

administrative reform: the next step

John Garrett, Robert Sheldon
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1. introduction

Many changes in the management and machinery of government have been proposed in the last few years. The Committee on the Civil Service (the Fulton Committee) sat from 1966 to 1968 and produced a report (Cmnd 3638, June, 1968) which recommended a number of important reforms, mainly in the fields of personnel management, planning and managerial accountability, some of which appeared to be accepted by the Labour Government. Since then, the Conservative Government has introduced changes, mainly in forms of departmental organisation, in pursuit of its "new style of government." In this pamphlet we examine the purpose and effect of the most important of these developments and suggest some directions for future reform.

However, our concern is not only with administrative efficiency and effectiveness but also with the need in a democracy to make the activities of central administration as open as possible to public debate. Last year's Franks Committee Report (*Departmental Committee on section 2 of the Official Secrets Act, 1911*, Report, Cmnd 5104, September, 1972) dealt with aspects of this question.

THE FRANKS REPORT

One of the conclusions of the Fulton Committee was that the administrative process was surrounded by too much secrecy (*Committee on the Civil Service*, vol 1, para 277). It pointed to the advantages from greater openness which it believed would improve the quality of decisions and proposed an enquiry into the ending of unnecessary secrecy and a review of the Official Secrets Act. Following on this the Franks Committee was set up and reported in September 1972.

A particular problem with secrets lies in their multiplying nature: one secret produces another. They have a penumbra around them producing a wider area of lesser secrets which themselves have to be protected. The result is that there is so much that is secret, confidential or restricted that Ministers have frequently

been unsure what is public knowledge and what is not. Given the all-embracing nature of section 2 of the Official Secrets Act, which throws a blanket of security over all operations of the Civil Service, a change in the law has become essential. Repeatedly in the House of Commons and elsewhere present and past governments have protested their desire for openness. In a memorandum submitted by the First Division Association to the Franks Committee (*op cit*, vol 1, p 217) this body representing top administrators in the Civil Service "strongly favoured openness." It is often puzzling that so many speak in favour of openness and yet there is still such excessive concern with secrecy. We believe that the main requirement for secrecy comes from within the Civil Service itself. As a result of it they are better able to control events; outside influences matter less and decisions can be unhurried. The public too, can be prepared by judicious leaks prior to the eventual announcement. Information officers within the Civil Service are anxious to carry out what they call a "prime task" (*ibid*, vol 2, p 231) of conveying official information on a non-attributable basis to members of the press. So long as basic information is restricted to the Civil Service then only they are able to decide on the particular issue under consideration. To control this information is to control the argument and so to control the decision.

There are two main kinds of secrecy. The secrecy of government's actions and intentions and the secrecy of the information it has concerning the affairs of individuals in such matters as taxation, social security and employment. In the case of information concerning individuals security is essential. On the other hand, in our view much of the security surrounding government's actions and intentions is not necessary. It is indicative of the disappointing nature of the Franks Report that the argument for openness put in the first paragraph is the tepid, even patronising, comment that "the concern of democratic governments is that information is widely diffused for this enables citizens to play a part in controlling their common affairs."

The Report is a defence of private argument and deliberation by civil servants and the selection as Chairman of an ex-Permanent Secretary probably, as Mr Sam Brittan has commented, helped in the production of a report the Civil Service wanted. In it there is even an attempt to defend the present system by claiming how large is the amount of information given by Government and stating that section 2 of the Official Secrets Act is not "the most restrictive law in any democracy" since some of the Commonwealth countries have similar laws (*ibid*, report, para 84).

One of the persistent themes running through the Franks Report is the fear of a lowering of the quality of Government (*ibid* report, para 182) associated with the loss of frank discussion within the Civil Service (*ibid*, report, para 177). What is not weighed against this is the gain obtainable by informed discussion in a democracy where all talents may be available for comment and criticism. As the Report says "the governing factor in considering the need for protection is the seriousness of the damage that a leak would cause rather than the likelihood of leakage" (*ibid*, report para 185). The difference in view between the Franks Committee and ourselves is that we believe that the danger caused by leaks other than in the fields of defence and personal privacy are usually less than the gain that would be attainable from a wider and better informed discussion of the issues.

The problem of the discussion of secrecy is that one's view of secrecy determines the conclusion. If one believes, as many civil servants do, that a calm discussion of problems relatively free from outside pressures is more important than the contribution an informed society can make to the discussion then the damage done to Government by leaks is large. The Franks Committee decided this at an early stage and its conclusions inevitably followed. This Committee should have started by accepting that the existing level of secrecy was intolerable, it should have illustrated the consequences of this level and should have pointed to the areas where much

greater openness was necessary. Professor Wade, Professor of English Law at Oxford University, in his memorandum to the Committee, wished to see not only the ending of the Official Secrets Act but wanted it replaced with legislation which would positively assist the public to obtain information about government. He quoted President Johnson's remark when signing the America Act: "A democracy works best when the people have all the information that the security of the nation permits." Professor Wade suggested an Act of Parliament which should lay down the principle of "the public's right to know" (*ibid*, vol 2, p 241) and that unreasonable refusal of information to someone seeking it should be a case of "maladministration" which could be investigated by the Parliamentary Commissioner or some other body.

We support legislation on these lines and believe that it should apply not only to central government but to all public bodies.

2. proposals for reform

THE MINISTER AND HIS ADVISERS

A minister inherits a department which has a massive policy momentum (or inertia) of its own and a body of civil servants who are inevitably concerned to maintain it. A minister who tries to introduce a change in the direction of policy is therefore faced with well argued submissions as to the difficulties which are likely to arise if he pursues the matter.

He may feel dedicated to a pursuit of means of resolving these difficulties, and he will not be opposed if he is, but usually he can devote much less time and effort to attempting to change the department's direction than to dealing with the pressure of day to day case work and crises. Even a powerful minister has difficulty in taking on the Civil Service and arguing through his ideas for change except on a very limited number of issues. The minister therefore requires assistance to combat the arguments against change. This assistance must be provided by people of technical authority, who understand the minister's mind and who are dedicated to seeing his policies through.

Any solution to this problem must cope with the inescapable fact that in any government there are both weak and transient ministers. Weak ministers are frequently appointed because of a need to recognise their status in the party, because they represent a particular point of view, or power group, within the party or because they have faithfully served the Prime Minister in some past internal crisis. They may be representative of a region or even an age group. Given the number of MPs of the government party this places a considerable restriction on the choice of ministers.

Transient ministers also weaken the performance of a government. Ministerial lives are usually very short and their effective period in office is reduced by the time they take to learn the job and the period in which they are expecting a change. All this requires that any system or structure within a department for presenting choices to a minister for decision has to

provide for alternatives which can be examined and selected by a strong minister as well as provide advice to a minister who is not so well able to argue to a conclusion so many of the daily matters which will come before him.

We shall consider the use of a ministerial *cabinet* of personal advisers, the use of junior ministers and the development of closer links between the Civil Service and future ministers.

personal advisers

The Fulton Committee proposed that in most departments there should be senior policy advisers who should lead planning units and should not be below Deputy Secretary in rank. (*Committee on the Civil Service*, vol 1, para 182.) A policy adviser should have direct and unrestricted access to the minister and should be free to determine after consultation with, and subject only to the approval of, the minister what problems his planning unit should tackle. On occasions he might be appointed by the minister from outside the Service to give a new impetus to its forward thinking but more often he would be a career civil servant with long experience and expert knowledge of the field covered by the department.

A number of commentators on this recommendation doubted the wisdom of an arrangement whereby an appointee with responsibility for departmental long term planning reported not to the official head of the department but to the minister. Such an arrangement would have the disadvantage, so often encountered in corporate planning systems, of formally separating long term planning from the management of day to day operations. On the other hand, we believe in the value of personal advisers to ministers, selected by them and usually brought in by them from outside the Service. In our view these should be short-term appointments, filled by people who are specialists in important aspects of the work of departments and who are sympathetic to the views and aims of the minister. They

should not have large staffs, or be concerned with the management of the planning processes of departments, but should act as ministerial confidants, capable of acting as "sounding boards" for ministers' ideas, drafting policy papers and producing inputs to the department's long term planning system.

These "in and outers" could provide valuable ministerial support. There is always the risk, of course, either that they would be resisted or shut out by departmental officials or that they would be absorbed by the department and unable to give the minister detached advice. In our view, as long as their role is defined and understood and their appointment is temporary, they could meet the needs of ministers for an alternative view and could strengthen his department's skills in policy evaluation and analysis.

junior ministers

In our view, the potentialities of junior ministers in departments are rarely used to the full. The practice now in giant departments (for example, in the Department of Trade and Industry) is to divide responsibility between several ministers but we believe they need to be considered as part of a team with junior ministers generally being given greater responsibilities in, for example, the direction of particular areas of management and policy review and in working with civil servants in the process of policy formulation.

the civil service and the opposition

A recurring feature of recent governments has been that governments are obliged radically to change the direction of their policies after about two years in power.

This, of course, is most blatantly obvious in the case of the present government but it was also true of the last Labour Government. It is at about the two year mark that a government comes face to face with the realities of its economic, industrial and social environment and has

to re-examine those policies produced with a greater regard to ideology than to their practicability. The country pays a heavy price for educating its governments. In our view, one reason for this is that there is very little contact between opposition leaders and the Civil Service. An opposition and their policy forming committees should have the opportunity to test out their ideas on policy and, particularly, on how to implement policy in discussions with senior civil servants. This need not, and indeed ought not, to blunt any opposition's reforming zeal. Such an arrangement would be valuable both to the future Ministers of a radical government and to the civil servants who would be serving them. ¶

A PRIME MINISTER'S DEPARTMENT

There are strong arguments for the establishment of a Prime Minister's Department, concerned with carrying out studies of major strategic policy issues and with the highest level of efficiency studies within the Civil Service. The argument that this places too much power in the hands of the Prime Minister can be met by greatly strengthening existing countervailing agencies. The Select Committees on Expenditure should be supported by full time paid expert advisers and with access to all the information they require properly to challenge departments, including the Prime Minister's Department. For years, select committees have been denied both. Later in this pamphlet we advocate a radical strengthening of the scope, authority and independence of the Exchequer and Audit Department. Our recommendations for greater openness in government would also serve this end.

efficiency studies

The Fulton Committee recommended the establishment of a Civil Service Department to undertake the central management of the Civil Service and to be "in a position to fight, and to be seen to be fighting, the Treasury on behalf of the Service" (*ibid*, para 252). The new Department combined the "pay and

management" side of the Treasury and the Civil Service Commission and was headed by a permanent secretary designated Head of the Home Civil Service. The Prime Minister is ultimately responsible for the Department. It consists of divisions concerned with personnel services, selection, pay and grading and management services (that is, management consultancy).

Since its formation, the management services divisions of the department have grown in size and status, much as the Fulton Committee envisaged, and now undertake efficiency studies at a higher level than their predecessors in the Treasury. Rather than being primarily concerned with studies of clerical efficiency, the Department's management services groups now undertake "management reviews" or organisation studies of sizeable units of departments (for example, the Central Office of Information, the Prison Department) and have greatly increased their competence in such areas as management by objectives, the behavioural sciences, operational research and the development of large scale data processing and information systems. However, these services are usually provided to departments on request. Inevitably, the most progressive departments request them while some departmental backwaters are never subjected to expert scrutiny or advice.

In a later section of this report we criticise the "establishments concept" in the Civil Service which treats efficiency studies, manpower cost control and personnel management as a single function and we advocate their separation.

This argument applies to the Civil Service Department and in our view it should be reconstituted as a Department of Personnel—as Harold Laski proposed thirty years ago (H. J. Laski in *Passed to you Please* by J. P. W. Mallalien, Gollancz, 1942)—while the management services division should pass to a Prime Minister's Department where they would carry the weight they require to have an impact on the least progressive managerial elements in government. They should also continue

to provide their services on request and carry out research and development in management techniques of wide applicability.

policy studies

One of the innovations of the present Government has been the creation of a Central Policy Review Staff (CPRS). This unit has been set up in the Cabinet Office under Lord Rothschild to work for Ministers collectively and is under the supervision of the Prime Minister. Its task is to relate individual departmental policies to the government's strategy as a whole and to see that the implications of alternative courses of action are fully considered. It appears that it carries out studies of policy issues which involve more than one department or which involve basic questions of government strategy and provides an alternative and objective view to that of the Treasury and other departments. Such issues have been Concorde, regional policy, government support for the computer industry and the organisation and management of government research and development projects.

In general, there seems to be a need for a body such as the CPRS, particularly if it is under the wing of the Prime Minister and can resist Treasury dominance. It is more likely to be effective if it is constituted as part of a Prime Minister's Department. It can present the Prime Minister with alternative arguments from those he receives from interested departments and can relate the policies and spending plans being pushed by departments to overall government plans.

Opponents of the arrangement point to the way in which it strengthens the Prime Minister's position at the expense of other ministers and acts as a strong influence for the centralisation of power. In our view, the presence of such a body can act as a much needed stimulus to departments to improve the quality of the analytical justification for their expenditure plans and provided its field is restricted to cross departmental issues and major national

issues departmental powers need not necessarily be undermined.

POLICY PLANNING

Since the Plowden Report of 1961 (*Report of the Committee on the Control of Public Expenditure*, Cmnd 1342, July, 1961), the Civil Service has operated the Public Expenditure Survey, a five year planning system which relates spending programmes to prospective resources.

Every year, departments submit five year plans to the Treasury, distinguishing between expenditures to which they are committed by past decisions and additional programmes which could be undertaken if more resources were made available. The Public Expenditure Survey Committee of officials prepares a report showing the costs of present and alternative policies and this is submitted to ministers together with the Treasury's medium term assessment of the economy.

Since December 1969 the Public Expenditure Survey has been published, showing planned expenditure under functional headings (for example, law and order, defence, health and welfare) for the past year and for five years forward together with elements of the medium term economic assessment.

Though the public expenditure survey was a vast improvement on what passed for national expenditure planning before it was introduced, the system is not now advanced by international standards.

It is inadequately supported by research, analysis and evaluation and does not provide a suitable base of information for the consideration of the costs and benefits of alternative courses of action nor for the consideration of the interactions between the plans of different departments and the production of an overall government strategy. The present government has therefore introduced two developments aimed at improving the system: the CPRS referred to in the last section and a procedure called Programme Analysis and Review (PAR).

PAR is a modest attempt to improve the policy research and analysis processes of departments. It is distantly related to the Programme Planning and Budgeting System (PPBS) introduced by Robert McNamara in the US Department of Defence in 1961 and since extended throughout US government and introduced in many foreign governments and some British local authorities. PPBS involves classifying all departmental spending into programmes, that is categories which display the aims of the expenditure (for example, the reduction of drug dependency, the provision of recreation opportunities, craft training for the unemployed, the rehabilitation of run down areas) as distinct from the traditional division of expenditure into votes, sub-heads and items of expenditure. It then involves the measurement of the effectiveness or impact of current expenditure and compares this with the apparent needs of the community as a whole and of specific groups (the elderly, one parent families, the long term unemployed) in each programme or sub-programme area. The next stage is to consider which programmes require high priority action and what measures could be taken to close the gap between the present level of provision and the need. This involves substantial analytical effort, particularly in programmes selected as "key issues," aimed at finding the most cost effective route to closing the gap. The political decision maker selects key issues, establishes programme priorities and objectives and these are translated into long term plans and first year budgets for submission to the Treasury, the Cabinet and the Legislature. The Cabinet or the Treasury usually has an evaluation body, analogous to the CPRS, to vet the submissions of departments and to carry out the analysis of supra-departmental issues. PPBS has run into innumerable troubles in Washington but currently is the subject of much development work which promises to create a very valuable advance in public expenditure planning and control, with useful lessons for British government.

The initial failures of PPBS in American central government are attributable to the attempt to force it upon departments and

agencies in a very short time, to too great an emphasis upon quantification and too little upon reliable analysis, to over-laying it on the existing systems of budgeting and appropriation without adequately considering the scope for rationalising the two systems and to Congressional suspicion of changes in the forms in which the Executive displayed expenditure (John Garrett, "Creaks in the US Model," *Financial Times*, 29 September, 1970).

Later developments have aimed at improving the quality of analysis by concentrating upon few issues and at improving the link between planning and management so that a single fund of information can be used for defining objectives, programmes and plans, for seeking appropriations from the Legislature and for measuring managerial performance. A similar line of development in British government would require a massive reform in the accounting and information systems in departments. PAR is apparently a procedure akin to the issue analysis sequence of PPBS: an area of departmental expenditure is chosen for examination and a report on its apparent results and value is produced by the department for a Cabinet committee. Any changes which are approved as a result of the report are fed into the next cycle of the public expenditure survey. Given the present state of management information and the availability of analytical staffs within departments a procedure like PAR is about as far as departments can go at present in the systematic evaluation and control of expenditure but our view is that substantial research and development work should be carried out in this field not only as a means of promoting better management in departments but to enable Parliamentary Committees to examine the effectiveness of departmental spending. The Select Committee on Procedure of 1968-69 recommended the introduction of "output budgeting" (that is, PPBS) into departments: "by setting out the activities of departments in the form of costed programmes over a number of years, directed towards stated objectives, it will enable the House to weigh the objectives selected by departments against possible alternatives. Second, the development of

output budgeting will increase the possibilities of assessing department's efficiency in setting objectives and their measure of success in realising them and the information derived from costed programmes of objectives will be complementary to the projections of expenditure" (Select Committee on Procedure 1968-69, Report, para 22). The third and eighth reports of the Expenditure Committee in 1971 and 1972 repeated this request "for information about the outputs which projected expenditures are expected to provide and how this provision relates to policy objectives" (Expenditure Committee, *Third Report Session 1970-71*, HC 549, para 43).

We realise that planning and control by programme will have to take different forms in different departments. Some programme categories are wholly managed by departments from policy origination to output (for example, social security, defence, prisons, immigration, customs) while others provide resources which are managed by external organisations (e.g. health, police, housing, education) and some managerial units in departments handle a number of different programmes (for example, social security offices and employment exchanges). There are, therefore, difficulties in many areas in relating the programme structure to the management structure. There are also considerable problems in measuring the effectiveness of, and community needs for, some services. Nevertheless, we believe that steps should be taken to display departmental expenditures in programme terms and wherever possible to attach to the programme structure measures of effectiveness, measures of need and the analytical basis for particular programmes and priorities. There should also be research into the scope for matching the programme structure to the structure of managerial authority and accountability within departments, so that individual managers can be held accountable for programme results. In addition, the analytical capability of departments requires to be massively up-graded: the groups employed by departments on policy research and planning, on cost analyses, on improving the information base on

which decisions are made are still too small and insufficiently integrated into the policy making process and the experience and training of senior administrators in quantification and analysis is woefully inadequate. As Fulton's consultancy group said: "the top managers in the government service in the future . . . will have to be able to handle more variables than can be expressed in the traditional essay by which the top echelons of the Service now usually analyse and judge policy options; they will have to think constantly in terms of quantification of benefit in terms of quantified costs" (*Committee on the Civil Service*, vol 2, para 376).

INFORMATION SYSTEMS

Government accounting is based on the rules of the supply procedure which has not been radically altered for over 100 years. Bids for funds are passed by departments to the Treasury and when they are agreed these are presented as estimates to the House of Commons. When the estimates are passed by Parliament they are known as votes and at the end of the financial year appropriation accounts are published showing the amount expended.

The major criticisms of the supply procedure are:

1. The estimating procedure is not sufficiently rigorous. Unlike the practice in a good budgetary control system, the spending departments and their constituent units are not asked to specify their objectives and then to justify the expenditure they require to achieve them but they simply put up a bid for funds on a simple incremental (last year + x per cent) basis. One half of the budgeting process: a statement of the level of performance aimed at by the expenditure, is missing.
2. Justification for an estimate in, for example, a technical area of expenditure is discussed between laymen in the department's Finance Division and laymen in the Treasury so that penetrating questions as to the technical arguments for the expenditure are rarely asked.
3. The House of Commons devotes very little time to the examination of estimates, "supply days" having become "opposition days" to be used for debates on matters of policy. The new Select Committee on Expenditure is now empowered to examine the expenditure strategies of department and to assess departmental efficiency but the effectiveness of this arrangement will depend upon the quality of information provided to them by departments. The Eighth Report of the Expenditure Committee observed that "we have been left in no doubt that the system of information necessary for resource accountability does not at present exist; this means that neither the Government nor Parliament nor the public can at present be supplied with the material necessary for any systematic discussion or evaluation" (*op cit*, para 8).
4. The presentation of estimates and votes cannot be used to illustrate departmental efficiency or effectiveness. Evidence to the Select Committee on Procedure of 1968-69 pointed out that: "Expenditure is not subdivided in a way which corresponds to managerial responsibility. The vote heads and sub-heads usually reveal nothing of the cost of organisational units nor of particular activities. The subdivisions of the vote identify departmental salaries and the basic salary bill of divisions and branches; grants and assistance to outside bodies and, by way of note, services provided by other departments (for instance, stationery and building maintenance). Though small items within the vote can be identified, it is not possible to identify the total cost of running large divisions, branches or regional or local establishments except by *ad hoc* investigation. Vote accounting also tells management nothing of the costs of operating policies or departmental functions on which expenditure is classified under different vote sub-heads (that is, expenditure on salaries, buildings, utilities, stationery, postage and printing, equipment and payments to outside bodies)." (John Garrett and H. R. N. Jamieson, "Control of public expenditure: The need for new management systems," *Select Committee on Procedure*, session 1968-69, p 169-70). The

cash basis of accounting, the lack of comparative data and the different forms of classification of the estimates and the five year expenditure survey also greatly limit the usefulness of the procedure for accurate cost control.

The quoted evidence to the Select Committee on Procedure concluded that "departmental expenditure control procedures appear to be adequate to demonstrate the stewardship of funds to Parliament but they are not supported by an analytical sub-structure which permits the use of modern management systems of planning and control" (*ibid*).

The fact is that the supply procedure does not provide information which can be used by the management of departments to set objectives or to monitor its own performance nor does it provide information by which Parliament or its committees can take a view of departmental efficiency or effectiveness.

The Treasury and the Exchequer and Audit Department have never yet felt any need to reform it in spite of years of criticism and in our view it is high time massive modernisation took place.

The principles behind this modernisation should be:

1. Departmental long term spending plans should be displayed to the House Commons and the Select Committees as far as possible in programme terms, showing the capital and revenues to be devoted to each programme, the objectives of each programme, past results against past objectives and the analytical justification for programme developments;
2. Annual estimates, votes and appropriation accounts should relate both to programmes and to managerial "centres" within departments so as to demonstrate the accountability of departmental managers. In some cases programmes and centres will coincide, in others it will be worth reforming organisation structures to make them coincide but in some cases this will require accounts in both the programme and accountability dimensions.

With these reforms, which can be worked towards over some years, we could see the emergence of an effective control system for departmental financial expenditure.

HIVING OFF AND ACCOUNTABILITY

The process of merging departments has continued under the present government, which has created the Departments of Health and Social Security, Trade and Industry, the Environment and the Foreign and Commonwealth Office. The reasons for these mergers were stated at the time as being to develop a single strategy for clearly defined objectives; to resolve conflicts within the line of management rather than by interdepartmental compromise; to manage large programmes within departmental boundaries making possible more effective delegation; to facilitate the application of analytic techniques; to offer more direct identification to the community of Ministers and departments responsible for defined functions and to contribute more effectively to the government's overall strategy" (*The Reorganisation of Central Government* Cmnd 4506, October, 1970). All these are praiseworthy aims, but virtually impossible without better management information and planning systems.

In our view, the merger of departments with closely allied interests can make for improvements in co-ordination and a more systematic look at related spending programmes: the Department of the Environment is a case where benefit is likely to result. On the other hand, there is no evidence of much synergy from the merger of Health and Social Security and, on recent evidence, the range of activities encompassed by the Department of Trade and Industry appears to be too great for any one Minister to handle satisfactorily.

accountable units of government

In parallel with creation of giant departments, the Government has attempted a policy of hiving off elements of departments as public bodies outside the Civil

Service and setting up, within departments, some units with delegated powers as "departmental agencies" or "accountable units of government." The Civil Aviation Authority has been hived off (as was the Post Office Corporation in 1969) and the Supplies Division of the DOE, the Organisation for Defence Procurement and Civil Aerospace, the Property Services Agency, the Central Computer Agency, the employment services activities and the Professional and Executive Register of the Department of Employment and the Industrial Development Executive have apparently been constituted as departmental agencies. A national Training Agency is promised within the Department of Employment.

The argument for hiving off is that autonomous public corporations, outside the day to day control of Ministers and the scrutiny of Parliament, can have greater freedom to manage their affairs without being pestered by Parliamentary questions and Ministers' cases and can develop forms of organisation and staffing to suit their needs rather than comply with Civil Service wide conventions. We can see that there could be some areas of almost wholly executive work (for instance, the Mint, the dockyards, the Company Registrar, the Passport Office) for which a case could be made for hiving off but these are largely areas which attract little Parliamentary interest anyway. If they were given greater freedom in their organisational and staffing arrangements (which would have been facilitated by Fulton's unified grading structure) we do not see any great advantage in hiving them off but we do see disadvantages in removing their activities from Parliamentary scrutiny without replacing this by any other form of public accountability. Our observations on strengthening the State Audit are of relevance to this question.

The Fulton Committee recommended "that the principles of accountable management should be applied to the work of departments. Where measures of achievement can be established in quantitative or financial terms and individuals held responsible for output and costs,

accountable units should be set up" (*Committee on the Civil Service*, vol 1, Recommendations, para 82). Its Consultancy Group had suggested research into the scope for the establishment of "centres" within departments—"budget centres" where both costs and output could be measured and compared (that is, most executive and technical activities) and "responsibility centres" where costs could be measured but where output was unmeasurable (for example, most administrative, advisory or service activities.)

The present government has carried this thinking a stage further with the idea of the departmental agency. In theory, at least, such an agency should have its own vote, its own personnel and finance functions and substantial delegated authority over its spending. Its head should be an "accounting officer" answerable to the Public Accounts Committee for the regularity of expenditure. In practice, only the Organisation for Defence Procurement and Civil Aerospace appears to have these responsibilities while the other departmental agencies usually appear to be the grouping together of allied activities. Moreover even in the Procurement and Aerospace organisation the continued separation of administrative and specialist staff in the kind of "parallel hierarchy" criticised by the Fulton Committee means that management accountability does not extend any lower than its director.

In our view, the key question in setting up these agencies is the extent to which departmental Establishment Divisions are willing to delegate manpower control and staffing matters to them. There is no sign at present that agencies are being given any autonomy in this field, though without it no agency could be called an accountable unit.

However, the move towards the constitution of accountable units, or agencies, within departments does hold out the promise of breaking down giant departments into units whose justification and performance can be scrutinised and whose organisational forms and systems can be more accurately tailored to the needs of the task and of the community they serve.

The widespread application of the departmental agency concept could lead to an arrangement of generally small administrative branches constituted as responsibility centres and generally large executive scientific and technical divisions constituted as departmental agencies. The assembly of a structure of such units, which in general we would favour, must be accompanied by far better forms of planning, management accounting and performance measurement and by a massive programme of training in general management particularly for specialist staff.

STATE AUDIT

The Comptroller General of the Receipt and Issue of Her Majesty's Exchequer and Auditor General of the Public Accounts (Comptroller and Auditor General, or CAG) examines and reports on the Appropriation Accounts of Departments. He heads the Exchequer and Audit Department of over 400 officials. His reports are submitted to the Public Accounts Committee (PAC) which can enquire into any matter on which the CAG has made observations, summoning officials for explanations.

The original purpose of these arrangements was to hold officials accountable for the "regularity" of expenditure: that is, to ensure that it was properly authorised and accounted for. Over the years, he has also become concerned with pursuing evidence of waste and extravagance and in this area he has rendered valuable service, for instance, in the matter of aerospace contracting.

However, the authority, scope and expertise of the Exchequer and Audit Department falls a very long way short of those of other state auditors in the USA and Western Europe. E. L. Normanton has pointed out, in *The accountability and audit of governments*, (Manchester University Press, 1966), that:

1. The CAG is less independent of the Executive than other state auditors are. The Treasury prescribes the form of

accounts (which we have seen are particularly uninformative), the Civil Service Department decides upon the number and status of audit staff. The state auditors of the USA, France and Germany have statutory independence in these fields.

2. The CAG covers only half of public expenditure (being excluded from enquiry into for instance, the nationalised industries and education expenditure) while other state auditors can enquire into the use and results of virtually all state spending.

3. Other state auditors are empowered to investigate managerial efficiency, organisation and operating systems and to act as management consultant to public bodies while the CAG has no power to consider the managerial effectiveness, structure and systems of spending organisations.

4. Other state auditors employ accountants, staff qualified in public finance, economists, statisticians and management analysts while the Exchequer and Audit Department is staffed by members of the executive grades, most of whom have joined the Service straight from secondary school. Normanton points out that our audit staff have status and careers which are "unquestionably and demonstrably the lowest in any major country in the Western world."

The result of these shortcomings is that we have no enforcement of public accountability in the sense of requiring the spenders of public money to account for the value they obtain for it.

We believe that the audit and improvement of efficiency has to take place at several levels. Departments should continue to have their own management services units but we believe that they should be independent of Establishment Divisions and that they should not only provide advisory services on request but should mount studies of departmental efficiency as directed by the top management of departments.

In addition, we believe that the functions

the fact that under the provisions of
 the Act, the United States and the
 Government of the United States
 have agreed to establish a
 system of mutual cooperation
 and information exchange
 between the two countries in
 connection with the control
 of narcotics. The Department
 of Justice, the United States
 Bureau of Customs and Border
 Protection, the United States
 Coast Guard, and the United
 States Fish and Wildlife
 Service are the principal
 agencies concerned with the
 enforcement of the Act. The
 Department of Justice is
 the lead agency in the
 enforcement of the Act, and
 the United States Bureau of
 Customs and Border Protection
 is the lead agency in the
 enforcement of the Act. The
 United States Coast Guard and
 the United States Fish and
 Wildlife Service are also
 concerned with the enforcement
 of the Act. The Department
 of Justice is also concerned
 with the enforcement of the
 Act. The United States Bureau
 of Customs and Border
 Protection is also concerned
 with the enforcement of the
 Act. The United States Coast
 Guard is also concerned with
 the enforcement of the Act.

The present situation in
 connection with the
 enforcement of the Act
 is as follows: The United
 States Bureau of Customs
 and Border Protection
 has been advised by the
 United States Coast Guard
 and the United States
 Fish and Wildlife Service
 that there is a possibility
 of a violation of the Act
 in connection with the
 importation of certain
 goods from the United
 States to the United
 Kingdom. The United
 States Bureau of Customs
 and Border Protection
 is currently conducting
 an investigation into
 this matter. The United
 States Coast Guard and
 the United States Fish
 and Wildlife Service are
 also conducting
 investigations into this
 matter. The Department
 of Justice is also
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 investigation into this
 matter.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be clearly documented and verified. The text continues to describe various methods for ensuring the integrity of the data, including regular audits and cross-checking of entries.

In the second section, the author details the specific procedures for handling discrepancies. It is noted that any inconsistencies should be immediately investigated and resolved. The document provides a step-by-step guide for identifying the source of an error and correcting it. This process is crucial for maintaining the trustworthiness of the records.

The final part of the document outlines the long-term storage and access policies for the records. It stresses the need for secure storage and easy retrieval of information. The author also discusses the importance of regular backups and the use of secure communication channels for any sensitive data.

of the Exchequer and Audit Department should be widened to include studies of managerial efficiency, organisation and operating systems in all spenders of public money whether in central government or outside it and including private and commercial organisations. It should employ expert and professionally qualified staff and should be totally independent of the Treasury and the Civil Service Department. It should undertake studies at the request of the Public Accounts Committee and other Parliamentary committees.

PERSONNEL MANAGEMENT

A majority of the members of the Fulton Committee considered that preference in recruitment should be given to graduates with "relevant" qualifications. They considered that it was no longer sufficient to rely so heavily on the recruitment of Oxbridge graduates in history and classics for the highest positions in the Service. Contemporary problems of government would "yield their solutions only to the most concentrated assaults of minds equipped through rigorous and sustained intellectual discipline with the necessary apparatus of relevant ideas, knowledge, methods and techniques" (*Committee on the Civil Service*, vol 1, para 76). They wished the Civil Service to attract its full share of graduates in the social studies, the mathematical and physical sciences, the biological sciences and in the applied and engineering sciences. This recommendation was rejected by the Labour Government. The Prime Minister said that to accept the recommendation would close to the Civil Service a very wide field of possible candidates who have started or may in future start on their chosen university courses long before they had decided that they wanted to become Civil Servants (*House of Commons debates*, 21 November, 1968, vol 295, no 17, cols 1542-1681).

In our view, it is to be regretted that the Government did not give its backing to a preference for relevance in the qualifications of new graduate entrants to the Service. In continuing tacitly to support

the idea that competent historians or classicists are as well, if not better, suited to the task of managing a government department as competent engineers, accountants or social scientists it failed to give due weight to the technical complexities of modern government. It implicitly endorsed the traditional value system of the higher Civil Service in which primacy is given to the articulate layman who can produce a convincing synthesis of the view of the professionally qualified staff who are usually his inferiors in power and status. If the Civil Service Commission is not given a directive to favour applicants with professional qualifications relevant to the work of departments then their natural bias towards selecting the type who has always been successful in the higher Civil Service in the past will prevent the development of a top management group with the technical and managerial expertise which the Fulton Committee envisaged. Much evidence to Fulton pointed to shortcomings in the management of departments resulting from the unfamiliarity of senior Civil Servants with management, with the social, technological and economic forces at work in the community and with methods of assembling and evaluating quantitative data. Finally, the failure to endorse a preference for relevance has hindered the development of education and training in public administration in this country, particularly at post-graduate levels, so that there is no incentive to produce, for example, accountants, scientists and sociologists with further qualifications in public administration though this is the kind of top management cadre on which departments will need to call in future.

the unified grading structure

The most controversial of the Fulton Committee's recommendations concerned the career class structure of the Civil Service. The Committee saw a need to replace the multiplicity of classes by a unified or classless structure. At the time the Committee investigated the Service there were no fewer than 1,400 distinct classes of Civil Servants. The original

nineteenth century division into a "higher" or "first" Division, consisting mainly of Oxbridge graduates and a "Lower" Division of clerks with a tested knowledge of reading, writing and arithmetic had expanded into an Administrative Class of senior officials, an Executive Class of middle managers and senior and junior classes of clerical officers. In addition, there were dozens of classes based on occupation (cleaners, messengers, machine operators, paper keepers, typists) or on professional qualifications (scientists, architects, engineers and surveyors, draughtsmen, economists, research officers, doctors, lawyers). Virtually every job in the Service was the prerogative of a particular class and movement between the classes, particularly laterally was usually very difficult. Thus, a "policy" job in an area concerned with say, motorways, automatically went to a member of the administrative class, even if his previous experience had never involved work in this area, because his was the class which filled all policy jobs.

A civil engineer who had spent his entire working life in the motorway area could not be considered for policy work (that is, the top jobs) because he was a technical specialist. This story was repeated throughout the Civil Service, with the lay member of the administrative class (over half of them directly recruited arts graduates, usually from Oxbridge and somewhat less than half promoted from the Executive Class, that is, directly recruited as school leavers) filling the key jobs concerned with formulating policy and ministerial and legislative matters and the professionally qualified specialist staff acting as their advisers or as managers of purely technical activities. The result was that it was virtually impossible for a professional to get out of the professional hierarchy and into the hierarchy where policy and the ultimate decisions were made and where spending was controlled. The arrangement was formalised by the construction of elaborate organisational forms—"parallel hierarchies" described at length by Fulton's Management Consultancy Group (*op cit*, vol 2, p 107)—which separated policy making from technical operations.

The Treasury and the First Division Association (the staff association representing the administrative class) performed casuistical acrobatics before the Fulton Committee in order to justify this arrangement. It was argued that lay administrators were more likely to restrain expenditure than specialists; that they were good at co-ordinating the work of different specialists; that they alone could set the view of specialists in the context of policy and the machinery of governments; that they had the fluency to interpret the advice of specialists in a form on which decisions could be based; that the work of specialists benefited from critical scrutiny by detached and intelligent laymen; that they saved the use of expensive specialists on non-specialist work. The Management Consultancy Group carefully considered these arguments and came to the conclusion that in administrative/technical areas of government the manager should usually be a specialist who had acquired training and experience in the administrative procedures of government and that it was essential that top posts should be open to specialists with the appropriate qualifications (*ibid*, para 365).

In addition to a disquieting absence of lateral movement, the Fulton Committee found that there were many obstacles to the upward movement of able people. There were superior and inferior classes in each occupational area. The administrative class were supported by the executive and clerical classes; the works group of engineers, architects and surveyors were supported by classes of technicians and draughtsmen; the scientific officer class was supported by classes of experimental officers and scientific assistants. Though movement from the clerical to the executive class was virtually unrestricted and from the executive to the administrative was common (though usually at so late an age that only the extraordinarily able progressed very far in the Administrative Class) in specialist areas there were many restrictions on upward movement. For example, it was difficult for even an outstanding Experimental Officer to meet the, largely academic, requirements for membership

The President and the First Deputy of the
 Administration of the Republic of the
 People's Republic of China, and a
 number of other officials, were
 present at the ceremony. The
 President, in his address, stressed
 the importance of the occasion
 and the role of the Chinese
 people in the development of
 the world economy. He
 expressed the hope that the
 Chinese people would continue
 to play an active part in
 the international community
 and contribute to the
 peace and prosperity of the
 world.

The ceremony was held in a
 grand hall, and the atmosphere
 was one of solemnity and
 joy. The Chinese people
 were proud to see their
 President and other
 officials participating in
 the ceremony. The
 ceremony was a landmark
 event in the history of
 the Republic of the
 People's Republic of China.
 It showed the Chinese
 people's confidence in their
 leadership and their
 determination to build a
 strong and prosperous
 nation. The ceremony
 was a testament to the
 Chinese people's spirit of
 unity and cooperation.
 It was a day of great
 significance for the
 Chinese people and for
 the world.

of the Scientific Officer Class. Promotion opportunities were also very unevenly distributed: career expectations were very favourable for members of the administrative and scientific classes but poor for engineers and hopeless for accountants and social scientists. The Fulton Committee's Management Consultancy Group observed that the career expectation of a member of the research officer class (to £2,100 per annum at that time), who by definition had to have a degree appropriate to the work of his department, was so inferior to that of a member of the administrative class (to £4,500) that the arrangement amounted to a discrimination against expertise" (*ibid.*, para 146, 8b).

The Treasury's evidence to the Fulton Committee suggested that some reform in the career class structure was required. It proposed that the executive and administrative classes should be combined in a vertical merger to give one line of promotion from the level of clerk to the top managerial posts in departments. This was very little different from existing practice because there was already considerable interchangeability between the CEO grade in the executive class and the equivalent Principal grade in the administrative class. It also proposed that there should be an enlarged graduate entry, a portion of which ("roughly equivalent in size to the assistant principal entry"—that is, the recruiting grade for the administrative class) might be "starred" on the basis of academic record and performance at the selection stage. In effect, this meant the preservation of an elite group of those considered on recruitment to be "the most able" with exceptionally favourable promotion prospects and the retention of the administrative class in all but name. The Treasury further proposed a horizontal merger of the administrative with the specialist classes above the level of the top of the Assistant Secretary scale to create a unified higher Civil Service, with the implication that this arrangement would give specialists the chance to get into jobs formerly reserved for the administrative class. This meant that a specialist had to climb his specialist career ladder to a very high level (roughly that of the Under-Secretary

—only two grades below the official head of a department) before he could compete with administrators for administrative jobs. It was very unlikely that any specialist would ever be young enough, or would have had sufficient administrative experience, to be able to compete for those jobs with administrators who would, of course, have benefited from special career planning arrangements. In other words, the Treasury proposed minimal change.

The Fulton Committee would have none of the Treasury's palliatives and instead proposed a complete reform of the career structure. It recommended that all career classes should be abolished and replaced by a unified grading structure. The content of, and responsibility attaching to, every Civil Service job was to be analysed using job evaluation techniques. All jobs of similar weight were to be "banded" into grades and a pay scale was to be constructed which allocated a range of payment to each grade. Though the prime criterion for assigning an individual to a job would be his experience and qualifications for undertaking it, the advantage of a unified grading structure would be that the search for suitable people could be widened. For example, a professional accountant might be considered for a post in a finance division for which previously only executives and administrators had been considered; or an engineer might be considered as project leader on an aerospace programme instead of a scientist; or a technical officer might be considered for a junior management post in a technical/executive area instead of an executive officer.

The recommendation for the creation of a unified grading structure was accepted by the government of the day. Implementation was put to a Joint Committee of the National Whitley Council. Its first step was to create a unified structure including all posts at the above level of Under Secretary (about 400 administrators and 250 specialists) and this was produced in January 1971. The programme was then to merge the classes horizontally at the Assistant Secretary

level (nearly 6,000 staff) and at the Principal level (11,000 staff). This was to be completed by early 1972: "on the evidence so far there are grounds for believing that an advance below the level grading structure recommended by Fulton is technically feasible" (Civil Service National Whitley Council, *Fulton: a framework for the future*, 1970, p 7). Unfortunately, no such advance has taken place and it appears that further work on the horizontal merging of the classes has permanently stopped at the Under Secretary level, as originally recommended by the Treasury. Other steps have been taken towards the creation of "an open road to the top," for all those able to take advantage of it, by the proposed establishment of "opportunity posts" for which members of more than one career class can be considered; by "lateral movement," that is, the posting of a member of one class into a post designated as belonging to another class; and by arrangements for training in administrative work for those specialists who show promise for it (*Whitley Bulletin*, May 1971, p 79). However, all this means that it is likely to be a very small band of exceptionally able specialists which finds its way into the top general management posts in departments and the odds are still heavily loaded in favour of the non-specialist lay administrator. We believe that progress towards the creation of a grading structure unified all the way down to junior management levels should be resumed and that this is essential if the Service is to deploy professional and specialist skills to the greatest effect.

Steps have been taken to rationalise the grading structure below the unified higher Civil Service. The clerical, executive and administrative classes have been merged into an administrative group as the Treasury proposed. Other classes (for example, economists and statisticians) are to be associated with this group in a general category, though it is not clear what the term category signifies. Similarly the scientific officer class has been merged with its supporting scientific assistant and experimental officer classes into a scientific group and the engineers, architects and surveyors with their supporting

technical and draughtsmen classes into a general professional group. This has provided the opportunity for a better career progression in technical and scientific areas for those with ability but with limited academic qualifications on entry.

administration trainees

The Civil Service Department has instituted a new scheme for administration trainees which apparently meets the Fulton Committee's objectives in this field. Graduate entry to the Service has been doubled (to 175) and these entrants have been joined in the administration trainee grade by 150 able young people already in the Service. It is proposed that the most successful of the trainees will receive accelerated promotion. However, the Civil Service Department Report of 1971 points out that the intention is not to diminish the attraction of the Civil Service for "the most able graduates" who had previously entered the Administrative Class as Assistant Principals and who would continue to be a vital source of supply for many of the top posts in the Service. We hope that this does not imply that the system will only favour those with the qualifications and characteristics of the former Assistant Principals. It may do so, given the refusal of a preference for relevant qualifications and limited unification of the classes.

appraisal

The Fulton Committee said that the job evaluation system adopted by the Civil Service should define and measure the "end result" required of each post, thus confusing job evaluation (that is, establishment of the relative worth of each job) with performance appraisal (that is, the review of the effectiveness of each official). It also said that there should be annual reviews of the performance of individual officials in a system which would relate increments to achievements. The Civil Service Department has tackled the need for improved methods of staff appraisal with its new annual report form and the JAR (Job Appraisal Review)

technical and engineering classes from a
 school this year. The school has been
 closed for several years and is now
 being used for other purposes. The school
 is located in the city of Chicago and
 is one of the largest schools in the
 city. The school is owned by the
 city of Chicago and is operated by
 the Board of Education. The school
 is a public school and is open to
 all children of the city. The school
 is a very good school and is well
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13

...but this subject appears to be
one of the most important and the
most interesting of the day and one
with which every student should
be well acquainted. It is the
subject of the day.

...the first part of the paper
deals with the history of the
subject and the progress of
the science. It shows how the
subject has developed from its
early days to the present time.

...the second part of the paper
deals with the theory of the
subject. It shows how the
theory has been developed and
how it is applied to the
practical work of the day.

...the third part of the paper
deals with the practice of the
subject. It shows how the
theory is applied to the
practical work of the day.

...the fourth part of the paper
deals with the results of the
subject. It shows how the
theory and practice of the
subject have been applied to
the practical work of the day.

...the fifth part of the paper
deals with the future of the
subject. It shows how the
theory and practice of the
subject will be applied to
the practical work of the day.

...the sixth part of the paper
deals with the conclusions of the
subject. It shows how the
theory and practice of the
subject have been applied to
the practical work of the day.

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scheme, but this scheme appears to combine personal career counselling and the identification of development and training needs with objective setting and performance appraisal, activities in industry which are usually considered best handled separately.

career planning

The Civil Service is a very large employer of technically qualified staff and in some fields it is the largest employer in the country (there are 16,000 members of the scientific, experimental and scientific assistant grades, for example, and over 40,000 members of the architectural, engineering, technical and draughtsmen's grades). We have pointed out that a major aim of the Fulton Report was to open up the prospect for such specialists of a career which led to the highest posts in general management in the Service. We have long believed that such a prospect would attract the best young professionals into the Service, would ensure that the Service would employ the talents of professionally qualified staff to the full and would bring greater technical expertise into the decision-making and managerial processes of government. We therefore believe that very great attention should be paid to career and succession planning, management training and development for specialists and to creating a situation in which they are encouraged to develop administrative and man management skills.

junior staff

The Civil Service is also a very large employer of clerical and junior office workers (roughly 250,000) in local and regional offices and in Whitehall and as far ahead as we can see the introduction of computers will not greatly affect their numbers. It is inevitable that most workers engaged on the routine tasks of government will be organised in bureaucratic hierarchies which, though efficient, have a de-personalising and deadening effect on those who have to work in them. The Fulton Committee paid very little atten-

tion to the human effects of large scale organisation on those in lowly positions and we believe that the personnel function in government should pay great attention to their problems. There are modern personnel management procedures aimed at creating more meaningful and worthwhile jobs: job enrichment and enlargement, involvement and participation in management, better communications, fewer rules and regulations, greater delegation. The personnel function in departments should pursue them.

establishments work

The Fulton Committee failed adequately to consider the place of personnel management in departments. Personnel work is part of the responsibility of establishments officers, who are also responsible for organisation, efficiency services, accommodation and office services and often for data processing and computers. As Fulton's Consultancy Group pointed out, establishments work is primarily concerned with cost control and is the means by which departments check their own growth in internal costs which are mainly those of manpower.

Establishments Divisions have therefore rarely been concerned with constructive aspect of personnel work, the development of the individual in the service of the organisation, career planning and counselling, but with developing a mass of impersonal regulations aimed at producing equitable conditions of service and limiting manpower costs. Indeed, in times of manpower restrictions, training has often been the first casualty. Sir William Armstrong has given impetus to the creation of an enlightened style of personnel management in the Service and many improvements have recently taken place, but in our view this function is still inadequately supported. In an institution as labour intensive as the Civil Service, very great practical benefit can be derived from systematic programmes of personnel development relating the skills and potential of the individual to the present and prospective needs of the department.

3. Summary of recommendations

If personnel management is to take these new directions, then the concept of Establishments work requires a review. It seems to us that management and efficiency services do not sit well in a division whose central concern should be the development of the human resources of the organisation. Computer and data processing services belong more properly with a management information function which includes many of the activities of what are now Finance Divisions and efficiency services appear to us to require an independent status deriving from direct links with the Permanent Secretary if they are ever to carry out mandatory efficiency audits of the kind which we believe necessary. We conclude therefore that each department should have a Personnel Division acting as a centre of expertise in the applied social sciences and concerned with the management of the human resources of the department, with personnel development and also with terms and conditions of service, the working environment and welfare services. Only in this way can personnel management in the Service free itself from the restrictive and bureaucratic image and attitudes of "establishments man" and take new initiatives in manpower development.

Such a change would also facilitate the introduction of a more supportive relationship between line management and the personnel function: at present the latter assumes a controlling authority because it includes a responsibility for the control of manpower and efficiency.

The Franks Committee proposed a series of reforms which started the Civil Service on the path of improved management.

The present Government have introduced new reforms in the organisation of departments which have generally built on Franks ideas. The Franks Committee has also reported with results which we find disappointing.

We believe that the next steps in administrative reform should now be discussed.

The developments we propose are:

1. Legislation to establish the principle of the public's right to information about the policies and activities of departments and other public bodies with sanctions against the unreasonable refusal of information.
2. Ministers should have a personal cabinet of advisers concerned with policy studies but not with the management or planning processes of departments.
3. Junior ministers should be given greater responsibilities in the management of departments and in policy formulation and review.
4. There should be contact between civil servants and shadow ministers and opposition committees.
5. A Prime Minister's Department should be established to include the Central Policy Review Staff and the Management Services Divisions of the Civil Service Department.
6. A Select Committee should be strengthened by being empowered to call for whatever information they need from departments and to engage investigatory staff.
7. The supply procedure should be reformed so as to display the costs and results of programmes and the performance of managerial units within departments.
8. The departmental agency rather

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8. The departmental agency, rather

than the hived-off public institution, should be the unit of managerial and public accountability and the establishment of these agencies should be accompanied by improved systems of information and audit.

9. The functions of the Exchequer and Audit Department should be expanded, on the lines of foreign state auditors, to cover managerial efficiency and extend to all organisations spending state funds.

10. Preference should be given in Civil Service recruitment to graduates with relevant qualifications, as the Fulton Committee proposed.

11. There should be resumption of progress towards the unified grading structure proposed by Fulton.

12. A review should be undertaken of the purpose and scope of establishments work in departments with a view to creating personnel divisions solely responsible for the development of human resources and to creating a central Department of Personnel concerned to introduce the best personnel management practices throughout the Service.

Fabian Society the authors

The Fabian Society exists to further socialist education and research. It is allied to the Labour Party, both nationally and locally, and embraces all shades of Socialist opinion within its ranks—left, right and centre.

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John Garrett is Director of Public Services for an international management consultancy practice and specialist in planning and organisation studies in public administration. Author of 'The Management of Government' (Penguin, 1972). Progressive Labour Parliamentary candidate for Norwich South.

Robert Sheldon is Member of Parliament for Ashton-under-Lyne since 1964. Member of the Committee on the Civil Service, 1966-68. Opposition front bench spokesman on Civil Service and Treasury matters. Chairman of the General Sub-Committee of the Expenditure Committee since 1972.

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John Garrett is Director of Public Services for an international management consultancy practice and specialist in planning and organisation studies in public administration. Author of 'The Management of Government' (Penguin, 1972). Prospective Labour Parliamentary candidate for Norwich South.

Robert Sheldon is Member of Parliament for Ashton-under-Lyne since 1964. Member of the Committee on the Civil Service, 1966-68. Opposition front bench spokesman on Civil Service and Treasury matters. Chairman of the General Subcommittee of the Expenditure Committee since 1972.

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