checkbox"/> Reform career planning for Internal Audit and management support staff</li> </ul>	Permanent Secretaries Permanent Secretaries Permanent Secretaries	By May 1985 Review in October 1987 Ongoing
New roles for management support services (Recommendation 5)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Assist the change to resource control by budget</li> <li><input type="checkbox"/> Develop skills as professional advisers to management</li> </ul>	Permanent Secretaries Permanent Secretaries	By end 1986 End 1986 onwards
Top management use of management support services (Recommendation 6)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Control work programmes</li> <li><input type="checkbox"/> Sponsor work on problem areas of wide significance</li> </ul>	Permanent Secretaries	Ongoing
The central departments (Treasury and Cabinet Office—MPO) (Recommendation 7)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Review organisation and role of central CIR services</li> <li><input type="checkbox"/> Report on progress by all departments in implementing the above recommendations</li> </ul>	Treasury Ministers and the Chancellor of the Duchy of Lancaster	By May 1985 October 1985 and October 1986