1976-77 (535-III) **Eleventh report from the Expenditure Committee together with the minutes of evidence taken before the General Sub-Committee in sessions 1975-76 and 1976-77 and appendices. The Civil Service. Volume III. Appendices**

ELEVENTH REPORT

FROM THE

EXPENDITURE COMMITTEE

TOGETHER WITH THE MINUTES OF EVIDENCE
TAKEN BEFORE THE GENERAL SUB-COMMITTEE
IN SESSIONS 1975–76 AND 1976–77
AND APPENDICES

Session 1976-77

THE CIVIL SERVICE

Volume III
APPENDICES

Ordered by The House of Commons *to be printed*
25th July 1977

535—III

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE OF CONTENTS

Volume I

		Paragraphs	*Page*
REPORT			
Chapter			
I	Introduction	1– 4	xvii
II	Recruitment	5– 15	xviii
III	Training	16– 30	xxi
IV	Career Management	31– 42	xxvi
V	Pay	43– 52	xxviii
VI	Pensions	53– 63	xxxi
VII	Reducing Costs by Policy Changes	64– 70	xxxv
VIII	The Machinery of Government	71– 90	xxxviii
IX	Organisation for Efficiency	91–102	xliv
X	Monitoring Efficiency	103–122	li
XI	Incentives	123–132	lix
XII	Relations with Local Government	133–136	lxi
XIII	Ministers and Civil Servants	137–152	lxiii
XIV	Parliamentary Surveillance	153–162	lxvii
XV	Summary of Recommendations	163	lxx
APPENDIX		1– 7	lxxvi
PROCEEDINGS OF THE COMMITTEE			lxxviii
LIST OF WITNESSES			vii
LIST OF NAMES OF THOSE WHOM THE GENERAL SUB COMMITTEE HELD DISCUSSIONS IN PARIS AND WASHINGTON			ix
LIST OF MEMORANDA INCLUDED IN THE MINUTES OF EVIDENCE			xi
LIST OF APPENDICES TO THE MINUTES OF EVIDENCE			xiii

Volume II

LIST OF WITNESSES	vii
LIST OF MEMORANDA INCLUDED IN THE MINUTES OF EVIDENCE	xi
LIST OF APPENDICES TO THE MINUTES OF EVIDENCE	xiii
MINUTES OF EVIDENCE TAKEN BEFORE THE GENERAL SUB-COMMITTEE	1

Volume III

LIST OF APPENDICES	vii
APPENDICES	841

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

LIST OF APPENDICES TO THE MINUTES OF EVIDENCE

		Page
1.	Memorandum by Mr John Garrett, MP	841
2.	DEPARTMENTAL MANAGEMENT SERVICES RESOURCES Note by the Civil Service Department	849
3.	THE MANAGEMENT REVIEW PROCESS Note by the Civil Service Department and HM Customs and Excise ...	851
4.	MANAGEMENT SERVICES AND ALLIED FIELDS Supplementary evidence by National Staff Side	856
5.	DEVELOPMENT FORECAST, RESOURCE ALLOCATION CENSUS AND FUNCTIONAL COSTING Memorandum by HM Customs and Excise	864
6.	WORK BEING DONE BY THE CSD WHICH DOES NOT ARISE DIRECTLY FROM THE FULTON REPORT Supplementary note by the CSD	866
7.	THE WORK OF THE MACHINERY OF GOVERNMENT GROUP IN THE CSD Memorandum by the CSD	867
8.	THE POWERS OF THE CIVIL SERVICE DEPARTMENT Note by the Civil Service Department	869
9.	SPECIALISM AND CAREER PROGRESSION IN THE CIVIL SERVICE Note by the Civil Service Department	871
10.	THE CIVIL SERVICE COLLEGE Memorandum by Mr Andrew Dunsire	875
11.	TRAINING OF ADMINISTRATION TRAINEES Memorandum by the Civil Service College	880
12.	THE ADMINISTRATION TRAINEE SCHEME Letter and note from the Civil Service Department	882
13.	THE CIVIL SERVICE COLLEGE Supplementary information from the CSD	887
14.	EDUCATIONAL BACKGROUND OF ADMINISTRATION TRAINEES Note by the Civil Service Commissioners	890
15.	ON A BRITISH " ENA" Memorandum by Mr D M Shapiro	906
16.	TRAINING FOR ADMINISTRATION: THE FUTURE ROLE OF THE CIVIL SERVICE COLLEGE Note by Mr Nevil Johnson	908
17.	TRAINING IN THE CIVIL SERVICE Memorandum by Mr Duncan Smith	923
18.	TRAINING FOR ADMINISTRATION A note on schemes for training some years after entry by Mr Nevil Johnson ...	932
19.	THE EDUCATION AND TRAINING OF CIVIL SERVANTS FOR MANAGEMENT Memorandum by Professor T Kempner and Professor R J Ball	935
20.	TRAINING OF CIVIL SERVANTS Memorandum by School of Advanced Urban Studies University of Bristol ...	937
21.	CHANGES IN COST OF TAX COLLECTION Letter from Inland Revenue	941

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Page

22. SIMPLIFICATION OF THE INCOME TAX SYSTEM
Note by the Board of Inland Revenue 943

23. SIMPLIFICATION MEASURES PROPOSED BY THE BOARD OF INLAND REVENUE
Letter from Inland Revenue 946

24. DHSS JOINT WORKING PARTY ON SIMPLIFICATION
Note by Special Adviser 948

25. EFFICENCY AND EFFECTIVENESS IN THE CIVIL SERVICE
Paper by Dr Richard Chapman, University of Durham 957

26. EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE
Memorandum by Mr Nevil Johnson, Nuffield College Oxford 960

27. THE OPEN STRUCTURE IN THE DEPARTMENT OF THE ENVIRONMENT
Memorandum by the Department of the Environment 968

28. THE PROPERTY SERVICES AGENCY
Supplementary memoranda on the level of rents and the use of directly employed labour 971

29. CHANGES IN THE ORGANISATION AND STRUCTURE OF THE DEPARTMENT OF THE ENVIRONMENT SINCE THE SETTING UP OF THE DEPARTMENT OF TRANSPORT
Memorandum by the Department of the Environment and Transport ... 975

30. SECONDMENT OF CIVIL SERVANTS IN THE ADMINISTRATION GROUP TO OUTSIDE ORGANISATIONS
Note by the Civil Service Department 977

31. THE FRENCH CIVIL SERVICE
Memorandum by Professor F F Ridley 982

32. Summary of the Sub-Committee's informal discussions about the French Civil Service held in Paris from 12–14 October 1976 999

33. Memorandum submitted by the Association of Government Supervisors and Radio Officers 1005

34. Memorandum submitted by the Association of First Division Civil Servants 1011

35. Memorandum submitted by the Civil Service Union 1013

36. CASH LIMITS AND INFLATION
Memorandum by the Society of Civil and Public Servants 1017

37. THE INDUSTRIAL CIVIL SERVICE
Note by the Civil Service Department 1019

38. FUNCTIONS, ORGANISATION AND RESOURCES
Memorandum by the Civil Service Department 1021

39. Supplementary notes by the Department of Health and Social Security on:
(i) Post Office charges 1025
(ii) Contracting with a commercial organisation to administer the payment of national insurance and other long-term benefits ... 1025
(iii) Complementing 1025

40. Letter and memorandum from the Association of Chief Administrators of Health Authorities 1032

41. ESTIMATES OF MANPOWER INVOLVED IN IMPLEMENTING LEGISLATION
Letter from the Civil Service Department 1035

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Page

42. MANAGEMENT ACCOUNTING IN GOVERNMENT
Supplementary Memorandum by the Six Accounting Bodies 1037

43. THE DISTRIBUTION OF FUNCTIONS BETWEEN THE CIVIL SERVICE DEPARTMENT AND THE TREASURY
Memorandum by Mr Nevil Johnson 1046

44. COST ESCALATION IN THE UK
Memorandum by Keith Hartley and Janet Cubitt 1053

45. Summary of the Sub-Committee's informal discussions held in Washington from 18–22 April 1977 on budgetary control and certain aspects of the Federal Civil Service 1065

46. UNNECESSARILY DETAILED CONTROL BY GOVERNMENT DEPARTMENTS
Supplementary memorandum by SOLACE 1082

47. UNNECESSARILY DETAILED CONTROL BY GOVERNMENT DEPARTMENTS
Comments by DOE and other Government Departments 1087

48. CIVIL SERVICE REFORM
Memorandum by Lord Crowther Hunt 1090

49. TRANSFERABILITY OF SUPERANNUATION RIGHTS
Note by the Civil Service Department 1124

50. ADJUSTMENT OF PAY RESEARCH RATES FOR DIFFERENCES IN PENSIONS BENEFITS
Memorandum by the Government Actuary 1144

51. ADJUSTMENT OF PAY RESEARCH RATES FOR DIFFERENCES IN PENSION BENEFITS
Second memorandum by Mr G Heywood 1147

52. ADJUSTMENT OF PAY RESEARCH RATES
Letter from the Government Actuary 1150

53. DECISION TO SUSPEND CIVIL SERVICE PAY RESEARCH
Letter from Mr W L Kendall, Secretary General National Staff Side ... 1151

54. DECISION TO SUSPEND CIVIL SERVICE PAY RESEARCH
Letter from Mr Frank Cottam, TU Side Secretary Joint Consultative Committee 1152

55. Memorandum by the Civil Service Pensioners Alliance 1153

56. Supplementary memorandum by the Civil Service Pensioners Alliance ... 1164

57. Comments by the Civil Service Department on the memorandum by the Civil Service Pensioners Alliance 1167

Civil Service Statistics

58. CIVIL SERVICE STATISTICS PROVIDED BY THE CSD 1171
(i) Numbers of non-industrial staff in post 1968–77.
(ii) Non-Industrial Civil Servants' wages and salaries 1968–77.
(iii) Civil Service posts at Deputy Secretary level and above.
(iv) Deployment of scientists in the Civil Service.

59. BANDED RECRUITMENT OF SCIENTISTS
Note by the IPCS 1177

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 1

Memorandum submitted by John Garrett, Member of Parliament for Norwich South

1. The Fulton Committee found that the Civil Service was in need of fundamental change. "It is inadequate in six main respects for the most efficient discharge of the present and prospective responsibilities of Government." These were:

(i) "the philosophy of the amateur (or 'generalist' or 'all rounder')" which was particularly marked in the dominant Administrative Class. "The ideal Administrator is too often seen as the gifted layman, who, moving frequently from job to job within the service can take a practical view of any problem, irrespective of its subject matter."

(ii) the system of career classes, which seriously impeded the work of the Service. There were 47 general classes and 1,400 departmental classes. This rigid compartmentalism led to cumbersome forms of organisation, hindered the adjustment of the Service to new tasks, prevented the best use of talent, contributed to the inequality of promotion prospects, caused frustration and resentment and impeded the entry into general management of those well fitted for it.

(iii) many scientists, engineers and other specialists had neither full responsibility and authority for their work nor the opportunities they ought to have. Their access to higher management and policy making was restricted, they were often confined to the role of adviser while policy making and financial control was reserved for generalist administrators.

(iv) too few Civil Servants were skilled managers. Most important, few members of the Administrative Class saw themselves as managers, i.e. as responsible for organisation, directing staff, planning the progress of work, setting standards of attainment and measuring results, reviewing procedures and quantifying courses of action. They saw themselves as policy advisers rather than managers even though they were responsible for managing very large organisations, employing thousands of people and spending many millions of pounds. They received no management training.

(v) there was not enough contact between the Service and the rest of the community, nor enough awareness in the Service of how the world outside Whitehall worked and how Government policies would affect it. One cause of this was that the Administrative Class had a narrow social and educational base.

(vi) there were serious weaknesses in personnel management. Career planning was inadequate and Civil Servants were too frequently moved between unrelated jobs, often with scant regard to personal preference or aptitude. Nor was there encouragement or reward for initiative or good performance in a job.

2. To remedy these inadequacies the Fulton Committee proposed three main areas of reform. These were, the creation of a unified grading structure ('a classless Civil Service') and the development of staff, including professionally qualified ('specialist') staff to fit them for general management positions; the development of accountable and efficient management and improved personnel management and training. It also pointed the way to new systems for policy and expenditure planning and control.

Unified Grading

3. The Fulton Committee found a system in which most of the top management and policy-making jobs were reserved for the 2,500 members of the Administrative Class. About 40 per cent. of this class had been promoted into it, mostly from the Executive (middle management) Class and the rest had joined it as direct entrants. Most direct entrants had joined the Service as young graduates in the Assistant Principal grade. These direct entrants had exceptionally favourable career prospects and could expect promotion far beyond young graduates who joined the specialist classes—engineers, graduates in the social sciences and

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

accountants, for example. Fulton's management consultancy Group described these arrangements as "discrimination against expertise."

4. The Social Survey of the Civil Service carried out for the Fulton Committee found that the direct entrant cadre of the Administrative Class was becoming more socially exclusive. Some 85 per cent of those recruited between 1961 and 1965 were middle class in background (as compared with 64 per cent in 1951-55) in a period when universities were drawing an increasing proportion of their students from working class backgrounds. In addition, some 73 per cent of direct entrants in the period were Oxford or Cambridge graduates—as high a proportion as before the war, though the proportion of all students graduating from Oxbridge had declined from 22 per cent before the war to 14 per cent in the early sixties. The Survey also found that "the type of subject studied at university by graduate recruits to the Administrative Class is remarkable when compared with foreign experience and with British business and professions": no less than 71 per cent. had arts degrees, mainly in history and classics. The Survey also commented on a marked decline in the quality of recruits to the Administrative Class, as measured by class of degree.

5. This predominantly middle class, Oxbridge, arts graduate top management group was supported by a middle management Executive Class, two Clerical Classes and hundreds of general, specialist and departmental classes. Some of the Specialist classes carried out important managerial or policy-advising work: the Works Group of Engineers, Architects and Surveyors, for example, and the Legal Class. Some groups of specialist classes were also arranged heirarchically: the graduate Scientific Officer Class was supported by the Experimental Officer Class—recruited at A Level, and the Scientific Assistant Class—recruited at O Level. Fulton discovered that though movement from the Executive to the Administrative Class was fairly common, it was exceptionally difficult for a specialist to move into the general management and policy-making jobs reserved for the Administrative Class. Promotion from class to class in other areas was also difficult.

6. Fulton was critical of the managerial competence of the Administrative Class. Its Management Consultancy Group found that Administrators generally lacked qualifications or experience or interest in the skills of numerate management (accountancy and costing, statistics, economics, operational research and computer systems work) and that their effectiveness suffered from a largely irrelevant educational background and relative isolation from developments in management outside the Service. In addition, their effectiveness was greatly reduced by lack of continuity in their work—they changed jobs at intervals of three years or less. This lack of continuity led to an inability to grasp complex technical subjects, to inefficiency, to inconsistency in the interpretation of policy, to lack of contact with sources of expertise, to wasted time and effort spent in briefing by specialist advisers and to the discouragement of the development of expertise in areas which demanded long-term professionalism, e.g. personnel management, training, financial control.

7. The Fulton Committee recommended the abolition of the career class structure. It found that it seriously hindered the effectiveness and efficiency of the management of the Service:

(i) it prevented the best use and deployment of individual talent, placing barriers in the way of the movement and promotion of staff and impeding the rapid development of young people with outstanding potential;

(ii) it was an obstacle to the ability of the Service to adapt itself to new tasks. The structure could not cope adequately with technical change nor properly use new skills: for example, members of the Accountant Class were not normally employed on financial planning and control, or purchasing or on efficiency studies; social scientists were not employed in the general management of the penal or health services because the posts in such areas were graded in the Administrative and Executive Classes;

(iii) career opportunities varied widely from class to class for people of equal ability and there was resentment and frustration as a result;

(iv) the class structure was repeated in the organisation structure. Work which required both an administrative and a technical contribution was often organised in "parallel hierarchies" with the financial and policy control

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

held in an administrative/executive hierarchy and the specialist advice provided by a technical hierarchy. This was wasteful, in efficient and led to divided responsibility and unclear accountability for results. In addition, the grades in a class were almost invariably replicated as levels in the hierarchy whether the task required them or not: e.g. there was almost always an Assistant Secretary post between a Principal post and an Under-Secretary post because these were the steps in the career structure. Administering over a thousand different classes, each with its own career structure and salary scale and with the members of each pressing for more higher grade posts to give promotion "headroom" was bound to be highly complex and expensive.

8. Fulton recommended the replacement of this maze of career classes with a unified grading system of the kind customary in large commercial and industrial organisations and in some foreign civil services. Every post should be graded and fitted into a structure of salary bands which covered all the pay levels in the Service. Management should then appoint to each post the person it considered best fitted by his qualifications and experience to fill it. No posts should be the preserve of any group, except in so far as the individuals comprising the group were uniquely qualified for them—e.g. doctors for medical posts.

9. A majority of the Fulton Committee recommended that an important qualification for graduate appointments should be the relevance of the subject matter of the university studies of the applicants.

10. The Committee also recommended the replacement of the Assistant Principal entry grade by a training grade for a graduate entry and the most able of the non-graduate entrants with the object of creating a fast promotion route for the most promising young men and women.

11. The Government immediately accepted the Fulton recommendation for a unified grading structure. The Civil Service Department started to implement it and by 1972 a unified structure was established at the level of Under Secretary and above (unification limited to this level was advocated by the Treasury in evidence to Fulton) and stopped at that point although it has never been suggested that there is any technical difficulty in unifying the grades at lower levels.

12. If unification of the classes does not proceed below Under Secretary many of the limitations imposed on the management of the Service by the class structure set out in paragraph 7 cannot be overcome. Very few specialists—engineers, psychologists, planners, accountants—are likely to receive sufficient experience of the work of administrators—general management, legislative procedures and high-level case work, financial control—before reaching the Under Secretary level to equip them for administrative work thereafter. They would rarely be able to compete with officials with years of administrative experience. The system will continue to be very heavily loaded in favour of the generalist.

13. Instead of unifying the classes layer by layer, the Civil Service Department has concentrated on grouping classes into "categories". Thus the Administrative, Executive and Clerical Classes were merged into an Administration Group, the Scientific Officer Class and the Experimental Officer Class into a Science Category. Grouping classes in this way has removed some barriers to the promotion of the able within a career field, i.e. an able Experimental Officer can now undertake work which was formerly reserved to a member of the Scientific Officer Class. However, these mergers do nothing to enable a suitable specialist to compete for jobs which are the preserve of administrators. The Civil Service Department maintains that this problem is being dealt with by increasing opportunities for lateral transfer from one class or group to another. However, it is far from certain that procedures for class-to-class transfer are as flexible and fair as the open competition for posts that was proposed under Fulton's unified structure.

14. Fulton's recommendation for a new training grade has been implemented. Both graduates and in-service candidates are selected as Administration Trainees. The best of these are selected for promotion to HEO (A)—"fast streamed"—after 2-4 years and are then considered for promotion to Principal after a further 2-3 years.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

It is worth noting that under this arrangement, which was partly intended to remove the narrow social and educational characteristics of the old Assistant Principal, of some 541 HEO (A's) appointed since 1971, 23 per cent were educated at public schools, 52 per cent were Oxbridge graduates and 52 per cent were arts graduates. Graduates are now selected entirely by interview, rather than written examination.

15. An important development which has taken place since Fulton has been the increasing number of graduates who enter the Administration Group as Executive Officer (1,800 in 1974 compared with 300 in 1968).

16. The Sub-Committee might like to consider the extent to which the Fulton objective of a Civil Service in which promotion to general management jobs was open to the most able, and preferably to those with experience and skills relevant to the use of modern management techniques, has been attained. Every year, the Service takes in thousands of school and university leavers and mature entrants. Most young non-specialist graduates enter at junior management levels but about 150 of them are fast streamed for rapid promotion to general management and policy work. Nearly all young specialist graduates are recruited into specialist groups and their entry into general management can be either by lateral transfer or at a late stage in their careers when they have reached the equivalent of Under Secretary in their specialism. By what criteria are some fast streamed? Is there the same opportunity for the fast streaming of specialist, professionally qualified, staff? Do specialists themselves see open opportunities through lateral transfer? How many lateral transfers have taken place?

17. The Sub-Committee might also like to consider the general problem of the dominance of the Oxbridge arts graduate to which the Fulton Committee made repeated reference. The statement of the Civil Service Department (" The Response to the Fulton Report ") that 40 per cent of the posts at Under Secretary *level* and above are occupied by people whose earlier service was in specialist grades should be explored. Is this percentage true of the administrative and general management *posts* of Under Secretary, Deputy Secretary and Permanent Secretary? Even when Fulton reported, there were a substantial number of specialist posts at these levels. The creation of groups and categories of classes may permit greater movement within a group but what about movement between specialist groups and the Administration Group? This was what Fulton was aiming at. Is it now any easier for, say, an engineer to head a policy division concerned with construction ; or a psychologist to become a prison governor ; or an economist to head a division concerned with resource allocation in the education or health services ; or an accountant to head a finance division, or a division concerned with the investment programmes of nationalised industries? Or do specialists still see themselves confined to an advisory rôle?

18. Fulton commented particularly on the exclusion from top management of accountants and research officers (mostly graduates in the social sciences and geography). For accountants, the response has been the inclusion of some of them in a Government Accountancy Service. How this has met the Fulton recommendation that accountants should play a more important rôle in the analysis and provision of information for decision making and managerial accountability and how has it improved the accounting expertise of top management? The proposal for the Research Officer Class has been to combine it with other classes—how will this improve the research and planning content of social policy and lead to managers in this important field with a social research background?

19. The Sub-Committee might also enquire into the progress made by the Civil Service Department in ensuring greater continuity in administrative jobs. Is it still the practice that administrators change jobs at around three-year intervals? Answers to recent Parliamentary Questions have shown that the average length of service of Under Secretaries and Assistant Secretaries is under 2½ years and 2½ years in the DOE ; 2½ years and 2 years in the DOI and 1¾ years and 1¾ years in the Treasury.

Accountable and Efficient Management

20. Fulton introduced into Civil Service work the concept of accountable management. This implies the delegation to managers of specific authority over

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

part of the organisation's resources and calling them to account for the results they achieve with the deployment of those resources. It implies the division of departments into accountable units (much like the budget, cost revenue and responsibility "centres" which are common in large-scale industry); the delegation of authority over money and manpower to managers in charge of those units; a planning framework in which the objectives of individual managers can be fitted into the organisation's overall objectives; a control system so that progress towards the attainment of those objectives can be monitored and a procedural system for expressing and reviewing managerial objectives and for reviewing results (here Fulton recommended "Management by Objectives").

21. The Civil Service Department's paper, "The Response to Fulton" briefly reports on experiments in "hiving off" work to non-departmental agencies; to the development of such "departmental agencies" as the Employment Services and Training Services Agencies and experiments in management by objectives.

22. The question of accountable management in the Civil Service is one which warrants close attention by the Sub-Committee since it relates directly to wider questions of public expenditure planning and control.

23. The division of departments into accountable units, agencies and centres under a single manager runs counter to the practice of dividing administrative/specialist work between "parallel hierarchies" of administrators and specialists. The Civil Service Department might be able to tell the Sub-Committee where formerly parallel hierarchies have been integrated.

24. Managerial accountability implies the delegation of managerial authority. At the time of Fulton, delegation in the Civil Service was very sparing—the Accounting Officers (usually the Permanent Secretaries) of departments were solely accountable for spending to the Treasury. There was also very little delegation of manpower control. The Sub-Committee might inquire into the development of delegation since Fulton. In a so-called departmental agency, for example, what spending limits are imposed on its chief executive and what authority does he have to man and organise his agency according to what he sees as the needs of the work to be done? Can he omit levels from the grading structure, for example? Can he organise administrative and specialist staff in the way he thinks appropriate? For what is he held accountable?

25. Managerial accountability in most large organisations is directly linked to corporate planning. The organisation has a planning unit which carries out analysis and research into the needs of its client community, into environmental trends and into prospective policy options. The top decision-makers select their objectives and the planning unit proposes the most effective ways of attaining them. Policies and plans are drawn up and split into programmes of action for accountable managers with stated objectives and supported by control systems which enable results to be monitored. Though these procedures owe a lot to industrial models, they have been successfully employed in public administration in some local authorities in Britain and in central government in other countries. The Bureau of the Budget in Washington, for example, has carried out work for the past ten years on expressing public expenditure plans in terms of programmes with measurable objectives, on control systems which seek to measure efficiency and effectiveness and on arrangements to link these to the accountability of individual managers in the Federal Government. The Sub-Committee will see that such arrangements would be vastly superior to the present Public Expenditure Survey routine for enabling Parliament to examine public expenditure, the policies which underlie it, the costs and the benefits of alternatives and the efficiency and effectiveness of departments.

26. Generally, managerial accountability depends upon an infra-structure of cost information for budgetary control: i.e. a system for comparing actual expenditure with budgeted expenditure in a way which permits the analysis of variances from budget and for monitoring results. The supply system of estimates, votes and appropriation accounts operated by Government cannot be used in this way. For example, expenditure is not subdivided in a way which corresponds with managerial responsibility: it is not possible to establish from estimates and votes the cost of

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

organisational divisions, nor particular programmes where expenditure is classified under different vote subheads. The cash basis of accounting and methods of recording transactions also make the application of budgetary control difficult. The supply procedure may be satisfactory as a means of demonstrating the stewardship of funds to Parliament but it is not an adequate basis for the use of modern accounting systems for planning, control and accountability.

27. The Civil Service Department records some 40 applications of management by objectives in the Service and reports mixed results. The Sub-Committee might inquire into the effects on efficiency and cost reduction of these schemes and what scope they showed for improved management performance and introducing managerial accountability.

28. Fulton set out some important recommendations on policy planning, observing that the day-to-day pressure of business in departments led to the neglect of long-term planning and research. The Report recommended the formation within departments of small planning units headed by Policy Advisers and staffed by comparatively young men and women and staff on short term contracts or secondment from outside employers. The tasks of a planning unit would be " to identify and study the problems and needs of the future and the possible means to meet them and to see that the day-to-day policy decisions are taken with as full a recognition as possible of their likely implications for the future."

29. In its paper to the Sub-Committee the Civil Service Department notes the main fields of planning activity in departments including the preparation of the Public Expenditure Survey, inter-departmental reviews of policy, contributions to economic forecasting and the assessment and allocation of financial and manpower resources in the light of policy reviews and priorities but assumes that Fulton was referring only to the review of the working of existing departmental policies. The CSD then maintains that policy divisions in departments carry out the planning that Fulton had in mind. In fact, it was as a result of seeing the work of policy divisions that Fulton recommended separate planning units staffed by planners and analysts who could " 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." The Sub-Committee will no doubt be interested in developments since Fulton in policy analysis and planning, expenditure planning and control in the managerial sense of monitoring the effectiveess and results of spending programmes.

30. The CSD observes that planning machinery has now been set up to handle Policy Analysis Review (PAR) routines—detailed policy analyses which complement the Public Expenditure Surveys. The Sub-Committee may wish to investigate the extent to which PAR meets the Fulton recommendations for new planning machinery.

31. The CSD differs from Fulton's recommendation for Senior Policy Advisers apparently on the grounds that they would lessen the accountability of Permanent Secretaries. Given the common arrangement of a director of corporate planning and a chief executive in other organizations the Civil Service Department might usefully be invited to develop its point of view on the matter.

32. The Fulton Committee commented critically on the work of central and departmental management service units, observing that they were primarily concerned with the examination of methods and not with more important questions of organization and policy implementation; that their investigations were carried out by invitation when the head of an operating division considered that he had a problem; that the total job of efficiency review was divided between organisation and methods staff (concerned with procedures) and staff inspectors (concerned with manning) and that neither organisation and methods staff nor staff inspectors were sufficiently expert, qualified or experienced. The Civil Service Department reports that " management reviews " of departments are now carried out which cover all aspects of a department's work. The Sub-Committee will doubtless want to know what results have been achieved by management reviews; whether the CSD now has the power to impose efficiency studies on departments; whether management services units are now staffed by specialists and why staff inspectors still operate

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

separately from management services staff. It may also be interesting to enquire into the relationship between the Central Policy Review Staff and the CSD. If the CSD is the centre for management consultancy-type work, why has the task of looking into the staffing and costs of British embassies overseas been given to the CPRS?

33. The Fulton Committee did not consider question of public accountability at any length. However, the Sub-Committee may want to extend its examination of central administration to consideration of the status, role and effectiveness of the Department of the Comptroller and Auditor General. It has been observed that the system of state audit operated by this department is more dominated by the Executive, narrower in range and less expert than any other in the Western world (v p 11 Administrative Reform, Fabian Society, 1973 by Garrett and Sheldon). If Parliament is ever to have the means of thoroughly investigating the uses of public expenditure and the efficiency of the governmental, quasi-governmental and non-governmental organisations which spend it, then our system of state audit is in need of a thorough investigation.

Personnel Management

34. The Fulton Committee found that personnel management was inadequate in the Civil Service, being laid to Establishments Officers whose main concern was with administering the agreed conditions of service for staff, determining the complement or number of posts in each unit and with filling vacancies as they arose rather than developing the abilities of individuals in the Service. Most of its recommendations for improvement hinged upon the unification of the class structure, which would widen opportunities for the able, and particularly for specialists, regardless of initial qualification or background and which would simplify administration. The Committee observed the serious under utilization of able school leavers and that career planning, in the sense of developing an individual through a carefully chosen arrangement of training and job experience, was available only to administrators. Promotion boards appeared to concentrate on the behaviour of an individual in an interview situation and paid too little attention to his work performance. It recommended the establishment of a Civil Service College to provide management training and carry out research into problems of Government administration and policy.

35. The Fulton Committee was set up in response to a report by the Estimates Committee in 1965 which made observations about student attitudes to the Civil Service, the disinclination of non-Oxbridge graduates to join the Service and the shortage of economists and other specialists. The Sub-Committee may wish to take evidence of recruitment from the Civil Service Commission (given the continuance of the Oxbridge domination and the difficulties in recruiting professionally qualified staff as shown by its report for 1974).

36. The Sub-Committee may also be interested in the extent to which career planning is felt to exist by middle and junior staff and in what evidence there is in departments of any implementation of Fulton's recommendation that Civil Servants should not simply be frequently moved from job to job as the need arises but should be given the opportunity to develop their abilities in a planned progression.

37. The Civil Service College was intended to provide practical management training for Civil Servants. In the experience of Fulton's Management Consultancy Group formal training programmes were required for, among others, office managers in charge of clerical groups (e.g. in local offices); for the managers of construction, engineering and computer projects; for staff concerned with financial analysis and costing; for policy analysis and research; for staff involved in work measurement, operational planning and cost/benefit studies. The Sub-Committee might inquire into the extent to which the Civil Service College has met these requirements.

38. The Fulton Report stressed the need for a new professionalism in the Civil Service. This professionalism could only develop from a change in the management style of the Service. It considered that the managers of the future should be drawn from a wider range of education and experience than in the past; they should spend more time in mastering a job before moving to another; they

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

should, as far as possible, have relevant qualifications for their work and that they would have to be numerate to handle the problems of policy making and executive management in the large and technically complex Government departments of today. The Service should search for, and develop, talent at all levels and from all sources. The Civil Service Department was set up to develop this new management style which the Fulton Committee thought would lead to improvements in efficiency and effectiveness as well as to the better utilisation of the abilities of individuals.

John Garrett

March 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 2

DEPARTMENTAL MANAGEMENT SERVICES RESOURCES

Note by the Civil Service Department

Introduction

1. The Sub-Committee asked for a note of the resources devoted to management services by each of the Home Civil Service departments which have substantial MS units of their own. They further asked for those to be expressed as a proportion of the total Vote expenditure of each Department, including grants-in-aid, and a proportion of the total administration bill. This information is accordingly presented in the Annex to this paper, but the figures set out there need to be considered in the light of the commentary below.

Definition of MS Staff

2. For the purposes of such a comparison it was first necessary to reach an acceptable definition of management services staffs which would apply broadly across the thirteen departments. This is far from straightforward because, as the Sub-Committee will have noted from the paper "Departmental Management Services and Operational Research Units", there are wide differences in the grouping of functions within the divisions known by the title "Management Services". Not only this, but there are in a number of departments major management services units housed and exclusively employed in discrete organisations within the departments. Examples are to be found in the dockyards, stores depots, commands and service establishments in the Ministry of Defence. The costs of these units are not included in the figures given, but could be obtained and provided separately if required.

3. A similar difficulty arises with computer staffs. Some, as in CSD MS, are employed within the MS units on, for example, feasibility studies. But, in the main, they are organised separately and frequently are to be found outside the command of the line manager of the MS unit.

4. The position on staff inspection differs again. In two departments (Department of Education and Science and of Employment) the same staff carry out staff inspection and O & M work as necessary. In others the two disciplines are housed in the same group of divisions and work jointly or separately, while in other departments again they are organised and work quite independently.

5. In attempting a common base for comparative purposes, we have in effect asked departments for the lowest common denominator, i.e. those assignment staffs and their managers employed wholly on Management Services work of an advisory nature excluding staff inspectors, ADP, operational research and work study staffs save where those work as an integral part of MS teams (and we have also excluded all clerical and typing support staffs). This necessarily means that the figures exclude other staff resources outside line management which could be regarded as being devoted wholly or largely to securing more effective management within departments.

The Comparative Statistics

6. For the purposes of the calculation, we have taken, for the costs of departmental MS staffs, the basic staff costs plus accommodation and common services as published in the appropriate Civil Service Department Ready Reckoner. These costs include salaries, national insurance and superannuation contributions and the due proportion of common services (e.g. typing and messenger services) used within the organisation. These basic figures have been adjusted to reflect general administrative expenses such as travel and subsistence, postage and telecommunications charges, transport, office cleaning, etc. A further adjustment has been made to take account of the fact that the published administration costs of a department do not include those charges for buildings and supplies incurred on its behalf by the Property Services Agency and HM Stationery Office.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

7. The costs of the departmental MS units prepared on this basis and set out in the Annex are, as requested, then expressed as a percentage of:

(1) the total Vote expenditure of the Department including grants-in-aid, etc; and

(2) the total administration bill (i.e. Staff salaries plus general administrative expenses).

Commentary

8. In paragraph 2 we commented on the differences in the constituent disciplines of which departmental MS units are composed and the extent to which separate local units exist. There are other factors which need to be taken into consideration when the proportionate resources devoted to management services by departments are compared.

9. In the first place, in a number of departments, such as Employment, Health and Social Security, Inland Revenue, etc., there is a system of regular appraisal of the work of the local offices and of the efficacy of procedures by visiting teams outside the MS field. Second, in those Departments which have chains of local offices each improvement in organisation, systems, and methods will be reflected across all such offices so that the impact of a development stemming from MS work will often be much wider than it could be across the more disparate functions of a typical "headquarters" department. Third, it is doubtful if the relationship of MS costs to total Vote expenditure is wholly relevant because in the case of departments such as Education and Science, Environment and the Scottish Office large sums are disbursed by block grants through other bodies such as local authorities.

27 *May* 1976

ANNEX

THE COST OF DEPARTMENTAL MANAGEMENT SERVICES UNITS (1975–76)

Department	Cost	Percentage of	
		Total Vote Expenditure	Total Administrative Costs
	£	Per cent	Per cent
Agriculture, Fisheries and Food ...	164,200	0·02	0·21
Customs and Excise	403,100	0·30	0·31
Defence*	547,200	0·02	0·07
Defence (Procurement Executive) ...	273,600	0·01	0·12
Education and Science	133,800	0·01	0·85
Employment†	528,300	0·15	0·25
Environment‡	666,700	0·01	0·25
Health and Social Security‖	231,800	0·01	0·06
Home Office	381,900	0·04	0·22
Industry, Trade, Department of Prices and Consumer Protection	288,200	0·01	0·33
Inland Revenue	572,700	0·19	0·19
National Savings	112,400	0·14	0·27
Scottish Office	159,600	0·01	0·43
Stationery Office	125,300	0·08	0·46

* Defence excludes the costs of the MS units in Armed Services establishments, Dockyards, etc.

† Employment—Manpower Services Commission, Employment Services Agency, Training Services Agency and the Health and Safety Commission and Executive are included for the purposes of this return.

‡ Environment includes Property Services Agency.

‖ Health and Social Security excludes National Health Service.

27 *May* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 3

THE MANAGEMENT REVIEW PROCESS

Note by the Civil Service Department and HM Customs and Excise

Introduction

The Civil Service Department provided a note on the work of its Management Services Divisions and referred to the programme of management reviews. The Committee questioned representatives of the CSD concerning management reviews and asked for a paper describing the management review process.

2. It may help the Committee if a general description of the process is accompanied by a more detailed account of a particular review. The Committee has received a copy of the report by the Steering Group on the Management Review of HM Customs & Excise and has discussed that review with Sir Ronald Radford who was the Chairman of the Steering Group. This paper therefore illustrates the general process by providing a short account of the management review of that Department.

The purpose of Management Review

3. The current programme of management reviews began in 1972 when it was agreed to institute regular reviews of major departments, to be commissioned by the departmental Minister and carried out in co-operation with the CSD. The primary purpose of the reviews is to help the top management of each department to improve the effectiveness and efficiency of its organisation and management including the planning and control of its resources.

Conduct of the Review

4. Reviews are conducted under the supervision of a Steering Committee chaired by the Permanent Secretary of the department concerned and on which the CSD is represented. The final report of the Steering Committee is submitted to the departmental Minister and to the Lord Privy Seal. These general arrangements take account of the responsibilities of departmental Ministers and of Accounting Officers for the way in which their departments carry out their functions and they reflect the concept of partnership between departments and the CSD and the emphasis on the role of the CSD to provide an enhanced central lead and stimulus to departmental management, as described in the note provided to the Committee on the Powers of the Civil Service Department.

5. The supporting arrangements for carrying out a review under the direction of the Steering Committee also reflect the concept of partnership. A Review Team is appointed and is led by a senior official of the department under review; usually the team leader will be at Under Secretary or Assistant Secretary level. Normally a Review Team has from 6 to 10 full-time members. The team includes other officials from the department and from CSD Management Services (Special Assignments) Division: the CSD element of the team is normally headed by an Assistant Secretary from that Division. Teams have also usually included a management consultant serving on secondment to CSD MS.

6. CSD advises departments on the administrative arrangements including advice, agreed with the National Staff Side, concerning arrangements for consultation with Department Staff Sides. CSD also advises on the conduct of the review. The procedure is for the review team to carry out a preliminary survey, on the basis of which it recommends to the Steering Committee the issues which should be examined in depth and a programme of work. Subject to the comments of the Steering Committee this programme is carried out in the main stage of the review.

7. During the main stage of the review, the review team will be augmented as found necessary by additional staff from the department and from the CSD. According to the subjects under examination such additional staff will include officers with specialist experience in accountancy, operational research, organisation and methods, personnel management, automatic data processing and staff inspection.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

8. Working papers are submitted to the Steering Committee by the review team as the review progresses. It is customary for the leader of the review team and the senior CSD member of the team to attend all meetings of the Steering Committee. They may be accompanied by other members of the team who have been concerned with particular studies.

9. Some proposals may stand independent of the outcome of other studies. The Department will decide, in such cases, whether to initiate action to implement agreed proposals without awaiting the final report. The main eventual recommendations by the Steering Committee are embodied in its final report to Ministers. The CSD agrees arrangements with the Department for periodic review of progress with implementation of agreed proposals.

The Management Review of HM Customs & Excise

10. The general procedures described above can conveniently be illustrated by reference to a particular review. The Management Review of HM Customs & Excise began on 1 October 1974 and was completed on 21 July 1975 at an estimated cost of approximately £166,000.

11. The review of HM Customs & Excise was carried out against a background of a major reorganisation of the Department which had taken place 3 years or so previously. This had involved implementation of the proposals set out in the Reorganisation Agreement of July 1971, the main aim of which was to create a unitary organisation which would provide a greater flexibility in the deployment of resources in particular to meet the potential increase in the Department's workload. It sets out to do so by

(*a*) unifying the grading structure of the Department from a number of existing General and Departmental classes;

(*b*) integrating the Headquarter's organisational structure, which had grown up with a general class structure (the Secretaries Office) side by side with departmental class structures (the Chief Inspector's Office and the Office of the Inspector General of the Waterguard);

(*c*) strengthening line management in the Outfield.

12. This fundamental reorganisation was carried out over the period 1971 to 1974, although it was recognised that it might be some 10 years before all the transitional effects of the Reorganisation Agreement would be worked through. During much of the same period of time the Department was made responsible for planning and introducing Value Added Tax (which necessitated the initial intake of some 6,000 staff) and had experienced a significant increase in the volume and complexity of some existing work as a result of the United Kingdom's entry into the EEC in 1973.

13. Because of these radical changes and their consequence for the management and staff of the Department, the Customs & Excise thought that the time was opportune for an appraisal of the general state of the Department, including a "stocktaking" study of the ways in which its various management systems for planning and control were operating.

14. The review was directed by a Steering Group chaired by the Chairman of the Board of HM Customs & Excise and including a member of the CSD and Sir Max Brown (formerly Permanent Secretary of the Department of Trade).

15. The Steering Group met at the beginning of the review to discuss and agree the broad lines of approach and to consider the topics which the Department had already suggested as possible items for examination. It met again two months later to consider the outcome of the preliminary survey and to decide the programme of project studies for the main review, two months later to consider progress, then once a month until the last two months when it met fortnightly to consider the team's findings and recommendations on the various topics which had been studied.

16. The review team which assisted the Steering Group was led by an Under Secretary from the Department and included members from that Department and

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

from CSD. The CSD element was headed by an Assistant Secretary. The team also included a management consultant.

17. The Board's intention to carry out a management review of the Department was made known to staff by means of a notice which invited evidence from individual members of the staff, 28 of whom responded to the invitation. The review was also publicised in two articles which appeared in the Department's house magazine. The staff side of the Departmental Whitley Council was also informed and during the course of the review they submitted a memorandum and discussed their views with the team and with the Steering Group. In addition, a press notice was issued and the Department wrote to the main professional bodies with which it has frequent contact inviting them to submit evidence or ideas that would contribute to the review. In all, evidence was received from 13 trade associations and bodies, and 8 individual firms and members of the public. Comments were also invited (and received) from HM Treasury, Department of Trade and Ministry of Agriculture, Fisheries and Food.

18. The preliminary survey was carried out during October/November 1974. Its purpose was to enable the team to familiarise itself with the work of the Department and to identify the main areas to be recommended for study in greater depth in the main review. An interview programme was arranged which included all senior management staff at Headquarters and in a number of representative Collections and representatives of the Departmental Staff Side. In addition the team had, at their disposal, a good deal of useful background information which resulted from a pre-Management Review survey undertaken by the Department. Using the topics identified in this survey and their own findings the review team proposed that for the purpose of the required appraisal the Department's tasks and activities could conveniently be grouped under five closely related main heads or " themes ".

19. The team's proposals were submitted to the Steering Group in November 1974 and agreed by them. The five themes and the scope of the studies proposed under each were as follows:

(*a*) Central planning and control of the Department's resources and activities.

This theme covered examination of the role and functions of the Headquarters Technical Directorates and Directorates of Establishments and of Organisation (including the Controller of the Outfield) and of the A&CG's office. The related studies were designed to establish their contributions to central planning and control, the systems for providing information for policy analysis and review and for management planning and the central mechanisms for co-ordination of the management task. As part of this theme the team proposed to study the arrangements for audit and various forms of inspection, and to consider their inter-relationships. The systems for planning and controlling manpower resources, both centrally and in Collections (including arrangements for determining complements), were also to be studied.

(*b*) Headquarters controls over the Department's operations.

This heading embraced the links between Headquarters Directorates and Collections with particular reference to the nature and extent of the central controls, the delegation of authority and the flows of information to and from the central units. As regards the Directorate of Organisation, it was envisaged that a considerable amount of the detailed work would be subsumed under the studies of manpower planning and control and the examination of the role of the Controller Outfield referred to above. Similarly, much of the information relative to the Directorate of Establishments would also be relevant to the examination of aspects of Personnel Management as set out below.

(*c*) Organisation of the Outfield and its relationships with the centre.

It was not envisaged that a comprehensive study of the detailed organisation within Collections would be carried out but that the main emphasis would be on such aspects as the effect of central control, inspection and delegation upon the management task of Collectors, the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

extent of involvement of managers in the managerial planning and control processes, and the adequacy of the information flows and other communication links with and within Collections. More generally, attention was to be given to the effects upon Collection organisation of different degrees of centralisation and decentralisation.

(*d*) Personnel Management.

Two main areas for study were proposed under this scheme. The first area covered the system of management succession, career planning and training, with specific reference to the developing requirements of the organisational arrangements already introduced or envisaged at Headquarters and in Collections. It was necessary in this context to have regard to the relative provisions of the reorganisation agreement and the study was intended to include examination of the role of Senior Inspectors and the constraints on the movement of staff. The second area embraced a selection of the various other aspects of personnel management, including the extent of the delegations of authority in this field, the extent and effect of overtime arrangements, and the arrangements for reporting on staff. It was proposed that a final decision on the subjects to be examined in depth in this second area of personnel management would be taken after a further and more detailed survey.

(*e*) Management information and communications.

Much of the work under this heading was expected to be subsumed within studies designed to cover both organisational relationships and the supporting flows of information. For example, the study of the system of planning and controlling manpower resources would be designed to bring together the related procedures at central and local management levels. Under the heading of management information it was intended to bring together the results of various studies in order to consider generally the adequacy of the systems for providing information for the formulation and review of policy and for the planning and control of operations. Regard would be paid to the extent to which ADP developments might facilitate improvements in information systems. As regards other communications, the detailed nature of existing instructions and the consultation and involvement of staff in their preparation were aspects which it was proposed to keep in mind during the course of the study.

20. The main review began in December 1974 and was concluded in July 1975. The work involved under the 5 main themes was broken down into a number of studies each of which was allocated to a project team led by a member of the review team. Some of the studies were primarily organisational in character. Others examined systems and procedures across the department. The scope, purpose, and contribution expected from each study were discussed by the team as a whole.

21. The project teams carried out programmes of interviews and, in appropriate cases, prepared and agreed descriptions of existing procedures and systems. As appropriate, possible alternative arrangements were discussed with line managers.

22. The team met fortnightly during the preliminary survey period; thereafter monthly, at least 10 days in advance of Steering Group meetings, until the last two months when it met weekly. These team meetings provided an essential opportunity for the exchange of views within the team, oral reports of progress on the various projects and discussion of any problems arising. In the later stages of the review most time at the meetings was spent in examining and discussing papers prepared by project teams for submission to the Steering Group.

23. At the end of the review the Chairman reported to the Chancellor (copying to the Lord Privy Seal) summarising the main points which had emerged and the action which he thought the Department should take. The Steering Group also took note of a paper summarising the recommendations and outlining the arrangements for implementing them. A copy of the report by the Steering Group has already been provided for the Committee.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

24. While it was found possible to implement a number of the recommendations during the course of the review, others required further detailed study before they could be considered for implementation. Accordingly, a Departmental action plan of further work was agreed for each area of Departmental activity. This action plan then served as a basis for discussion with the Departmental Staff Side. Work has since commenced on a number of specific topics and is being monitored on a quarterly basis within the Department and discussed at periodic progress meetings with the Civil Service Department.

22 *September* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 4

MANAGEMENT SERVICES AND ALLIED FIELDS

Supplementary Evidence Submitted by the Staff Side of the Civil Service National Whitley Council

At its meeting on Monday 14 June 1976 the Sub-Committee invited the Staff Side to supply a note dealing with the various Codes of Practice either in operation or being negotiated by the National Whitley Council in the management services and allied fields.

Existing Codes of Practice

1. The two Codes currently in operation are mentioned in our written evidence, paragraph 20. These are concerned (*a*) with the staff consultation arrangements regarding departmental management reviews (reproduced as Appendix III to our main evidence) and (*b*) with the staff consultation procedures on the successor to MBO, " Improving Management Systems " (reproduced as Appendix IV to our main evidence).

Both Codes were agreed through the National Whitley Council's Joint Committee on Management Services and both are intended to secure the full involvement of Staff Side/union interests in the particular types of situation covered. The agreements provide for the early notification of impending management initiatives, for joint consultation on the terms of reference and method of the review, for encouraging the fullest participation by the staff and for the disclosure of relevant information, particularly if a change in existing arrangements is proposed as part of the outcome.

As mentioned in the Staff Side's oral evidence, it is our intention that these Codes, together with those now under negotiation, should have the dual effect of securing full Staff Side/union participation in increasing the efficiency of the Service and of protecting staff interests by ensuring full consultation and appropriate disclosure of relevant information.

Proposed Codes of Practice

2. Further Codes of Practice are envisaged as follows:

(*a*) *Staff Inspection*—a draft Code (see Annex) has been put to the Civil Service Department and is now awaiting formal negotiation.

(*b*) *O & M Surveys*—A draft Code is in the course of preparation: it will, however, very probably follow closely the terms of the draft on staff inspection.

(*c*) *Use of Management Consultants*—A draft Code on staff consultation procedures is likewise being prepared: again it will very probably follow closely the terms of the staff inspection draft. The Staff Side are also due to review the terms of the CSD's own Codes of Practice on the Use of Management Consultants (HMSO: 31p, for general management consultants, and 15p for computer consultants and software houses).

(*d*) *Communications*—A proposal has also been put to the CSD that a Code of Practice on management/staff communications should be agreed; this proposal is currently under consideration by the CSD.

General Objective

3. As stated in paragraph 1 above, the general objective of the Staff Side in suggesting these various Codes of Practice is to secure staff participation as well as to protect their interests. It is also hoped that, when the various Codes are operative, local Staff Sides/union representatives will have a deeper and more meaningful involvement in negotiation and consultation at the workplace level than they have at present. In preparation for this increase in local Staff Side/union activity, a National Whitley Council agreement on facilities for representatives was reached in 1974, and a copy of this agreement is also attached.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX

STAFF INSPECTIONS AND REPORTS: CODE OF PRACTICE

1. This Code of Practice, which has been agreed between the Official and Staff Sides of the National Whitley Council, sets out the principles which should be applied by Departmental Whitley Councils to joint consultation on staff inspections and the reports flowing from them.

Definition

2. The Code of Practice is intended to cover all staff inspections, whether carried out by a departmental staff inspectorate alone or jointly with the Staff Inspection and Evaluation Branch inspectorate in CSD, in accordance with the relevant provision of EC 2/49. It does not cover reports of inspections called for in connection with pay reviews carried out by the CSD, under the 1974 Pay Agreement, for which established procedures of consultation already exist. Also, it does not cover O & M reports or reports from management consultants etc., for which separate consultative arrangements apply.

Basic Principles

3. Management should consult fully and freely with the Staff Side on all staff inspections as defined above. Management will aim to make reports available to the Staff Side/union concerned to a maximum degree (see paragraph 5 below). Information will only be withheld (either wholly or in part) by management in the following circumstances: (*a*) where security considerations may dictate that a report must be withheld; or (*b*) information is given about an individual (unless he has consented to its disclosure). The information should only be withheld to the extent that it is felt to be absolutely essential and the Staff Side/union should be fully advised of the reasons for this action. In cases of disagreement, the matter may be referred to the National Whitley Council Joint Committee on Management Services for adjudication.

Arrangements for Consultation on Inspections

4. The arrangements for consultation with the Staff Side or union concerned are as follows:

(i) The Staff Side/union should be informed of all prospective staff inspections. Where staff inspections take place on a cyclical basis, the cycle should be notified beforehand to the Staff Side/union.

(ii) Arrangements should be made to discuss projected inspections with the Staff Side/union at the earliest stage, ie well before the inspection commences. Where the projected inspection involves the Staff Inspection and Evaluation Branch of CSD, the CSD inspectors should similarly be available for any joint discussion at this stage (and also subsequently, if required).

(iii) Staff Side/union agreement should be sought on the terms of reference for the inspection, and on the proposed timetable and itinerary which should also be discussed jointly.

(iv) It is open to a Staff Side/union to request a staff inspection, or to seek to vary a projected inspection.

(v) Consultation should continue on an agreed basis during the course of the staff inspection, particularly so far as any subsequent changes in the terms of reference, timetable and itinerary are concerned.

(vi) The Staff Side/union should be consulted and agreement sought about the arrangements for local discussions, first, with the regional or local Staff Side/union, and, second, on the interviewing arrangements for those staff whose posts are under review. Any difficulties in communications should be resolved jointly.

Arrangements for Disclosure and Discussion of Reports

5. Subject to paragraph 3 above, management should aim to make reports of staff inspections freely available to the Staff Side/union concerned. The formal procedures outlined below to achieve this aim do not preclude the confidential

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

disclosure of additional information in appropriate cases, nor do they preclude the possibility of disclosing information during the course of the inspection, e.g. to prepare for the acceptance of the likely outcome of an inspection. In these latter instances, the degree of confidentiality should be settled jointly with the Staff Side/union concerned, and it will be the aim of these discussions to achieve a balance between the need for confidentiality on the one hand and the need for adequate membership consultation on the other.

(i) Copies of the report will be made available simultaneously to management and to the Staff Side/union concerned on completion of the inspection. The number of copies to be supplied to the Staff Side/union will be agreed jointly in each case.

(ii) Where management does not propose to implement part or parts of a report, the arrangement will be for the Staff Side to be told of this, together with management's reasons, when they receive the report.

(iii) Departments will normally implement any changes in complement arising out of Staff Inspection reports within a period (agreed with the Departmental Staff Side or union concerned) of the report being made available by the Staff Inspectors (although actual movements of staff concerned will be determined by personnel management considerations).

(iv) Within the agreed timescale, departments will agree a period with the Staff Side/union during which they can consider the report and complete their own processes of consultation, at the end of which management will receive Staff Side/union comments on the report and on management's proposals for implementation.

(v) It will be the aim of subsequent joint discussions to reach agreement on the proposals and the method of implementation. If the procedures outlined in this agreement have been followed, the likelihood of reaching agreement should be considerably increased. However, in the event of the process of consultation not being completed, it shall be open to either side to propose an extension of the timescale for implementation in order to enable further efforts to be made to resolve any differences of view. If there is a failure to reach agreement, the matter may be referred by either Side of the Departmental Whitley Council (or, where one union only is concerned, by either the department or the union concerned) to the National Whitley Council Joint Committee on Management Services for adjudication. In these cases " status quo " arrangements will apply pending the completion of the adjudication process.

Review of Code of Practice

6. This Code of Practice will be kept under review by the Official and Staff Sides of the National Whitley Council Joint Committee on Management Services who will seek reports on how it is being applied from Departmental Whitley Councils from time to time.

Civil Service National Whitley Council Agreement on Facilities for Non-Industrial Union Representatives

The agreement, which is reproduced below, represents one of the most important developments in the progress of Civil Service trade unionism. Whilst it provides benefits at all levels of union and Staff Side activity, it is directed in particular to **local** *union/Staff Side activities. The agreement should assist considerably in confirming the crucial role that union/Staff Side activities have to play in every Civil Service establishment.*

The following additional points are important :

Departmental Discussions

The agreement should be regarded as a framework within which Departments and their Staff Sides should consult about and settle the various facilities appropriate to their own circumstances.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Existing Facilities

Where existing facilities are different from those in the agreement, it has been agreed that these should not be withdrawn on account of the new agreement.

Check-Off Charge

The 2½ per cent deduction from union subscriptions collected under the check-off system is abolished as from the quarter commencing on 1st October 1974.

Substitution Charge for Union Leave

The substitution charge on special leave for union business is abolished as from 1st October 1974.

TUC Schools

TUC schools on industrial relations can count for the allocation of special leave for union schools (see paragraph 13 (iv of the agreement).

Accredited Representatives

It was found to be impossible to secure within the agreement a comprehensive list of posts which will be appropriate for "accredited representative" status The provisions of paragraph 8 of the agreement will, therefore, require further action at both National and Departmental level to agree on the posts to be accorded this status. This is now being done.

Introduction

1. This agreement between the Official and Staff Sides of the National Whitley Council sets out the principles and practices which will govern the facilities made available by Departments to employees, not being paid officials of the unions, who are representatives of unions recognised by the Department in respect of non-industrial staff. Each Department should jointly agree with each of its recognised unions and with its Departmental Staff Side as appropriate the detailed arrangements for the grant of facilities in accordance with the provisions of this agreement. Differences will be resolved within each Department, except that disagreements on points of principle or requests for clarification as to the intention of this agreement may be referred to national level.

General Principles

2. The Official Side recognises the expectation of members of unions to be adequately represented at Staff Side and union levels. Both sides recognise the need for effective methods of negotiation, consultation and communication. The Official and Staff Sides accept that it is for each Department to determine jointly with its Staff Side the appropriate machinery of negotiation and consultation, recognising the joint desire of management and Staff Side to deal effectively with each other.

3. The Official Side recognise that union and Staff Side representatives have responsibilities to their union or Staff Side and to the staff they represent. The Staff Side recognises that civil servants have responsibilities to the Department in which they are employed. Both sides recognise their responsibility in ensuring a well ordered system of trade union organisation and industrial relations. Both sides therefore accept that in jointly determining the nature and extent of the facilities required in their particular circumstances, and in the use made of them Departments and unions will have regard not only to the value of facilities for effective representation as a means of promoting good industrial relations but also to the need for avoiding unnecessary cost and maintaining the effective discharge of departmental functions.

4. It is the duty of the Official Side to ensure that all levels of management know the extent of their authority and abide by agreements reached, including the procedural arrangements for dealing with collective disputes and individual grievances, disciplinary cases (including dismissal), promotion machinery and prema-

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ture retirement. The Staff Side recognises that it is the duty of each Staff Side and each union to ensure that its representatives understand the authority vested in them under which they operate, and that representatives abide by agreements reached, including the procedural arrangements for dealing with collective disputes and individual grievances, disciplinary cases (including dismissal), promotion machinery and premature retirement.

5. Both sides recognise that it is desirable, so far as circumstances allow, for accredited representatives to have had as much practical experience of union affairs as possible, and also to be reasonably familiar with the work of the grades of staff they represent.

6. Where union representatives spend an appreciable proportion of their time on representational activities, management, in applying the normal rules for appraisal of performance and promotability, will take account of knowledge and experience gained and time spent in the course of such activities.

Scope

7. It is agreed that the facilities covered by this agreement are intended to meet the objectives laid down in paragraphs 2, 3, 4 and 5. The activities covered are those in which unions and management are jointly involved, directly or indirectly, including both individual and group issues. In the course of these activities a representative will, as may be appropriate, need to put views to management, to consider management proposals, to conduct correspondence and, to consult members individually or collectively.

Accredited Representatives

8. An accredited representative is a civil servant who has been duly appointed to the Staff Side of a Departmental Whitley Council, a regional or local Whitley Committee or to a union office within the agreed machinery of negotiation and consultation in a Department. Those offices which are to be regarded as appropriate for " accredited representative " status will be a matter for settlement on the National Whitley Council in respect of national appointments, and on the appropriate Departmental Whitley Council in respect of appointments within the Department concerned.

9. The nature and extent of the facilities to be provided for the accredited representatives will be for determination within the agreed machinery of negotiation and consultation within a Department.

10. The Staff Side accept that appointments should be notified to the Department in writing, stating the name and office of the appointee, the appointment (or appointments) held, the date of their commencement and their duration. The responsibility for notification will rest with the appropriate Staff Side Secretary (Chairman in respect of a newly appointed Secretary) for Whitley appointments, and the headquarters of the relevant union for union appointments. This responsibility may with the agreement of the Department concerned be delegated to a lower level in the case of local appointments.

Facilities

11. It is agreed that the facilities set out in paragraphs 12 to 22 below are allowed as necessary to accredited representatives. Departments should determine what facilities they need to grant in consultation with their Staff Side and unions.

Time for Industrial Relations Duties

12. The likely extent of the time required by accredited representatives for their industrial relations work should be taken into account. Accredited representatives whose responsibilities justify it should be allowed an allocation of time to enable them properly to undertake their industrial relations duties and this should be a factor in determining the nature and extent of the official duties which the holders of these appointments are expected to perform.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Leave of absence

13. (1) Local absence from work.

Absence from work on an hourly basis (normally appropriate for absence up to half day) may be allowed for industrial relations activities, with the agreement of local management, who should not unreasonably withhold permission. Pay and allowances related to pay will not be affected by such absence from work, but overtime rates will not be paid for absence during overtime periods.

(ii) Paid special leave.

Where local leave of absence is not sufficient, paid special leave can be allowed for attendance:

(*a*) at joint meetings of the National Whitley Council or its Committees;

(*b*) at joint meetings of a Departmental Whitley Council or its Committees;

(*c*) at other joint meetings between unions and Departments;

(*d*) at joint meetings on individual grievance, discipline (including dismissal) and premature retirement questions where the representative is assisting a member.

Full pay will be granted but overtime payment should not be made for the period of special leave.

(iii) Departments can also allow local absence from work or paid special leave to cover meetings of Staff Side or union representatives immediately before or immediately after a joint meeting so that they can consider matters relating to that meeting.

(iv) Paid special leave can be allowed for meetings of Staff Sides or unions not covered by (ii) or (iii) above and for other absences in connection with union business. These provisions are not restricted to accredited representatives. The following will apply:

(*a*) the total leave granted in each leave year will not exceed five weeks (40 days for members of National Executive Committees and Councils);

(*b*) within this total, up to one week may be included to attend schools run by trade unions; and attendance at annual conference as a trainee delegate may be included provided the delegate's annual leave allowance does not exceed four weeks two days and he is sponsored by his union headquarters.

(v) Unpaid special leave which should not reckon for increment or pension can be allowed for absence in excess of the allocation in (iv) above in exceptional cases.

Administrative Facilities

Office Accommodation

14. (i) Where this is necessary, a room should be allocated to the Staff Sides accredited representatives for their exclusive use and additional rooms may be allocated to the representatives of trade unions. Where no room is available for exclusive allocation, Departments should allow the private use of a general room, for example for interviews. Rooms will be allocated on the understanding that they may be re-allocated if required for overriding official purposes.

(ii) Departments are encouraged to provide at their discretion rooms for Staff Side or union meetings whenever possible.

Furniture

15. The Staff Side and each union should be provided with furniture as necessary, for example, a desk with a lockable drawer and/or a lockable cabinet. Their location will depend on whether or not exclusive accommodation has been allocated to the accredited representatives.

Telephones

16. Representatives of Staff Side or unions requiring access to a telephone as part of their industrial relations activities should be allowed the use of an official telephone with reasonable privacy. The normal Departmental rules relating to the use of official telephones should apply.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Notice Boards

17. (i) The local branch of any recognised union may have notice board facilities on official premises. Boards will be provided by Departments without charge.

(ii) The position of notice boards should normally be confined to those parts of official premises which are not ordinarily accessible to the general public. The siting and number of boards is a matter for local discussion and agreement. Multi-union boards should be used wherever possible.

(iii) The titles of unions may be inscribed on the notice boards.

(iv) Unions are free to exhibit union notices of general interest to the staff on their notice boards but no notice may be exhibited anywhere else on official premises without the previous consent of the Department.

(v) Notwithstanding (iv) above, management may challenge the propriety of any notice exhibited by a union and, on giving reasons, secure its withdrawal.

Office Services

18. (i) Correspondence between Staff Sides and unions and their members may be sent (under cover) through the internal distribution system. Material despatched through the post must bear the appropriate postal charge.

(ii) Secretaries of Staff Sides and branch or section secretaries of unions may be allowed the use of official typing, duplicating and photocopying facilities, where available, for essential work in respect of their industrial relations activities provided that this does not interfere with official work. Paper may be supplied to unions for these purposes, on a repayment basis. As regards Staff Sides the supply of materials should continue to be governed by the principle that each side of a Whitley body is responsible for its own expenses; common expenses being defrayed in equal proportions.

Access to Documents

19. Staff Sides and union representatives should have access to documents which set out the rules relating to pay, conditions and such other matters as affect members of staff as individuals. Such documents should be supplied to Departmental Staff Sides automatically by the employing Department and arrangements in respect of union representatives should be decided departmentally.

Union Subscriptions

20. Members' subscriptions may by arrangement between the union and the Department be deducted from pay at source. Detailed arrangements are set out in DEO letters of 17 July 1969 and 21 June 1972 and General Notice GEN 74/28. No charge will be made for this service.

Notification of New Entrants etc.

21. (i) Departments will arrange to provide the names of new entrants and of those resigning and of incoming and outgoing transferred staff to the appropriate level of the recognised union (or unions) for the grade of the persons concerned, or to the Departmental Staff Side.

(ii) Departments will also, where practicable, and at the request of a Branch Secretary or his equivalent, allow a representative of the appropriate Staff Side or recognised union to address new entrants during initial training on the role of unions in the Civil Service. Management may be present at such sessions if they wish.

(iii) Where initial training is not provided for new entrants within a short time of their taking up appointment, Departments should allow representatives to meet new entrants.

(iv) Recruitment of new members on official premises should be allowed by all Departments subject to agreement between the management and union representatives with regard to timing.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Election of Union Representatives in official time

22. Departments will provide facilities by agreement with the union for the election of union representatives. Where election takes place at the annual general meeting of a union, the meeting should be allowed to start during working hours for this purpose.

Terms of Agreement

23. This agreement may be terminated by either side upon giving one year's notice. It will be subject to general review after a period of two years, but individual provisions may be reviewed earlier at the request of either side.

November 1975

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 5

DEVELOPMENT FORECASTS, RESOURCE ALLOCATION CENSUS AND FUNCTIONAL COSTING

Memorandum submitted by HM Customs and Excise

Introduction

The Department is endeavouring to improve its forward planning and to develop a long-term strategy for the deployment of its resources while retaining the flexibility to deal with short-term changes, for example arising from Budget decisions. The system being evolved is based on an annual cycle and attempts to integrate three main elements: information about the allocation of resources, forecasts of future resource requirements made for Estimates and Public Expenditure Survey purposes and forecasts made by Headquarters Directorates of developments within their fields of responsibility.

Resource Allocation Census and Functional Costing

Information about the current use of resources is mainly derived from an annual Resource Allocation Census in April when managers in Headquarters and the Outfield report what proportion of their total manpower is deployed on defined functions. This information forms the basis of a costing which shows the functional breakdown of the annual Vote estimate. The collection and analysis of the data and the production of the costing is a complex operation, and this April's census information is now being processed. A note on the resource allocations census and functional costing is attached as an Annex.

Forecasting Exercise

The results of the annual census are available to managers when, in September, they undertake a forecasting exericse. In this exercise Headquarters and Outfield managers estimate their manpower and other resource requirements for the next five financial years and, concurrently, Headquarters Directorates make "development forecasts" which state their aims and objectives. The aims are the general purposes towards which the tasks of the Directorates and the Divisions within them are geared. The objectives are tasks to which a specified date for achievement can be attached. These objectives are ranked to show working priorities and are grouped as "essential" and "desirable". In addition to specific objectives the forecasts indicate possible future developments, and the estimated effects of these on resources.

The resources estimates are tested for validity and for compatibility with the development forecasts, approved by senior management and, after acceptance by the CSD and Treasury, are fed into the Supply Estimates. After up-dating, they are subsequently used in the next Public Expenditure Survey.

The system is in its early stages of development. Last year was the first attempt at a combined forecasting exercise of the type described; and the work is in hand to improve the supporting information systems and refine the procedures. The resource data, the resource requirements estimates and the development forecasts provide the basis on which the Department's Corporate Management Group, consisting of the Chairman and the two Deputy Chairmen, consider whether the resources of the Department are being directed appropriately in their balance and emphasis towards the operational objectives of the Department, what changes may be necessary and whether any aspects of the Department's work require the Group's particular attention—possibly in the form of a review of basic policy. The information was used in analysing possible options for economies which are now being considered by Ministers.

It is proposed to conduct another forecasting exercise when the results of this year's census and the Ministerial decisions on the Department's contribution towards reducing expenditure on the Civil Service are known.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX

RESOURCE ALLOCATION CENSUS AND FUNCTIONAL COSTING IN CUSTOMS & EXCISE

General

1. Following initial exercises in 1968 and 1970 it was decided in 1971 to develop a regular system of costing Departmental operations. The system which has evolved relies on the following data:

(*a*) Functional analyses of staff numbers, e.g. on VAT control, prepared in regional offices (Districts) and Headquarters Branches which are collated centrally into National, Regional and Headquarters Divisional summaries.

(*b*) Departmental Vote Estimates, Allied Service (OGD) Estimates, and other information on costs and their apportionment to Functions, supplied by the Accountant & Comptroller General's Office and others.

So far, two staff censuses have been completed—with the effective dates of 1 October 1973 and 1 April 1975—and the results converted to cost. In addition we are currently processing a 1 April 1976 census.

Staff Census

2. Staff census data refer to approved complements. Functional apportionments reflect current and anticipated annual commitments taking account of seasonal variations in work pattern. They are based on local knowledge and readily available work records—no special records have been set up. At the District/ Branch level allocations are therefore subjective, but it is considered that a reasonably reliable general account of the Department's work emerges.

Data are collected for all grades, grouped into 15 grade-bands. These are based on the main General Service and Departmental grades, and on comparability of salary scales for the remainder.

Twenty Functions have been defined covering control and administration of each of the main heads of revenue and associated work, and various kinds of domestic administrative work. Some Functions have been further sub-divided giving about 30 headings of analysis applicable to all grade-bands. In addition to this, a detailed analysis of the revenue work of the main Outfield control grades (HEO, EO, CO, CA, RA and LMP) is undertaken.

Costings

3. Staff census results are analysed to take account of regional variations in pay and accommodation costs and used with current estimated average salaries, National Insurance (NI), rates, rentals, etc., to calculate staff-related costs—i.e. salaries, Departmental NI contributions, accommodation costs and accruing pension liability. These accounted for about 82 per cent of the total costs of running the Department in 1975. Accommodation costs include rentals, rates, supplies and maintenance and is based on current market rentals, not actual cost.

The remaining heads of cost (18 per cent of total) are based, with minor adjustments, either on the current year's Departmental and, Allied Services Estimates, or for capital equipment, on current holdings and replacement values amortised at 10 per cent over the expected life of the equipment. Apportionment to Functions for these heads makes use of the results of the staff census (where some degree of staff-relations exists). The overtime cost of the main Outfield grades is parallel with the staff census.

Although built up largely from grade staff data, Functional Costings summaries do not show separate grade detail: they are limited to Regional, Headquarters and Departmental summaries. C & E Vote cost heads can be distinguished from Allied Services, and conversions to actual Vote Estimates figures can, where necessary, be made.

The costings summaries are used to provide the breakdown into five functional headings set out in the annual Vote Estimate.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 6

WORK BEING DONE BY THE CSD WHICH DOES NOT ARISE DIRECTLY FROM THE FULTON REPORT

Supplementary note submitted by the Civil Service Department

Following the evidence which Sir Douglas Allen gave to the Sub-Committee at the beginning of May, I promised to let you have some examples of the kind of activity being undertaken by the Civil Service Department not directly arising from the Fulton Report. The initial CSD evidence to the Sub-Committee ("The Response to the Fulton Report") was addressed specifically, as the Sub-Committee had asked, to the question what had been done to implement the recommendations of the Fulton Report.

2. Consequently, it does not deal with much of the current work of the Civil Service Department, because much of the Department's work necessarily is devoted to subjects on which the Fulton Committee did not choose to concentrate. Some examples of such work are listed in the annex to this letter. Some of this work (for instance, most of the current work of the Manpower, Pay and Superannuation Divisions) amounts to the ongoing work of central control taken on from the Pay and Management Divisions of the Treasury. Some (for instance political activities and co-ordination and guidance of departmental training) was taken over from the Treasury but has been considerably developed. But much (for instance work on dispersal, catering policy, computers, payroll services) deals with developments in central management since the Fulton Committee reported.

3. I would emphasise that the subjects listed in the annex represent no more than a random selection of examples of varied importance. If, however, you would like information on any of the individual examples given please let me know.

B M Thimont

ANNEX

Control of Manpower and General Administrative Expenditure

Pay of Industrial and Non-Industrial Civil Servants

Central Computer Agency Work—including Telecommunications

Civil Service Catering Organisation and catering policy

Specialised Training—especially ADP

Location of Government (including dispersal)

Employment of Women and of Disabled and Coloured People

Flexible Working Hours

Health Screening

Industrial Democracy

Job Satisfaction

Political Activities/Business Appointments/Conduct

Staff Welfare

Regional Approach to Personnel Management

9 *June* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 7

THE WORK OF THE MACHINERY OF GOVERNMENT GROUP IN THE CIVIL SERVICE DEPARTMENT

Memorandum by the Civil Service Department

The Machinery of Government group, which is headed by an Under Secretary, falls into two parts: Machinery of Government 1 (MG 1) which is concerned with the structure of central government, and Machinery of Government 2 (MG 2) which is concerned with the location of Government and the working environment for civil servants. Senior staff in MG 1 consists of one Assistant Secretary and two Principals and in MG 2 one Assistant Secretary, one Senior Principal and two Principals.

MG 1

2. The primary role of the Division is to give advice on the allocation and distribution of functions between Government Departments and other public bodies which form part of the central administration. Advice is required when major changes in the structure of Government or the allocation of functions between Ministers are contemplated, e.g. following a change of Government after a General Election, from time to time when changes are made within the existing board governmental structure, and when the creation of new public bodies is under consideration. The Division may also be called upon to participate or take the lead in studies to resolve uncertainties about the precise allocation of responsibilities between Departments or about how to accommodate new governmental tasks within the departmental structure.

3. As part of this role, the Division advises on technical aspects of the transfer of Ministerial functions, taking into account the provisions of the Ministers of the Crown Act 1975; on the numbers of Ministers who may be paid salaries within the limts set by the Ministerial and other Salaries Act 1975; and on technical matters relating to the nature and status of Ministerial and other offices.

4. The Division also contributes to consideration of wider constitutional issues relating to both its own direct interest in the organisation of the central administration and also as co-ordinator of the interests of other Divisions in the Civil Service Department. As a major example, the Division has participated fully in the work on devolution led by the Constitution Unit of the Cabinet Office. The Division is also concerned with institutional changes in the public sector as they bear on the organisation of central administration and on the relationship between central and local government.

5. The Division also has responsibilities in relation to the interpretation and other general questions arising from:

(*a*) the Parliamentary Commissioner Act 1967;

(*b*) the House of Commons Disqualification Act 1975;

(*c*) the Statutory Instruments Act 1946;

(*d*) the Crown Proceedings Act 1947.

These responsibilities include at (*a*) handling of any proposals to amend the Act; at (*b*) up-dating the list of disqualifying offices; and (*c*) keep a general oversight of the choice of the various forms of secondary legislation provided for in primary legislation and at (*d*) in consultation with the Treasury Solicitor the revision of the list of authorised Departments for the purposes of the Act.

MG 2

6. The Division is concerned with certain policy issues arising out of the provision of accommodation for civil servants. A major aspect is the development and application of policy for the location of central Government, in which the Division works in close association with the Departments responsible for the Government's regional policies and with the Property Services Agency.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

7. The Division has a specific responsibility for the co-ordination and supervision of the programme announced by the Government in July 1974 for the dispersal of some 31,000 Civil Service posts from London and the South-East mainly to the assisted areas. This task includes developing and keeping a check on the timetable for the moves, taking the lead when necessary in resolving inter-departmental issues, and consultations with the National Staff Side in connection with the dispersal programme.

8. The Division participates jointly with the Property Services Agency in the formulation and promulgation of standards for Civil Service accommodation and in the administration of a country-wide programme for improving the quality of sub-standard offices. The Division participates in consultations with the National Staff Side on accommodation matters.

Co-ordination within the Civil Service Department

9. The Machinery of Government group across the whole range of its work keeps in close touch as appropriate with other parts of the CSD, notably the Manpower, Management Services and Personnel Management Divisions.

23 *June* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 8

THE POWERS OF THE CIVIL SERVICE DEPARTMENT

Note by the Civil Service Department

From its conception in the Fulton Report, a separate Civil Service Department (CSD) was seen to be necessary to implement the approach to the central management of the Civil Service recommended in that Report. The Department's Minister is the Prime Minister as Minister for the Civil Service, and the Department acts with the formal authority of the statutory and prerogative powers vested in the office of the Minister for the Civil Service. The Permanent Secretary to the CSD is also the Head of the Home Civil Service and as such has a direct relationship with the Prime Minister.

2. Functions were transferred from the Treasury to the Minister for the Civil Service by the Orders of 1968 and 1971 made under the Ministers of the Crown (Transfer of Functions) Act 1946 (Annexes 1 and 2). The powers of Civil Service central management which support these functions have evolved rather through precedent and practice than in statute. Article 5 of the Civil Service Order in Council 1969 (Annex 3) embodies the formal prerogative powers of the Minister for the Civil Service in relation to the Home Civil Service. The Treasury had come to exercise these powers and develop into a central department by reason of its position as guardian of the public purse. Similarly, the development of CSD functions since its creation has been based not only on further statutory powers (for example in relation to new public bodies) but also and mainly on the exercise of its general authority as a central department, which may turn on Supply procedures (see below), on collective decisions by Ministers or Heads of Departments (often acting through Establishment Officers), on persuasion and on a recognition by other departments of the value of what the CSD can do. The functions taken over from the Treasury, and the others that have been developed or added since, are the concern of CSD because they are most efficiently, effectively and economically dealt with from the centre, and because a central view can usefully contribute to the management practice, knowledge and expertise of the Service as a whole.

3. Against this background, the functions of the CSD cover a spectrum ranging from those in which the Department on behalf of its Minister exercises specified powers of control to those in which it advises, co-ordinates and guides other departments, seeks to persuade them of its point of view and provides them with a service. It would be misleading, however, to draw hard and fast distinctions between functions according to the specific powers or general authority and influence which support them. The various functions interact and support each other; and—for instance—a CSD view in an area of direct control could be over-ruled by collective Ministerial decision, while an informal role of co-ordination could be decisive where the central view of the general interest is recognised as decisive.

4. For the most part the functions of the CSD are of a controlling nature where they are formally specified in statutes (e.g. in the Superannuation Act 1972) or in the Orders in Council mentioned in paragraph 2. Thus, subject to ministerial authority, the Department has powers to determine, usually through negotiation with staff interests, the pay, allowances and conditions of service (including pensions) of the Home Civil Service. It also has powers of control for most of these matters in relation to the Diplomatic Service, the Armed Forces and certain smaller groups in the public sector. Whilst the Civil Service Commissioners are independent in their recruitment decisions, the CSD determines overall recruitment policy and methods.

5. Also, by administrative agreement with the Treasury, the CSD exercises Supply powers in close liaison with the Treasury through the annual scrutiny and approval of departments' Supply Estimates, the forward survey of public expenditure (PES), and the administration of cash limits. Thus the functions of the CSD in the manpower area rest on the 1969 Order in Council as to grading but more generally on the power of approval of departments' manpower Estimates.

·Annexes 1, 2 and 3 not printed.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

6. The Permanent Secretary of the CSD, as Head of the Home Civil Service, advises the Prime Minister direct on machinery of government matters, on senior appointments and promotions in the Home Civil Service (at Deputy Secretary and above) and on appointments to public bodies. CSD approval is also required for all promotions to Under Secretary and all appointments to Establishment Officer posts.

7. The Central Computer Agency's functions include control over the provision of administrative computers on an Allied Service Vote, as well as providing a wide range of advice and services to departments.

8. Other main functions in which the Department's authority is of a less formal and directing nature are its work in developing Service-wide personnel management policies; the management of staff in the Open Structure (Under Secretary and above) which includes career development and succession planning; the work of its Management Services divisions; its co-ordination and supervision of the location of Government offices (including the dispersal of civil servants from London and the South East); its participation in the development of standards for Civil Service accommodation; and its provision of a service in the administration of pensions, training, medical advice, catering, payroll and personal records. In these areas, as Fulton stressed, particular importance attaches to the achievement of a creative partnership with Departments.

9. Within the bounds of ministerial collective responsibility, departmental Ministers are ultimately responsible for the way in which their departments carry out their functions (which include responsibility for organisational efficiency and staff management), and each Accounting Officer answers direct to Parliament for the effective and economical conduct of his department as a whole (which, again, includes responsibility for ensuring that the department is organised and staffed on sound lines). Fulton accepted this concept of partnership (which indeed had characterised the Plowden Committee's approach in 1961 to the relationship between the Treasury and departments; Cmnd 1432 of July 1961, paragraphs 34–36) and placed emphasis on the new CSD providing an enhanced central lead and stimulus to departmental management, particularly in the areas of personnel management and management services.

7 *July* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 9

SPECIALISM AND CAREER PROGRESSION IN THE CIVIL SERVICE

Note by the Civil Service Department

Introduction

1. This paper is written in response to the Sub-Committee's wish to examine further the problem of specialists and generalists in the Civil Service. It attempts to give perspective to the subject, to explain policy in relation to it, and to show how the working-out of that policy for specialists is assisted by the provision of particular machinery.

2. It will be argued in the course of the paper that all civil servants are in some sense specialists, the specialism of so-called generalists being administration. So that unambiguous terms can be used in developing the arguments, the words "administrator" and "administration" will denote the generalist and his skills, and "specialists" and "specialisms" will be used collectively for all other specialists and their skills.

The policy background

3. The relationship of specialists and administrators can only be properly examined in the context of the two basic needs for the efficient conduct of the Civil Service: understanding and defining the nature of the work to be done, and finding and developing the best people to do that work; these considerations were the basis of Fulton's approach.

4. Every job in the Civil Service, at every level, needs a measure of skill. Some skills are formal, and are acquired formally, as with medicine, law or organ-playing; some are experiential, as with filing papers or understanding the workings of the Government machine, and are acquired in the course of learning and doing the relevant job. The main basic skills needed for some jobs are readily apparent—for example, scientific research or lorry driving. Those required for other jobs are sometimes less obvious. This is particularly the case with administrators, whose special skills are the ability to form judgments and offer advice on policies and courses of action in an imperfect and imprecise world where single, definite answers are rarely available.

5. Most posts in practice demand a mixture of formal and experiential skills. The balance depends on the nature and level of the work. Administrative posts tend to need a greater measure of the latter, whilst specialist jobs depend more heavily on the former. But whatever the type of post it is almost always the case that the more senior the level the more it demands relevant experience and general skills (especially those of judgment and the ability to organise and manage work and staff) than specific skills (such as running a computer or drafting a letter).

6. This varied and changing pattern of work content poses certain fundamental career problems. Younger administrators must spend much time and effort in their earlier years in acquiring skills which they cannot formally learn before entry to the Service; but they have the advantage that in doing so they are getting experience directly relevant to everyone aspiring to more senior posts. Conversely, specialists new to the Service come ready kitted-out with the formal skills they need to do their job effectively almost at once; their difficulty is that, unless they take positive and timely steps to move in directions not always in accordance with their personal inclinations or natural career paths, they may find themselves without the necessary experiential skills when the time comes for them to be considered for more senior jobs. And other more specific career problems sometimes arise from failure to grasp the real, if less obvious, importance of experiential administrative skills by contrast with the obvious existence of formal specialist skills—notably the feeling that specialists are somehow prevented by the system from getting into administrative work, when frequently the real obstacle is their willingness, ability, and opportunity to learn the new skills necessary to make such a change, particularly later in a career.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

7. Individually, of course, neither jobs nor people usually have characteristics as simple or as clear-cut as the foregoing paragraphs might suggest. But some such analytical framework is needed if people are to be guided to rational, practical and satisfying decisions about their careers.

Civil Service career policy

8. Against this background, it is the Service's policy to afford full scope for the use and development of each officer's talents and experience, within the limits of what the officer wants and is capable of, and always provided a suitable post can be made available. In career development terms, this means trying to see that at any time each officer has the training and experience which will fit him for the widest range of available posts consistent with his formal skills, aptitudes and inclination. In posting terms, this means the application of Fulton's prescription "look at the job" and consideration of how far each officer's record makes him a candidate.

9. Within this policy framework, career decisions depend on the interplay, at the time the decision is made, of the individual's ability, aptitude, education, training, experience and motivation with available job opportunities. No career step will be soundly-based unless the factors bearing on it interlock properly; and each career step contributes to making the next almost inescapable, easier, harder, or even impossible, whether an individual is conscious of this or not and whether or not he knows or has planned what that next step might be.

10. This means that every career decision has important implications. Even at recruitment, the work an entrant opts for will begin to mould his pattern of experience—and time spent acquiring one type of experience is irretrievably lost for gaining any other. The earlier an individual can gain a broad appreciation of the type of career patterns and opportunities available, of the general direction in which he wishes and is, or could become, equipped to progress, and of the nature and timing of the decisions he will have to make to follow that path, the more likely he is to have a satisfying career.

11. Recent Civil Service recruitment figures give an interesting indication of how far even some new entrants may be aware of this need. In the years 1971–75, of Open Competition entrants as Administration Trainees, 126 had degrees in Natural or Applied Sciences and 241 had degrees in the Social Sciences, as compared with 479 with degrees in the Arts and Humanities. Virtually all those with degrees in Natural and Applied Sciences and a proportion of those with degrees in Social Sciences would have possessed the qualifications to seek entry to specialist groups or classes. In the same years, of those still serving, 40 Direct-Entry Principals had degrees in Natural or Applied Sciences, 37 had degrees in the Social Sciences and 54 had degrees in the Arts and Humanities. In the field of Executive Officer recruitment, in 1973–75, 997 graduate entrants had degrees in the Natural or Applied Sciences, 1,526 had degrees in the Social Sciences and a further 1,590 had degrees in the Arts or Humanities.

Career development machinery for specialists

12. The considerations discussed in paragraph 6 imply that specialists may more often than administrators be faced with difficult career decisions. The Service recognises this, and makes special provision to help in following through in practice some of the consequences of such decisions. Many of these arrangements are aimed particularly at giving opportunities to acquire broader experience and background outside a narrow specialist field. Such opportunities are increasingly provided by normal career development arrangements under which, for example, specialists more frequently move into posts outside their specialisms, and by training courses, both those designed particularly for specialists and those of more general application. But other, more specific, means have also been developed since Fulton and are mentioned in the following paragraphs.

13. *Opportunity posts* are posts, usually in the range Executive Officer to Assistant Secretary or equivalent, agreed with departmental staff sides, for which members of more than one group are automatically considered. Some are "open" posts.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

for which any suitable officer may be considered, whilst others are "limited" and are restricted to certain agreed groups only. By September 1975 there had been established about 1,360 open and 2,080 limited opportunity posts; 308 of the incumbents were of a different discipline from their predecessor.

14. *Lateral transfer* allows freedom of movement between groups and classes. Movement normally takes place between grades at a roughly equivalent level, and can either be for a limited term (2 years is common), or involve a permanent change of group. Where a move is temporary, the purpose may be either to provide broader experience for an officer expected to develop a career in his own group, or to give a trial period on new work to someone for whom eventual permanent transfer is contemplated. When a permanent move is to be made, the officer concerned must satisfy the procedures which govern selection for the new grade to be filled. In 12 months to September 1975 there were approximately 70 temporary and 100 permanent lateral movements. (These figures are, if anything, an under-estimate.)

15. *The Senior Professional Administrative Training Scheme (SPATS)* is open to those civil servants at Principal level in all specialist groups and classes who have been identified as having potential ultimately to reach more senior levels. Those selected undergo 3 months of formal training provided by the Civil Service College, and then normally spend 2 years in an administrative post at headquarters, often in full Principal posts. The great majority return by choice to specialist work with valuable fresh insights into wider aspects of the Service to support the later development of their careers.

16. Since SPATS began in 1972, 128 specialists have undergone the formal training element, while 78 have been given experience postings. Although a small number of individuals drop out of the scheme (often because of promotion) most of those who have undergone training but have not yet been posted are part of the recent entry for whom postings are awaited. Of the 78, 5 have opted to stay in administrative work.

17. *Early promotion* is an interdepartmentally agreed policy in the Science and P & T Groups designed to ensure that the most able members of the groups are promoted early to Principal level. This will allow them time to reach a level where they may compete for Open Structure posts at a comparable age with the most able members of the Administration Group.

18. In considering people for the *highest posts,* special arrangements are made, as part of the annual Service-wide review of promotion potential at senior levels, to identify specialists suitable for promotion to or within the Open Structure to posts outside their own fields so that they can be considered for appropriate vacancies (56 immediately below Open Structure level were so identified in 1975). Currently some 350 Open Structure posts (about 40 per cent of the total) are filled by people who were in a specialist grade immediately before joining the Open Structure. But of course many of them are in posts which, though calling for the wider outlook and skills of the Open Structure, are a natural specialist extension of earlier careers.

Conclusions

19. This paper points to the fundamental need of the Civil Service for staff at all levels whose ability, skills, aptitude and experience match the requirements of the work to be done. It suggests that careers which, within the constraints imposed by that need, are satisfying to the individual depend upon his recognising that the fulfilment of his aspirations will depend upon acceptance of some more or less fixed personal limitations (eg of ability or aptitude) and upon his taking opportunities sometimes at the cost of difficult personal decisions, to develop other attributes (eg experience or training) relevant to his ambitions. Because of the fundamentally different nature of their respective work, specialists can sometimes face more difficulties in the practical working out of their career decisions than administrators. Special arrangements have thus been provided, where appropriate, to assist them.

20. The fairly limited number of specialists who take advantage of these arrangements (in relation to the size of the Service) derives mainly from the wish

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

of those who have chosen to follow a specialist profession to stick on this decision, or at least to stay in a field closely associated with that specialism. Those who decide only midway through their career that they would like to move completely away from their specialism face the same basic difficulties as do generalists who would like later on to become specialists—for all, there is no having their time again. Skills and experience not gained early can be acquired later only by an exceptional few; and even they are then hard put to compete with those who started on that track long back. The Service could not solve the individual's problem without failing to match "looking at the job" with "looking at the man".

September 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 10

THE CIVIL SERVICE COLLEGE

Memorandum submitted by Andrew Dunsire (Reader, University of York) Chairman, Public Administration Committee of the Joint University Council for Social and Public Administration

These are my personal opinions, and are not to be taken as the collective views of the Public Administration Committee, of which I have the honour to be Chairman.

2. My experience of the Civil Service College comes from having lectured in the Edinburgh Centre since it opened in 1971, mainly in Introduction to Management courses for HEOs, and having seen most of the full-time staff come and go in that period; more recently, I have lectured in the London Centre, and acted as consultant in the preparation of a new sequence of study for Administration Trainees. I have also attended most of the seminars arranged in 1974-75 and 1975-76 by the College and the Committee for younger lecturers and Principals. For the past two years I have been a member of the Advisory Council for the College.

3. I shall take it that the Sub-Committee is familiar with the Heaton/Williams Report on *Civil Service Training* (CSD, September 1974), and has seen the Principal's report on the work of the College for 1974-75, presented to the Advisory Council on 5th February 1976.

4. There is general agreement, I think, that some of the College's difficulties arise from its 'comprehensive' nature: that it is, as Heaton/Williams put it, 'expected to combine the roles of All Souls and an adult education centre, with some elements of technical education and teacher training thrown in . . .'. The staff associations and the National Staff side have made clear their determination that it should not be a college for the Higher Civil Service. The figures for 1974-75 show that 5·2 per cent. of all civil servants attending College Courses were below Executive Officer grade, and 77·5 per cent. were at grades of Higher Executive Officer and above or equivalent in other occupational groups. If one divides the course types into two groups as follows:

'Management'

Courses for Higher Executive Officers
Administration Trainee and HEO(A) courses
Senior and Middle Management courses and seminars
Courses for specialists (administration, assistant statisticians, economic assistants, graduate specialists)
European and international training

'Technical'

Management services and accountancy courses
Courses in automatic data processing
Instructional techniques and training methods courses
Small group training unit courses (including EO/HEO job-related courses)

and then draws the grade line between HEO and AT/HEO(A), the pattern that emerges is this:

'Management'	*'Technical'*
3919	949
	AT/HEO(A) and above
791	HEO and below
	3249

(figures refer to numbers of civil servants attending courses in 1974-75)

I have myself no experience of what kind of difficulty may be ascribed to the presence of such a pattern in the College's work.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

5. There is general agreement too, I think, that several if not all of the criticisms collected by, and in part endorsed by, the Heaton/Williams report ('the poor quality of much of the teaching, the over-academic nature of some of the courses, their lack of coherence'—Paragraph 5.5) refer mainly to the 'Management Training' side of the work. Of the other half, little but appreciative praise is heard. Moreover, on the 'management training' side itself, there is some evidence that the bulk of the criticism can be traced to one category of trainees in particular, the Administration Trainees. They are a highly intelligent and articulate group, who in many ways have unreasonable expectations of the courses, and are perhaps the 'wrong' age for management development; but they are well placed to magnify any dissatisfactions on their return to their departments, even if in 1974-75 they formed only 3·5 per cent. of the total training load. I can confirm that they provide an extremely difficult class to teach, hypercritical of presentation, and a hundred times more contemptuous of anything smacking of 'theory' than many of their greatly senior colleagues in the Service.

6. Nevertheless, among the criticisms of the management training work of the College in its early years, no doubt many were well merited. I will make only two points. First, the Fulton Report was published and the College set up during a wave of civil service enthusiasm (at least in certain quarters) for a more 'managerial' approach, but the College was provided with no clear specification of what that implied in terms of course content, other than an extension of the relatively innovative and successful courses in economics pioneered by its predecessor-institution, the Centre for Administrative Studies, for comparatively small numbers. It was soon decided that economics would be joined in the College courses by other social sciences and their applications: but innovation of an even higher order was required to put them into a form suitable for the College's audiences and time-scales, and it is hardly surprising that the necessary creativity was not always and everywhere available, or that the process should take time, by trial and error.

7. Second, it is simply not the case that there existed a large corpus of sound well-tested and proven management training syllabuses and methods in the 'business schools', needing only to be 'adapted' for public sector use. In the first place, the business schools were going through a traumatic period; it was in 1971 that there appeared two British reports and an American article, all betraying considerable unease about the value to employers of the postgraduate management training programmes then available (*Business School Programmes* (The Owen Report), British Institute of Management, 1971; *British Industry's Attitudes to Business Graduates and Business Schools.* Business GraduatesAssociation, 1971; 'The Myth of the Well Educated Manager' (by J Sterling Livingston), *Harvard Business Review* Jan/Feb 1971, pages 79-89). In the second place, even if well-tried business school programmes were available, the question of what—if anything—is transferable and adaptable to the public service is highly controversial, opinion leaning generally to the view that it is less rather than more, as the Heaton/Williams report recognises (and see J G Cuckney, 'The Commercial Approach to Government Operations', *Management Services in Government* volume 29 No. 3, August 1974, 121-129).

8. The new College, therefore, was learning fast in the early years, while expanding at an enormous rate at the same time. Nor was it only in the *content* of its programmes that College staff had to learn largely by doing, on the 'management training' side: it was also in training *method,* and to my mind it was *gaucherie* in this, rather than in the actual content, which engendered some of the more well-merited criticisms. There were two features of College organisation in the first five years which, in my opinion, exacerbated these difficulties. The first was the policy of 'importing' university academics on short-term contract to provide 'subject' knowledge, leading to relatively high turnover of lecturing staff. The second was the basic 'dual hierarchy' structure of Directors of Programmes and course tutors on the one hand, Directors of Studies and lecturers on the other hand.

9. Let me discuss this second feature of the organisation first. There is sound 'theory' behind such a structure. There *is* a duality in a college which is not

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

an institution of higher learning or even a vocational training establishment, but an adjunct to staff management and the improvement of performance. An 'in-house' training institution (or 'staff college') has little or no 'academic freedom'; less than the 'polytechnic' (where the duality is seen in the distinction between DES 'approval' and CNAA 'validation'); less even than the vocational training school, where the syllabuses were laid down by national 'certifying' bodies and the students examined by them, the school merely following the rules. Since in the case of the College the 'owner' or 'Management' (to be equated, I suppose, with the collectivity known as 'Permanent Secretaries') was in no position to *state* his 'training requirement'—the difference in the trainee before and after satisfactory training—let alone reduce it to a system of rules for the College to follow, the alternative was for the 'owner' (or 'client') to be represented at all decision points and for decisions to be taken jointly. If this were the logic of the dual hierarchy in the College, then of course it would follow that Directors of Programmes and course tutors would be permanent civil servants, while Directors of Studies and lecturers would be imported from universities and other educational institutions.

10. It did not work out. Permanent Secretaries were of several minds, or uninterested, or hostile. Directors of Programmes proved no more able than the teachers would have been to interpret from the broad policy statements of Ministers what the "training requirement" should be. Directors of Studies brought considerable "subject" scholarship and experience in research to the College, and found neither of much use. Both sides found themselves singularly ill-equipped to deal with the problems that loomed largest on the spot at the time, with a fresh intake due in a week's time and the complaints of the previous course still ringing in the ears. It was programme *planning* and syllabus *design* and training *technique* and presentation *style* that were their problems, and since they found each other no better at it than they felt themselves to be, they learned together—though with much residual confusion over who was to be responsible for what, and what they had been appointed to do.

11. The original dual hierarchy concept (never completely realised in any case—some Directors combined "Programmes" and "Studies") now survives only in the titles. Latterly, one or two Director of Studies posts have been filled by administration group officers transferred to the College from non-training departmental posts. For several years, course tutors have given lectures; and lists of College staff have not distinguished between course tutors and lecturers. "Demarcation" disputes still occur, where particular course tutors are thought to be taking on rather too much responsibility for course content; but identity of outlook (for instance, towards ATs, or politicians, or non-College CSD people) is quite marked.

12. If my personal experience is a reliable guide, then the common experience of thrashing out improvements in training technique and presentation method has largely broken down differences in background and "qualification" among members of College staff. Diffused throughout the College, so far as I know it, there is a confidence that they have now taken the measure of the "training technology" problem; a kind of "rule of thumb" understanding of what method will "go" and what will not go; how much lecturing to allow, and how much participative method to allow; what style of delivery permits communication, and what inhibits it. I believe that the College has reached a "take-off point" in this regard, and that self-sustained development will proceed, overriding the disruption of frequent staff changes.

13. But this has been achieved (if it has) in spite of the "dual hierarchy" structure, and in the face of the policy of recruiting university teachers on short contract into distinct "faculty" posts. I long ago stated my view that the archetypal functions of a university and of a "staff college" are so different that a university teacher (as such) is virtually incapacitated for the latter. What is required in the "staff college" (meaning only the internal management training establishment, whether or not for "higher" staff) is the carefully-designed "package" guaranteed to raise a trainee to the required standard in the specified skills in the most economical way and get him back to his job; the university task and milieu inculcates other values altogether. (See my contribution to a conference between members of the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Civil Service Department and of the Public Administration Committee held at York in April 1969: *PAC Bulletin* No 6, May 1969, available in CSD Library, or from JUC Office, Royal Institute of Public Administration; and see the proceedings of a second conference, held at Sunningdale Park, April 1970, *PAC Bulletin* No 8, June 1970.)

14. The experience of the College in recruiting academics of adequate calibre, and in retaining them, has not been very happy; and staff have sometimes contrasted their hopes on appointment (having been encouraged to plan research, "access" for research purposes being marginally easier from the College than from universities) with the little they have managed to do, such were the pressures of "learning the job", and of programme innovation. Indeed, given the pressures on the College itself in the last five years, the amount of research produced has been creditable. Nevertheless, individual staff research cannot replace (at least in "research for Government", which is what is expected of the College, as contrasted with "research into Government") the work that can be done by full-time research teams properly funded and organised.

15. It has also been the experience of the College, I understand, that recruitment of staff from other parts of the Service has been almost equally difficult. Departments have been none too willing to release good men and women for College work, and individuals have been reluctant to see the steady progress of their careers in the Department "interrupted" in such a way. The Civil Service Department, presumably, has ways of rendering secondments attractive (for example, by showing that they are often the immediate precursor of promotion); but there is no doubt that the preferable way would be to make the College appointment attractive in itself. One way of improving the College's general "image" has been suggested: to make attendance at any of its courses not compulsory but competitive. In practice, this would apply only to the Administration Trainee courses on the "management training" side; and most of the "technical" side courses are oversubscribed heavily already. But if there is anything in the supposition that AT training is the most "visible" of the College's work, a change in that might have effects as disproportionate as the effects of AT dissatisfaction are said to be.

16. There would have to be a distinction between AT "induction" courses, done in Departments as are other induction courses, and the AT College course, seen to be the necessary prerequisite of promotion to Principal (and normally followed immediately by that promotion). It would be the difference between a course which (as at present) is seen to have as its purpose the completion of an officer's basic equipment ("topping up the degree"), and a course which is seen as "management development", and undergone after a somewhat longer service than the present one.

17. My principal recommendation, however, would be a change in the College structure, at least on the "management training" side. The separation of posts in the College into Directorships of two kinds, and into course tutorships and lectureships, I conclude, need not continue. The skills of the transferred permanent civil servant and of the imported academic, though clearly different, and very possibly of a high order, are nugatory in comparison with the amount each has to learn (and unlearn) after joining the College. It would in my view be a better policy for the College on the one hand to advertise nationally an (unstated) number of (undifferentiated) posts in the College on indeterminate tenure, to attract people who are interested in the work as such, on the understanding that they are joining the Civil Service and may leave it on the same conditions as other civil servants, and that they will have to serve for a minimum of one year in a non-College civil service post before being appointed to the College; and on the other hand, to recruit internally to equally undifferentiated College appointments, specific vacancies being filled according to "qualifications and experience" as with other kinds of post, but on the understanding that at least some such appointees will be seconded for one year to a university or polytechnic or other institution before taking up their post in the College. This year should not be ordinary "study leave", but should be spent in one of a few designated graduate schools whose staff were already familiar with the College's needs; and its purpose would not be research but familiarisation with recent developments in a particular subject area.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

18. These changes would at the minimum bring staff turnover within the College much more under the control of the Civil Service Department and help to minimise diseconomies arising on that score. They should also enable the College to be organised on a simpler basis, although I would not pretend to be able to recommend at this distance what the basis of the distribution of duties should be. It is to be hoped that this in turn would remove many of the grounds of confusion and territorial dispute, while allowing the sense of shared problems and of contributing to solutions to continue and develop. Improved confidence, certainly if accompanied by manifest improved performance, would then allow the " management training " side of the College to share the esteem and professional respect which I believe the " technical " side already commands.

19. If changes such as these are not feasible, then I believe more drastic solutions should be considered. One would be to take at least the " management training " side of the College out of the civil service altogether—to " hive it off ", and make it responsible for its own staffing under whatever rules seem best, outside the ambit of the Civil Service Commission, and with no transferring in and out of other Departments. This might indeed prove more cost-effective from the Civil Service's point of view. If such a course of action were to be considered, it seems likely that the name " Civil Service College " might be dropped; and such a hived-off body might then need to look for shelter under some other umbrella. Such an umbrella body well suited for the purpose, it seems to me, already exists: I refer to the Royal Institute of Public Administration. The Royal Institute is not at the moment suitably housed, staffed, or equipped to take on such a role, but it has the basis of the necessary administrative organisation, and it is governed by a Council on which many senior civil servants already sit. It is the senior Institute of its kind in the world, and it at present carries on a good deal of management training for overseas officials, as well as running a large management services and operational research establishment well versed in the needs of the public sector in all its manifestations. I have not, however, discussed this suggestion with the Director-General or anyone else at the Royal Institute.

20. In conclusion, I should like to remark that I hope the Sub-Committee will, as a matter of urgency, examine closely the present proposal to close down the Edinburgh Centre of the College. I have no knowledge of the financial or other arguments in favour of doing this. But the Edinburgh Centre of the College, in my experience, has a fine spirit and a good internal cohesion, with virtually no " organisational " problems. Such a decision ought not, surely, to be divorced from the " devolution " situation, and from the obvious desirability of retaining an experienced team and convenient facilities for civil servant training in Scotland.

Andrew Dunsire
Chairman, Public Administration Committee

10 *June* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 11

TRAINING OF ADMINISTRATION TRAINEES

Memorandum submitted by the Civil Service College

1. ATs are trained principally on the job, under careful supervision, in the planned series of postings which their departments arrange for them in their early years. Formal training is supplementary to this. Those ATs who enter the grade from outside the Service will at a very early stage receive brief induction training in their departments. There is no standard pattern but this will usually acquaint them with the functions, policies and organisation of their departments and how its main administrative processes work. The main formal training is given centrally at the Civil Service College. All ATs attend two courses, each of 10 weeks, the first after about one year in the grade and the second about a year later. Those who are selected for the fast streams and become HEOs(A) will attend a further 10-week course at that stage. The courses are given at the London Centre of the College and are not residential.

2. The AT courses are what is sometimes called "developmental"—that is their objectives are broader, deeper and longer-term than would be training for the next job or two or any specific job. The aim rather is to help ATs learn how to tackle more effectively and quickly any administrative tasks likely to come their way in the years ahead. The courses have accordingly been designed to provide ATs with opportunities to learn something of subjects useful in analysis and policy formulation; of the constitutional, economic and social framework in which Government operates and of the changing role played by Government in the community as well as of the changing nature of that community itself; of the processes of decision-making in Government and of the constraints upon them; and of some of the methods devised for the more efficient management of Government business.

3. The subjects covered by the courses are selected as basic to the needs of all ATs whatever their departments, and emphasis is laid continually on the applications to Government work. In out-line the syllabus is developed in this order:—

STAGE I

Numeracy and Statistics (2 weeks)

The purpose here is to develop both the basic skills required of administrators in working with numerical data and a willingness and ability to use statistical information as a necessary tool. A very brief introduction to computers is included.

The sequence also sets out to give an insight into some of the more important concepts underlying statistics and to introduce course members to the work of the Government Statistical Service and to illustrate the use of published statistics.

Economics (4 weeks)

The main objective is to introduce ATs to some of the basic elementary concepts of Economics and to relate these to the practical problems of Government. More specifically the course gives an idea of how the British economy works, considers how decisions made by administrators might affect the operation of the economy, discusses how some of the constraints which bear upon administrators might arise within the economy and describes some of the tools which administrators might ask economists to use e.g. cost benefit analysis or economic forecasting.

Public Administration (4 weeks)

This is really a group of subjects but the overall purpose is to establish the constitutional framework within which ATs will be working. The main components for study are aspects of the Law and the legal system, the EEC and implications of membership, and the main structures, roles and systems in Parliament and Government.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

STAGE II

Management of Staff (2½ weeks)

This is in some ways the sequence which offers the most immediate practical application. ATs are introduced to a variety of management situations; they are taught something of the factors which influence the behaviour of people in these situations and of the skills which are necessary for the manager, and the whole is set in the context of current CSD policy, and contrasted in some instances with personnel policies in other organisations.

The organisation of Government departments (1½ weeks)

If staff constitute one basic tool available to all managers and administrators, the way those staff and their jobs are arranged organisationally is the other. Here ATs will be given a very brief background of organisational theory and of its relevance to them but the main purpose will be to develop a constructively critical approach to the questions why Government departments are organised as they are, what other possibilities there might be and how organisation can be adapted to get the job done better.

The changing environment of Government (4 weeks)

The aim here is to deepen ATs' knowledge of society in the sense of the whole environment of Government, to emphasise its changing nature, to study the inter-action between Government and its wider environment, and to show some of the ways in which Society's needs and the reactions to Government can be measured and sometimes anticipated.

Policy Studies (2 weeks)

There can be no claim to any blue-print on policy-making and implementation, but the purpose here is to study the whole process from the stage at which a problem is defined, the evaluation of alternative solutions, the choice of one, its implementation and through to its subsequent monitoring and review. The aim will be to help ATs approach problems systematically and rationally and when, as so often, pressures prevent an ideal approach, to select and concentrate on the elements which are most important in the particular circumstances of the case. This sequence will to some extent synthesise and bring together the previous 6 sequences of both courses.

4. The courses are essentially standard for all. But in some sequences, notably in Statistics and Economics, there is scope by means of grouping and special tutorials to give more or less advanced instruction according to individual need, and in others to offer some choice either between different fields for detailed study and tutorials (as in Public Administration), or between the case studies which are the vehicle for the current teaching point, as in The Changing Environment of Government. Case studies drawn from recent departmental experience are a particular feature of the second-stage course and especially of its last two sequences. A wide variety of teaching methods is used.

Civil Service College

June 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 12

ADMINISTRATION TRAINEE SCHEME

Letter and note from the Civil Service Department

In view of the interest of the Expenditure Sub-Committee in the Administration Trainee scheme, on which as you will recall we prepared an information paper in November last year, the Sub-Committee may wish to know that we have decided that an inter-departmental committee of officials should conduct a review of the working of the scheme. This committee will be set up and will begin its work after the streaming of the 2nd (1972) intake of ATs has been completed early next year, but meanwhile we shall be starting to assemble statistical and other factual material to assist the inter-departmental committee in its task. This committee will of course be able to take account of any views which the Sub-Committee may wish to express on the AT scheme in the course of its present enquiry.

We have written today to inform the National Staff Side of our intentions.

B M THIMONT

24 *June* 1976

THE ADMINISTRATION TRAINEE SCHEME

The Administration Trainee (AT) Scheme was introduced in 1971 following agreement between the Official and Staff Sides of the Civil Service National Whitley Council on the formation of an "Administration Group" by the merging of grades from the former Administrative, Executive and Clerical Classes. (Previously about 80 Assistant Principals a year were recruited to the old Administrative Class.) The aim of the merger (as described in the 1971 report of the Joint Committee of the National Whitley Council set up following the Fulton Report) was:

> "To enable the work of the Service to be done more effectively. This means removing such barriers as remain to the use of staff in the posts for which they are best suited. It also means ensuring that the way to the higher levels of the Service is open and is seen to be open to the most able people no matter by what method they entered."

In the same statement the new AT scheme is described in the following terms:

"Two New Grades to Develop Staff for Faster Advancement to Principal

With the introduction of the new grades of Administration Trainee and Higher Executive Officer(A) the grade of Assistant Principal will be abolished. Entry to the AT grade will be open, by competition on equal terms through the Civil Service Selection Board and Final Selection Board, to those already in the Service who are eligible under rules agreed between the Official and Staff Sides, and also to graduates from outside the Service. The initial aim will be to find some 250/300 successful candidates each year for entry to this grade, the members of which will be given special training and the chance to be considered for faster advancement to Principal. At most 175 of these will be recruited from outside the Service; the remaining places will be reserved for internal candidates (in fact all internal candidates who reach the required standard will be accepted for the new grade and recruitment from outside the Service will, if necessary, be reduced in the following year to allow for this). Former EOs serving in the AT grade will remain eligible for departmental promotion to HEO. If they are so promoted they will be appointed to HEO posts under normal departmental arrangements and will be paid on the HEO scale. They will, however, continue to be treated as ATs and will be reported on as such for selection purposes.

The best ATs (about one-third of the total) will be selected for promotion to HEO(A) between 2 and 4 years after becoming ATs. Departments' recommendations for promotion to HEO(A) will be subject to confirmation by the Central Probation Board, by an extension of its probation functions. ATs will be selected for

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

HEO(A) with a view to their later promotion direct to Principal, in competition with SEOs; they should normally achieve that promotion after 2 to 3 years in the HEO(A) grade. In the event of any HEO(A) not being found suitable for promotion direct to Principal, he will be moved to the HEO grade.

Those ATs who are not selected for HEO(A) can normally expect to be considered for promotion to HEO, through departmental procedures; if they are already HEOs they will continue in that grade. Those ATs who do not secure promotion to HEO by the end of the 4-year maximum period of training will be moved to the EO grade."

The new arrangements for career progression in and through the Administration Group are illustrated in the diagram at Annex "A".

The main difference between the scheme as envisaged (in the extracts from the report quoted above) and as it has developed during the past 5 years is that the maximum figure of 175 external entrants has been exceeded in each of the last 3 years because the number of successful in-Service candidates has been less than expected. This is despite the fact that, from the outset, departments have been urged to give every encouragement to EOs who showed the required potential to compete for the AT scheme. Internal candidates are allowed to apply on their own initiative (self-nomination) as well as by virtue of departmental nomination. EOs who become ATs are moreover eligible for, and many have achieved, departmental promotion to HEO during their service as ATs, thus ensuring that they do not lose financially, or in terms of seniority (as HEOs) by virtue of their selection as ATs.

Details of the numbers of applicants, both in-Service and external candidates, and those appointed, for each year since 1971 are shown at Annex "B". These show considerable fluctuations from year to year. In 1971, the first year of the scheme, the number of internal applicants was indicative of a reservoir of potential talent, and in that year the proportion of in-Service appointments was the highest of any year of the scheme so far. It is also worthy of note that, recently, the success rate (i.e. ratio of appointments to applications) for in-Service candidates has been much the same as that for external candidates, although far fewer internal candidates have competed.

The reasons why the number of in-Service appointments as AT has been lower than anticipated are not known with certainty, but internal applicants (who must either be Honours graduates or have 2 years' service) are of course already settled in jobs and homes and there has, in recent years, been an increased reluctance on the part of younger staff (and staff in general) to move to London where virtually all AT posts are found. A number of departments have mentioned this reluctance as a factor which has discouraged many good EOs from applying for the scheme. To this must be added the generally good opportunities for promotion which have existed during the past few years for EOs of good quality through the normal promotion channels to HEO and above and which may make the AT scheme less attractive to the able EO. As a result of agreements reached with the staff associations on promotion ranges etc in recent years a highly talented EO who does not enter the AT scheme could reach the grade of Principal, via HEO and SEO, 7 or 8 years after becoming an EO, although the number whose rate of progression will be this fast is likely to be small.

Discussions with the Staff Associations

Earlier this year, a Study Group, comprising representatives of the Society of Civil Servants and First Division Association as well as Official Side representatives, was set up under CSD chairmanship. The purpose of the Study Group, as described in its terms of reference, was:

> "Taking into account the manpower implications of future growth and wastage, to review the arrangements for recruitment into and advancement within the Administration Group at Executive Officer and Administration Trainee level and above."

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The Study Group has not been formally reviewing the operation of the Administration Trainee scheme, but against the background of a resolution passed at their 1975 annual conference calling for the abolition of the AT scheme, the representatives of the Society of Civil Servants have pressed in the Study Group discussions for substantial changes to be made in the existing arrangements for the selection and development of those with potential to progress to the higher levels of the Service. So far as the AT scheme is concerned, the Official Side take the view that it is too early to conduct any reappraisal with a view to making changes at this stage. A central feature of the AT scheme is the selection, between 2 and 4 year after entry into the grade, for promotion to HEO(A) by departmental recommendation (subject to confirmation by the Central Probation Board) of those who on the basis of their performance appear to have the potential to fill a Principal post successfully in 2 to 3 years time, and the ability to rise to at least the grade of Assistant Secretary. Hence all ATs are subjected to a " streaming " decision, the best becoming HEOs(A). An analysis of streaming decisions and subsequent performance and progress over a sufficiently representative period of time would be an essential part of any review of the scheme. However, since it has only been in operation since 1971 (and only now will the streaming process for that year's intake be nearing completion) there is as yet insufficient data on which to base such an analysis. The review would moreover be incomplete without a " follow-up ", involving a comparative evaluation of the " stock " of Principals, and distinguishing between those who entered as ATs and those who entered as EOs, those who entered as EOs but later became ATs, those ATs who were " fast-streamed " as HEOs(A) and those " mainstreamed " as HEO or EO etc.

As regards the identification and development of Direct-Entry EO talent, entry into the AT scheme is already open to those with the necessary motivation and ability. For those who, for one reason or another, either do not compete or are unsuccessful in the AT scheme, departments have established career development schemes designed to ensure the identification and progress on merit of the most able. Most of these schemes involve a systematic approach to the posting and training of new entrant EOs. Nevertheless the Official Side are currently considering what further improvements might be made to the existing arrangements in departments for the further development and encouragement of talent amongst young EO staff.

Civil Service Department

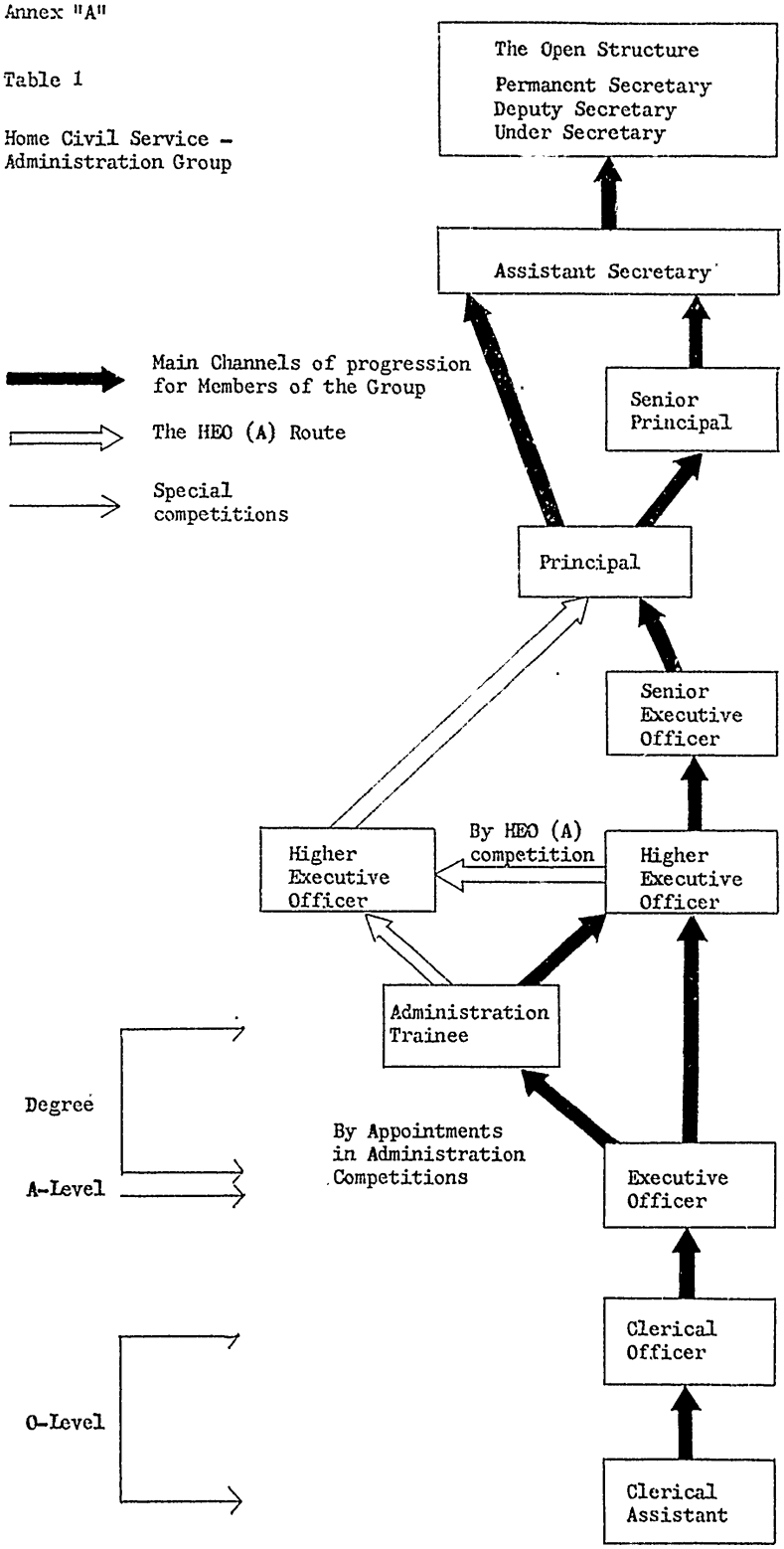
November 1975

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Annex "A"

Table 1

Home Civil Service – Administration Group



House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX B

RECRUITMENT OF ADMINISTRATION TRAINEES

	External			In-Service		
	Applications*	Appointed†	Percentage	Applications*	Appointed	Percentage
1971 ...	1,710	125	7·3	1,172	55	4·7
1972 ...	2,425	133	5·5	761	17	2·2
1973 ...	2,504	199	7·9	553	28	5·0
1974 ...	2,053	190	9·3	571	52	9·1
1975 ...	2,756	185	6·7	593	43	7·3

* Total applications of candidates who included Administration Trainee as one of their preferences.

† Figures exclude a small number (not more than 20) in any year who take up deferred appointments for one reason or another.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 13

THE CIVIL SERVICE COLLEGE

Letter and supplementary information from the Civil Service Department

When the Civil Service College gave evidence to the General Sub Committee of the Expenditure Committee on 28 June they undertook to put in papers on certain points raised by the Sub-Committee.

I think the attached document covers all the material that was asked for but we shall of course be very ready to supply any further information should the Sub-Committee want it. You will see that we have not been able to give a figure of cost per student day five years ago because, for reasons explained in the note, reliable records of student attendance are not available that far back. But I hope the figures we have suggested on that point will be of some help to the Sub-Committee.

B M THIMONT
ENCS
21 *July* 1976

Supplementary Information submitted by the Civil Service Department

Reporting on ATs

The Sub-Committee asked who took the decision some years back that the College should no longer report to employing departments on the performance of their Administration Trainees on the long courses.

The decision, taken in late 1972, in the light of a brief experiment on the earliest AT courses, was not to introduce as a permanent feature of the new style training for the new AT scheme the system of brief and summary reporting which had been used on Assistant Principals by the Centre for Administrative Studies and inherited by the College. Formally, this was a decision of the monthly Establishment Officers' Meeting (EOM). In practice the decision was proposed by a working party under College chairmanship, on which were represented all the major departments employing ATs, and accepted by the EOM.

The question whether reports on ATs should be rendered by the College is not closed. It links closely with wider problems of the motivation of the trainees on these courses, the way in which the courses are linked to the early stages of the career and progress in it, and the examinability of short periods of intensive instructions given to large numbers with very different degrees of starting knowledge. This is one of the areas we have marked down for re-appraisal in the forthcoming review of the AT scheme as a whole, including its training.

Running Costs of the CSC—Salaries of Students

A list of the cost elements used in determining the running costs of the College is provided in Annex A. While it has been the practice to include the cost of students' salaries in quoting the total cost of Civil Service training, such cost has not been regarded as part of the cost of the Civil Service College *per se* and was not therefore included in the cost per student day at the three centres of the College quoted by the Minister of State in his reply on 17 June to the question by Mr Robin Cook MP. The figures quoted by the Minister did however include the additional costs borne by departments on behalf of students in connection with their travel and subsistence expenses; this was necessary in order to provide a true comparison of the costs to the Civil Service of students' attendance at the three centres bearing in mind that the London Centre is non-residential and that a high percentage of all students at the College are located in and around the London area.

Allocation of Training Resources

A table showing the effect in student days of the allocation of resources to the different categories of training as expected to be provided by the Civil Service College in the academic year 1975-76 and as at present programmed for the academic year 1976-77 is attached at Annex B.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Comparison of Costs per Student Day

The academic year 1970-71 was the first full year of the College's existence and, while details are available of costs from that year, detailed accurate records of the number of student days training provided are not available before the academic year 1972-73. For that latter year the overall cost per student day at 1974-75 prices was about £35·70; this compares with the corresponding costs per student day for the academic year 1974-75 of about £34·80.

These costs exclude both the salaries of the trainees and the cost of their travel and subsistence expenses incurred in travelling to and from the College centres, both of which are borne on the votes of the parent departments.

Costs of Commissioning Courses from Outside Institutions

The College has commissioned only a very small number of courses from universities or technical colleges and they are therefore not in a position to provide a reliable comparison of their cost compared with College costs for similar courses.

The costs of College courses represented by the published charges are however comparable with the charges levied by outside institutions and a representative comparison is provided at Annex C.

Civil Service College

July 1976

ANNEX A

RUNNING COSTS OF THE CIVIL SERVICE COLLEGE—COST ELEMENTS

1. *Salaries and Wages of Staff* including national insurance contributions and the notional cost of superannuation.

2. *Staff Expenses*—training and travelling and subsistence expenses on official business.

3. *Fees and Expenses of Outside Lecturers.*

4. *Notional Costs of Civil Service Lecturers* provided by other Government departments.

5. *Stationery, Office Equipment and Printing.*

6. *Food, Hotels and Household Expenses*—residential centres only and including the cost of the supplementary hotel accommodation required at the Edinburgh Centre.

7. *Rent of Accommodation*—the current market rent for each Centre.

8. *Rates, Repairs, Maintenance, Heating and Annualised Costs of Major Works.*

9. *Local, Regional and Headquarters Administration*—notional costs of PM(T) Division and of the finance and establishment activities on behalf of the College.

10. *Interest on Working Capital and Stock Variations.*

Civil Service College

July 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX B

CIVIL SERVICE COLLEGE—ALLOCATION OF TRAINING EFFORT

Nature of Training	Academic Year 1975–76		Academic Year 1976–77	
	Student Course Days Expected	Per cent	Student Course Days Programmed	Per cent
Introduction to Management (HEO level)	8,000	7	11,000	8
AT/HEO(A)	25,050	22	33,000	24+
Graduate Specialists	6,750	6	8,450	6
Middle and Senior Management (SEO–Under Secretary)	29,200	26	32,827	24
Management Services	11,350	10	10,178	8
Automatic Data Processing	19,890	18	24,225	18
Departmental Tutors	4,850	4	6,937	5
Small Groups Training	2,150	2	3,125	2+
European Training	5,500	5	5,935	4+
TOTALS	112,740	100	135,677	100

ANNEX C

COMPARISON OF CURRENT CHARGES FOR COURSES AT THE CIVIL SERVICE COLLEGE WITH THOSE RUN BY OUTSIDE INSTITUTIONS

(Daily rates in parenthesis)

Typical Civil Service College Courses	Outside Institutions
Residential at Sunningdale Senior Course—3 weeks £616 (£41)	General Management Appreciation Course, Administrative Staff College, Henley—4 weeks £1,050 (£52) Senior Managers, Ashridge Management College, Berkhamsted—3 weeks £665 (£44) Senior Management Programme, The School of Management, Cranfield—5 weeks £825 (£33)
Residential at Edinburgh Middle Management—2 weeks £401 (£40) 6 weeks £1,192 (£40)	Management Development Course, Ashridge Management College, Berkhamsted—4 weeks £800 (£40) Executive Development Course, London Graduate School of Business Studies—10 weeks £2,650 (£53)
Non-residential at London ADP Appreciation—2 days £77 (£38) Project Management—10 days £385 (£38)	Introduction to Computer Operations, Infotech International Ltd, London—2 days £95 (£47) Small Computer Applications, Management Systems Training Council, London—2 days £75 (£37) Project Management, Education for Business and Industry Ltd, London—2 days £115 (£57)

Civil Service College

July 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 14

EDUCATIONAL BACKGROUND OF ADMINISTRATION TRAINEES

Supplementary Note by the Civil Service Commissioners

1. When the Civil Service Commissioners gave evidence to the General Sub-Committee on 5 July 1976 they undertook to amplify the statistical tables provided with their written submission (see p 228 and p 261) in relation to the school and university background of applicants and successful candidates for the Administration Trainee (AT) grade.

2. The Sub-Committee wished to find out more about the school background of graduates leaving university; to compare this with similar information about candidates for and entrants to the AT grade; and thus to be able to take a view of the relationship between university "output" and Civil Service "input" at the AT level. They asked particularly for public schools to be distinguished from direct grant and local education authority (maintained) schools.

3. The tables annexed to this note attempt to present this further information in comparable form, within the limitations of the data available both on University populations and on candidates for the AT grade. They are presented in pairs, the first table in each pair relating to Oxford and Cambridge Universities taken together ("Oxbridge") and the second to other universities; and the tables run roughly chronologically—that is,

Tables 1 and 2 relate to the pattern of entry to University (based on information extracted from the Statistics of Education Series published by the Department of Education and Science);

Tables 3 and 4 show the background of those who applied to join the AT grade;

Tables 5 and 6 show the background of those who were successful in joining the grade;

Tables 7 and 8 show the background of those who, after success, actually joined the grade and are still serving today (the "survivors"); and

Tables 9 and 10 show the grades reached by the various "survivors" since their entry into the Service.

Note on the Tables

4. Although every effort has been made to provide consistent information, the resources—and to some extent the information—have not been available to ensure that each pair of tables is readily comparable with the others. In particular the following characteristics of individual tables should be noted, and allowances made for them in attempting comparisons:

(*a*) *Tables 1 and 2* give information about entrants to university. The Department of Education and Science have informed us that there are no official statistics of the type of school attended by those who graduate; but they consider that the entry statistics provide a good indicator of the school background of the graduate output. On the assumption that this is so (ie that wastage during university courses is evenly distributed between those with different school backgrounds), then the percentages for school origin in these two tables can be broadly compared with those for the tables on ATs three years later. However, the comparison is far from exact.

(*b*) The figures in *Tables 1 and 2* are estimates derived from a 10 per cent sample of maintained, direct grant and independent schools recognised as efficient in England and Wales. Only school leavers from such schools who entered universities in the UK are included in the analysis. Polytechnics and other degree-awarding institutions outside the Universities are not covered. These tables are not therefore strictly comparable with the tables relating to the AT entry, which are concerned with all graduates.

(*c*) *Tables 3 and 4* (*applicants*) *and 5 and 6* (*appointees*) rely upon contemporary data for the years in question and are related to those candidates who

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

entered for AT competitions in those years. They did not necessarily complete their first degree, nor become an AT, in that year (a few may not have taken up appointment at all, and others may have deferred their entry—most frequently for further study). The tables are not therefore directly comparable either with the "university entrants" tables (1 and 2), or with the "survivors" tables (7 to 10).

(*d*) *Tables 7 and 8* relate to those candidates who, having actually taken up duty in a given year, have remained in the Civil Service to the present time. We have therefore called them the "survivors". Their numbers will differ from those in Tables 3 to 6 not only for the reasons mentioned in 4(*c*) above, but also because they omit those who have left, for whatever reason, in the interim.

(*e*) *Tables 9 and 10* attempt to follow the career in the Service of the "survivors" identified in Tables 7 and 8. Only those who joined in the earliest years of the scheme have so far completed the post-entry stages of AT development, becoming HEO(A)s or Principals in the "fast stream", or HEOs in the "main stream".

5. Given these variations in the data, it is not possible to make exact comparisons between the figures for total university "output" and for AT "input". It is however possible to draw some broad conclusions.

University Background

6. Tables 1 and 2 show that entrants to Oxbridge formed, on the average, about 12 per cent of total university entrants in England and Wales during the five years 1968–72. This 12 per cent "output" from Oxbridge contributed, on the average, 21 per cent of applicants and 57 per cent of appointees in AT competitions during the three years 1973–75 recorded in Tables 3 and 5, and for a somewhat different population (Table 7), 52 per cent of "survivors".

School Background

7. The proportions of university entrants from the three main types of school ("independent", which is less restrictively defined in Tables 1 and 2 than is "public" in the remaining tables; direct-grant; and maintained or LEA schools) are shown to be extremely stable in the first two tables: differences between different years seldom amount to more than 5 per cent, and are frequently much less. Those for men vary in general less than those for women—reflecting in part, perhaps, the greater numbers of men upon which the percentages are based. It is possible to make the following broad statements about the characteristic pattern of school background for Oxbridge and non-Oxbridge male graduates:

(*a*) about two-fifths of Oxbridge men came from independent schools, about two-fifths from maintained schools, and the remaining one-fifth from direct grant schools;

(*b*) about three-quarters of non-Oxbridge men came from maintained schools, and the remaining quarter were more or less evenly divided between independent and direct grant schools.

Because of the stability of the figures, these statements are true of individual years as well as of the average.

8. Perhaps because of the small numbers of applicants for and appointees to the AT grade, there is relatively little year-to-year consistency in the percentages of school background, either for the Oxbridge or for the non-Oxbridge groups. We have therefore added to these tables averages for the three—or five-year periods covered; and it is then possible to draw some comparisons with the much more stable pattern for university groups. We can for example—again taking male graduates only—make the following statements, matching those in paragraph 7 above:

(*a*) of the male Oxbridge graduates entering the AT grade slightly less than two-fifths came from "public" schools, two-fifths from LEA schools, and

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

slightly over one-fith from direct-grant schools. The correlation here with the Oxbridge proportions in Table 1 (paragraph 7*a*.) is quite high;

(*b*) of the male non-Oxbridge graduates entering the AT grade, about three-fifths came from LEA schools, one-fifth from " public " schools, and one-fifth from direct-grant schools. Although the correlation with Table 2 (paragraph 7*b*) is not as high as for Oxbridge graduates, the fractions do not differ very widely.

9. It seems possible, therefore, to attempt to answer the Sub-Committee's question about university and school background, bearing in mind the reservations already made about the limited comparability of the data available. There is still a considerably higher proportion of Oxbridge graduates applying for and entering the AT grade than is represented by the Oxbridge proportion of total university graduates; but within this input, the representation of different types of school background is broadly in line with that found in the output from Oxbridge. Moreover, the school background of non-Oxbridge graduates is reflected, though less closely, in the school background of those graduates entering the AT grade. This is not immediately evident taking each year individually; it seems however to be so taking an average of those years together, and the year-to-year variations may be at least partially explained by the small size of the populations examined.

Oxbridge and non-Oxbridge

10. There may be many reasons why a higher proportion of Oxbridge graduates apply for—and an even higher proportion are successful in—the AT competitions. One such is, no doubt, socio-historical—that there is a long-standing " tradition ", in certain kinds of school and in the Oxbridge colleges, of encouraging people to include the higher ranges of the public service among their career choices, and that this tradition is weaker and indeed non-existent in some other areas. Since 1965 the Civil Service Commission has extended its activities in universities and in polytechnics with the aim rather of increasing the numbers of non-Oxbridge graduates applying for the Assistant Principal/Administration Trainee grades than of reducing the Oxbridge applicants. On average between 1971 and 1975 the proportion of Oxbridge entrants was between 50 per cent and 60 per cent compared with 80 per cent to 90 per cent some ten years before: but the trend is no longer downward.

11. Without entering into sociological arguments, the simplest explanation of the continuing " Oxbridge dominance " is probably also the most accurate. The Civil Service aims to attract a share of the most able graduates in the country for senior administrative work (as indeed it does for other Government work: many of the most able scientists, engineers and other professioals are, without doubt, in the Civil Service). Oxford and Cambridge continue to absorb a higher proportion of the most able school-leavers (judged by performance in GCE examinations) than is indicated by their share of the total university places, and encourage graduates to enter for the AT competitions. Moreover some work by the Commission, started since we appeared before the Sub-Committee, indicates that Oxbridge candidates consistently perform better in the written " qualifying test " which determines the candidates to be called forward for the next stage of the selection procedure at the Civil Service Selection Board. These tests—a combination of cognitive tests and written papers with no discoverable social or academic bias—are marked anonymously: there is no possibility that the examiners can discover the identity, school or university background of the candidate. In the five entries so far analysed—two from 1975 and one each from 1973, 1974 and 1976—the pass-rate for Oxbridge graduates has been of the order of 30 per cent–40 per cent better than that for all other graduates. Thus in November 1973, when the pass rate was relatively high, 74 per cent of Oxbridge candidates passed the qualifying test against 47 per cent of other candidates; in January 1976 when the pass-rate was low, 47 per cent of Oxbridge candidates passed against 15 per cent of others. The intervening entries show a similar pattern.

12. The high proportion of Oxbridge graduates passing into the AT grade seems therefore, in all probability, to reflect a situation in which a high proportion of

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

able school-leavers enter Oxbridge; a high proportion of Oxbridge graduates are encouraged to apply for the AT competition; and a high proportion of them do well in the qualifying tests, as well as in the CSSB procedures, which include a large and important element of written work as well as interviews and group exercises.

13. The Commissioners would welcome more candidates for the AT competition from amongst the most able graduates of other universities and polytechnics and other institutions that award degrees. Within the limitations imposed by the restraint on public expenditure, they will continue to disseminate information about AT opportunities, with the aim of attracting more applications from this wider catchment area.

19 *October* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 1

ANALYSIS OF ENTRANTS TO OXFORD AND CAMBRIDGE UNIVERSITIES BY TYPE OF SCHOOL

Type of school	1968		1969		1970		1971		1972	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Independent	38	16	42	28	35	28	38	19	38	19
Direct Grant	19	34	18	26	19	34	22	27	21	18
Maintained	43	50	40	46	46	38	40	54	41	63
TOTAL	100	100	100	100	100	100	100	100	100	100
Number of entrants (in thousands)	3·54	0·68	3·66	0·67	3·39	0·61	3·46	0·80	3·83	0·90

Notes:

1. The table is based on information extracted from the School Leavers Volumes of the Statistics of Education series published by the Department of Education and Science. These documents cover only schools in England and Wales.

2. Dates refer to the year of entry to the Universities for first degree courses.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 2

ANALYSIS OF ENTRANTS TO UNIVERSITIES, OTHER THAN OXFORD AND CAMBRIDGE BY TYPE OF SCHOOL

Type of school	1968		1969		1970		1971		1972	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Independent	15	12	14	13	14	10	14	12	14	12
Direct Grant	11	13	11	15	11	15	11	15	10	15
Maintained	74	75	75	72	75	75	75	73	76	73
TOTAL	100	100	100	100	100	100	100	100	100	100
Numbers of entrants (in thousands)	21·52	10·63	20·91	11·07	20·42	12·25	20·11	12·84	20·31	12·00

Notes:

1. The table is based on information extracted from the School Leavers Volumes of the Statistics of Education series published by the Department of Education and Science. These documents cover only schools in England and Wales.
2. Information about non-university bodies awarding degrees is not included.
3. Dates refer to the year of entry to the Universities for first degree courses.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 3

ADMINISTRATION TRAINEE (EXTERNALS) APPLICANTS 1973–75

GRADUATES FROM OXFORD AND CAMBRIDGE BY TYPE OF FULL-TIME SCHOOL LAST ATTENDED

Type of school	1973		1974		1975		Total 1973–75	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Public	28·2	14·3	29·9	22·7	29·4	26·1	29·2	22·5
Direct grant/other UK fee paying ...	25·5	47·6	16·5	27·3	23·6	31·5	22·5	34·3
LEAs	44·9	30·9	51·2	47·7	44·9	39·1	46·3	39·3
Others	1·3	7·1	2·4	2·3	2·1	3·3	1·9	3·9
TOTAL	99·9	99·9	100·0	100·0	100·0	100·0	99·9	100·0
Number of records investigated ...	149	42	127	44	292	92	568	178

Notes:

1. Comparable data for 1971 and 1972 are not available since records prior to computerisation in 1973 were not kept in a form which enabled a distinction to be made between public, direct grant and other fee-paying schools.

2. In this context a " public " school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 4

ADMINISTRATION TRAINEE (EXTERNALS) APPLICANTS 1973–75

GRADUATES FROM UNIVERSITIES OTHER THAN OXFORD AND CAMBRIDGE BY TYPE OF FULL-TIME SCHOOL LAST ATTENDED

Type of school	1973		1974		1975		Total 1973–75	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Public	6·1	4·0	7·9	4·9	10·0	7·2	8·6	5·8
Direct grant/other UK fee paying ...	15·7	19·8	10·6	17·9	16·6	19·4	15·1	19·1
LEAs	73·6	70·7	78·8	74·4	70·2	69·4	72·8	71·0
Others	4·6	5·5	2·7	2·8	3·2	4·0	3·4	4·1
TOTAL	100·0	100·0	100·0	100·0	100·0	100·0	99·9	100·0
Number of records investigated ...	394	324	330	324	848	599	1,572	1,247

Notes:

1. Comparable data for 1971 and 1972 are not available since records prior to computerisation in 1973 were not kept in a form which enabled a distribution to be made between public, direct grant and other fee-paying schools.

2. In this context a " public " school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 5

ADMINISTRATION TRAINEE (EXTERNALS) APPOINTEES 1973–75

GRADUATES FROM OXFORD AND CAMBRIDGE BY TYPE OF FULL-TIME SCHOOL LAST ATTENDED

Type of school	1973		1974		1975		Total 1973–75	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Public	36·1	14·3	42·4	37·5	31·0	23·1	34·6	21·8
Direct grant/other UK fee paying ...	22·2	38·1	21·2	25·0	25·3	42·3	23·7	38·2
LEAs	41·7	47·6	36·4	25·0	41·4	34·6	40·4	38·2
Others	—	—	—	12·5	2·3	—	1·3	1·8
TOTAL	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
Number of records investigated ...	36	21	33	8	87	26	156	55

Notes:

1. Comparable data for 1971 and 1972 are not available since records prior to computerisation in 1973 were not kept in a form which enabled a distinction to be made between public, direct grant and other fee-paying schools.

2. In this context a " public " school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 6

ADMINISTRATION TRAINEE (EXTERNALS) APPOINTEES 1973–75

GRADUATES FROM UNIVERSITIES OTHER THAN OXFORD AND CAMBRIDGE BY TYPE OF FULL-TIME SCHOOL LAST ATTENDED

Type of school	1973		1974		1975		Total 1973–75	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Public	9·1	—	28·6	9·5	24·5	16·7	21·3	8·7
Direct grant/other UK fee paying ...	13·6	16·7	28·6	38·1	15·1	25·0	16·9	26·1
LEAs	77·3	79·2	42·8	42·6	60·4	58·3	61·8	62·3
Others	—	4·1	—	4·8	—	—	—	2·9
TOTAL	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
Number of records investigated ...	22	24	14	21	53	24	89	69

Notes:

1. Comparable data for 1971 and 1972 are not available since records prior to computerisation in 1973 were not kept in a form which enabled a distinction to be made between public, direct grant and other fee-paying schools.

2. In this context a " public " school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

C

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 7

ADMINISTRATION TRAINEE ENTRANTS FROM OUTSIDE CIVIL SERVICE 1971–75

TYPE OF FULL-TIME SCHOOL LAST ATTENDED BY GRADUATES FROM OXFORD AND CAMBRIDGE WHO JOINED THE SERVICE IN THE YEARS SHOWN AND WERE STILL IN POST IN 1976 (" SURVIVORS ")

Type of school	1971		1972		1973		1974		1975		Total 1971–75	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Public	35·0	13·3	35·0	33·3	43·3	16·0	40·7	44·4	34·1	27·3	37·9	25·8
Direct grant/other UK fee paying	12·5	53·3	20·0	11·1	20·0	36·0	27·2	22·2	27·1	45·4	22·9	36·0
LEAs	52·5	33·3	45·0	44·4	36·6	44·0	32·1	33·3	35·3	27·3	38·2	36·0
Others	—	—	—	11·1	—	4·0	—	—	3·5	—	1·0	2·2
TOTAL	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
Number of records investigated ...	40	15	40	9	60	25	81	18	85	22	306	89

Notes:

1. The records analysed comprise survivors to date for whom the last school attended is recorded. Since the numbers are small due allowance should be made when interpreting the percentages.

2. In this context a "public" school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 8

ADMINISTRATION TRAINEE ENTRANTS FROM OUTSIDE CIVIL SERVICE 1971–75

TYPE OF FULL-TIME SCHOOL LAST ATTENDED BY GRADUATES FROM UNIVERSITIES OTHER THAN OXFORD AND CAMBRIDGE WHO JOINED THE SERVICE IN THE YEARS SHOWN AND WERE STILL IN POST IN 1976 (" SURVIVORS ")

Type of school	1971		1972		1973		1974		1975		Total 1971–75	
	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent	Men Per cent	Women Per cent
Public	21·9	12·5	25·0	11·1	18·8	6·1	23·9	9·5	23·6	15·4	22·5	10·4
Direct grant/other UK fee paying	12·5	18·8	18·8	22·2	20·8	27·3	13·0	35·7	20·0	19·2	17·4	26·4
LEAs	65·6	62·5	50·0	66·7	58·3	63·6	52·2	50·0	54·5	57·7	55·9	59·0
Others	—	6·2	6·2	—	2·1	3·0	10·9	4·8	1·9	7·7	4·2	4·2
TOTAL	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
Number of records analysed ...	32	16	32	27	48	33	46	42	55	26	213	144

Notes:

1. The records analysed comprise survivors to date for whom the last school attended is recorded. Since the numbers are small due allowance should be made when interpreting the percentages.

2. In this context a "public" school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 9

ADMINISTRATION TRAINEE ENTRANTS FROM OUTSIDE CIVIL SERVICE 1971–75

SURVIVING GRADUATES FROM OXFORD AND CAMBRIDGE BY TYPE OF FULL-TIME SCHOOL LAST ATTENDED

Type of school	Administration Trainee		HEO(A)		Principal		HEO		EO		Others		Totals	
	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent
1971														
Public	—	—	30·8	22·2	41·7	—	50·0	—	—	—	—	—	35·0	13·3
Direct grant/other fee paying (UK)	—	—	15·4	55·6	—	40·0	50·0	100·0	—	—	—	—	12·5	53·3
LEAs	—	—	53·8	22·2	58·3	60·0	—	—	—	—	—	—	52·5	33·3
Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL	—	—	100·0	100·0	100·0	100·0	100·0	100·0	—	—	—	—	100·0	99·9
Number of records analysed	—	—	26	9	12	5	2	1	—	—	—	—	40	15
1972														
Public	—	100·0	36·4	25·0	66·6	—	—	—	—	—	—	—	35·0	33·3
Direct grant/other fee paying (UK)	—	—	21·2	12·5	—	—	100·0	—	—	—	—	—	20·0	11·1
LEAs	100·0	—	42·4	50·0	33·3	—	—	—	100·0	—	—	—	45·0	44·4
Others	—	—	—	12·5	—	—	—	—	—	—	—	—	—	11·1
TOTAL	100·0	100·0	100·0	100·0	99·9	—	100·0	—	100·0	—	—	—	100·0	99·9
Number of records analysed	2	1	33	8	3	—	1	—	1	—	—	—	40	9
1973														
Public	41·7	7·6	43·5	25·0	—	—	—	—	—	—	100·0	—	43·3	16·0
Direct grant/other fee paying (UK)	13·9	46·2	30·4	25·0	—	—	—	—	—	—	—	—	20·0	30·0
LEAs	44·4	46·2	26·1	41·7	—	—	—	—	—	—	—	—	36·7	44·0
Others	—	—	—	8·3	—	—	—	—	—	—	—	—	—	4·0
TOTAL	100·0	100·0	100·0	100·0	—	—	—	—	—	—	100·0	—	100·0	100·0
Number of records analysed	36	13	23	12	—	—	—	—	—	—	1	—	60	25
1974														
Public	40·5	44·4	50·0	—	—	—	—	—	—	—	—	—	40·7	44·4
Direct grant/other fee paying (UK)	27·8	22·2	—	—	—	—	—	—	—	—	—	—	27·2	22·2
LEAs	31·6	33·3	50·0	—	—	—	—	—	—	—	—	—	32·1	33·3
Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL	99·9	99·9	100·0	—	—	—	—	—	—	—	—	—	100·0	99·9
Number of records analysed	79	18	2	—	—	—	—	—	—	—	—	—	81	18

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

1975															
Public	34·1	27·3	—	—	—	—	—	—	—	—	—	—	34·1	27·3
Direct grant/other fee paying (UK)	27·1	45·4	—	—	—	—	—	—	—	—	—	—	27·1	45·4
LEAs	35·3	27·3	—	—	—	—	—	—	—	—	—	—	35·3	27·3
Others	3·5	—	—	—	—	—	—	—	—	—	—	—	3·5	—
TOTAL	100·0	100·0	—	—	—	—	—	—	—	—	—	—	100·0	100·0
Number of records analysed	85	22	—	—	—	—	—	—	—	—	—	—	85	22

Notes:

1. The records analysed comprise survivors to date for whom the last school attended is recorded. Since the numbers are small due allowance should be made when interpreting the percentages.
2. In this context a "public" school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 10

ADMINISTRATION TRAINEE ENTRANTS FROM OUTSIDE CIVIL SERVICE 1971–75

SURVIVING GRADUATES FROM UNIVERSITIES OTHER THAN OXFORD AND CAMBRIDGE BY TYPE OF FULL-TIME SCHOOL LAST ATTENDED

Type of school	Administration Trainee		HEO(A)		Principal		HEO		EO		Others		Totals	
	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent	Male Per cent	Female Per cent
1971														
Public	—	—	18·2	11·1	42·8	33·3	—	—	—	—	—	—	21·9	12·5
Direct grant/other fee paying (UK)	—	—	13·6	22·2	14·3	—	—	50·0	—	—	—	—	12·5	18·7
LEAs	—	—	68·2	55·6	42·8	66·6	100·0	50·0	—	100·0	—	—	65·6	62·5
Others	—	—	—	11·1	—	—	—	—	—	—	—	—	—	6·3
TOTAL	—	—	100·0	100·0	99·9	99·9	100·0	100·0	—	100·0	—	—	100·0	100·0
Number of records analysed	—	—	22	9	7	3	3	2	—	2	—	—	32	16
1972														
Public	57·1	10·0	18·2	13·3	—	—	—	—	—	—	—	—	25·0	11·1
Direct grant/other fee paying (UK)	14·3	40·0	13·6	13·3	100·0	—	50·0	—	—	—	—	—	18·8	22·2
LEAs	28·6	50·0	63·6	73·3	—	—	—	100·0	—	—	—	—	50·0	66·7
Others	—	—	4·5	—	—	—	50·0	—	—	—	—	—	6·2	—
TOTAL	100·0	100·0	99·9	99·9	100·0	—	100·0	100·0	—	—	—	—	100·0	100·0
Number of records analysed	7	10	22	15	1	—	2	2	—	—	—	—	32	27
1973														
Public	21·9	3·7	14·3	16·7	—	—	—	—	—	—	—	—	18·8	6·1
Direct grant/other fee paying (UK)	18·8	29·6	21·4	16·7	—	—	—	—	—	—	100·0	—	20·8	27·3
LEAs	56·2	62·9	64·3	66·6	100·0	—	—	—	—	—	—	—	58·3	63·6
Others	3·1	3·7	—	—	—	—	—	—	—	—	—	—	2·1	3·0
TOTAL	100·0	99·9	100·0	100·0	100·0	—	—	—	—	—	100·0	—	100·0	100·0
Number of records analysed	32	27	14	6	1	—	—	—	—	—	1	—	48	33
1974														
Public	23·9	9·8	—	—	—	—	—	—	—	—	—	—	23·9	9·5
Direct grant/other fee paying (UK)	13·0	34·1	—	—	—	—	—	—	—	100·0	—	—	13·0	35·7
LEAs	52·2	51·2	—	—	—	—	—	—	—	—	—	—	52·2	50·0
Others	10·9	4·9	—	—	—	—	—	—	—	—	—	—	10·9	4·8
TOTAL	100·0	100·0	—	—	—	—	—	—	—	—	—	—	100·0	100·0
Number of records analysed	46	41	—	—	—	—	—	—	—	1	—	—	46	42

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

1975															
Public	23·6	15·4	—	—	—	—	—	—	—	—	—	—	23·6	15·4
Direct grant/other fee paying (UK)	20·0	19·2	—	—	—	—	—	—	—	—	—	—	20·0	19·2
LEAs	54·5	57·7	—	—	—	—	—	—	—	—	—	—	54·5	57·7
Others	1·8	7·7	—	—	—	—	—	—	—	—	—	—	1·8	7·7
TOTAL	99·9	100·0	—	—	—	—	—	—	—	—	—	—	99·9	100·0
Number of records analysed	55	26	—	—	—	—	—	—	—	—	—	—	55	26

Notes:

1. The records analysed comprise survivors to date for whom the last school attended is recorded. Since the numbers are small due allowance should be made when interpreting the percentages.
2. In this context a "public" school is defined as a school with independent status and with membership of the Headmasters' Conference or one of the Principal Girls Schools.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 15

ON A BRITISH "ENA"

Memorandum submitted by Mr D M Shapiro, Adviser to the Sub-Committee

"The fault lies with all of our politicians that they have not, for example, established in Britain an Ecole Nationale d'Administration."

Anthony King *Why is Britain becoming harder to govern?* (BBC, 1976), page 16.

1. The characteristics of the Ecole Nationale d'Administration that might be relevant to the management of the British Civil Service are:—

(*a*) the enhancement of the standing of professional management training;

(*b*) the placing of future "flyers" in provincial posts as a major part of the training course;

(*c*) forcing the selection of "flyers" to be made significantly later than the graduate entry stage;

(*d*) engaging senior civil servants and still more their Departments in the management education of their eventual successors; and

(*e*) the influence on the development of the study of the social sciences exercised by the practical concerns of those civil servants engaged partly in that management education.

Presumably the Committee would be at best divided (and therefore publicly agnostic) about the elitism that clearly characterises the ENA despite the unconvincing disclaimers of the Director. (Recruitment is 2:1 in favour of a socially elitist pattern of university preparation; the fact that half its students hold "left-wing" views is no bar to elitism.)

2. This note considers each of these characteristics in turn, examining methods for achieving these aims whether or not the methods call for the creation of an institution that could properly be called a "British ENA".

3. To enhance the standing of professional management training the Ecole Nationale d'Administration operates by awarding the best future career possibilities by competitive assessment. At present the British system performs the same operation at the stage of graduate selection, when the candidates judged best are offered their choice of Government Department. Among possible alternatives the Committee might consider:

(i) a general reallocation of Civil Service College "graduates" among Departments upon promotion to Principal, ie at age 28, based in (large) part on competitive assessment on management training;

(ii) a re-emphasis on selection for certain key central departments (Cabinet Office, Civil Service Department—including CPRS—and Treasury) only on promotion to Principal;

(iii) a requirement that all graduate entrants to the Civil Service should acquire a "relevant" expertise if they did not possess one on entry. (This would follow the Foreign Office precedent of requiring entrants either to show knowledge of or to learn a "hard" language.) The precise terms of this requirement would have to be elaborated, but graduate entrants might be expected to be professionally qualified in one of:—

the sciences and/or technologies
economics
statistics
business/management studies
law
accountancy

Those not so qualified might be expected to study part-time but intensively for one of a range of stipulated qualifications.

None of the three possibilities set out above are mutually exclusive. None depend on radical change of existing institutions. The cost of (i) and (ii) would be nil; most of the cost of (iii) would fall on the leisure time of newly recruited civil servants in their early twenties. Alternatively (iii) might swiftly affect the choice of subjects by some undergraduates at some universities.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

4. A striking feature of the ENA programme of study is the posting of trainees to the provinces. In the British system this might be introduced by:—

(i) traineeship postings under supervision from the Civil Service College to the regional offices of Central Government Departments;

(ii) requiring all HEO(A)'s to work in a placement in Local Government;

(iii) attempting a similar interchange with the nationalised industries; and

(iv) developing reciprocal training interchanges with large business corporations.

5. The selection in Britain of Civil Service "flyers" still begins at graduate selection, at the age of 21 and before those chosen have begun to perform in the Civil Service. This simply because the initial placing in a Department in some measure influences future career prospects. In France the ENA serves to emphasize that the critical choice of "flyers" is made in the late rather than the early 20's. The more that the British system moves towards the French in this respect, the clearer it will be that careers are open to talents displayed—or indeed cultivated, if not acquired—after the initial graduate recruitment. In other words the talents must be displayed at least in part on the job. Indeed if training opportunities for the non-graduates are made sensibly available—for which the French system is no model—then it would greatly improve the feeling throughout the Civil Service that careers were being made open to talent and relevant achievement. This would be reinforced by an emphasis on the acquisition of qualifications as suggested in paragraph 3 (iii) above. Professor Ridley's paper mentioned the criticism of French bureaucracy by Michel Crozier and others that communication between hierarchical layers was very poor. The same criticism has been made of the British Civil Service. The sense of separation might be effectively reduced by expecting graduate entrants visibly to acquire relevant expertise that could also be acquired by the non-graduate entrants who wished to compete on level terms.

6. ENA has virtually no staff and relies for much of its teaching on part-time work by practising civil servants. By contrast the Civil Service College has tended to rely on its own staff and to a lesser extent on staff seconded for one- or two-year periods. Practising civil servants have been brought in as lecturers mainly to enliven courses. A change to the French pattern might have the following desirable consequences:

(i) Departments might take management training more seriously if it were carried out by senior civil servants in post as a part-time activity—say, one day a week;

(ii) A close integration of management training with the work of Departmental civil servants might make Departments more willing to grade civil servants on the basis of that training.

7. A minor consequence of the adoption of the practices suggested in paragraphs 3-6 might be to give a more practical direction to the study of the social sciences in Britain. The close juxtaposition of the ENA with one of France's leading social science institutions (Fondation Nationale des Sciences Politiques and the Institut d'Etudes Politiques) together with the teaching presence of civil servants at the ENA has had a noticeable effect in France. In this respect one can regret the move of the Civil Service College's London base from Regent's Park where it was opposite the London Business School.

Conclusions

8. The merits of the ENA do not depend on the exact copying of the institution. This note suggests that in one of the ENA's principal achievements, the emphasis on professional management training, there are several (non-exclusive) methods that we could explore (paragraph 3). Similarly, the practical work placements that characterise the ENA system might be arranged in a variety of ways (paragraph 4).

9. In presenting these views the Civil Service Department should be given as little opportunity as possible to argue either that change would necessarily require lengthy preparation or cost much.

D M Shapiro

17 *January* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 16

TRAINING FOR ADMINISTRATION: THE FUTURE ROLE OF THE CIVIL SERVICE COLLEGE

Memorandum by Mr Nevil Johnson, Adviser to the Sub-Committee

Introduction

1.1. The Sub-Committee has taken evidence on the training provided by the Civil Service College since its inception in 1970. It has also studied the training programme of the Ecole Nationale d'Administration (ENA) in Paris and received comments on this from a number of sources. Given the uncertainties affecting the work of the CSC and continuing doubts about its objectives and impact, it is understood that the Sub-Committee may wish to consider what might be involved in adopting the ENA as a model for the future development of the CSC. This memorandum is intended to explore such a possibility with particular reference to the training of young officials thought to have the potential to rise to senior administrative positions in the home civil service. The purpose is to show how a scheme to provide comprehensive training for such a restricted group might be devised and what it would involve. Thus it is a model which is being offered rather than a set of firm recommendations for action*.

1.2. The structure of the paper is as follows: Section 1 (paragraphs 2–6) sets out certain assumptions on which the application of the ENA example in this paper rests. Section 2 (paragraphs 7–10) discusses briefly the aims served by the ENA. Appendix I is referred to here: it considers how the ENA model differs from other possible training models. Section 3 (paragraphs 11–25) defines the kind of training programme which might be carried out in a re-shaped CSC and explains the minimum assumptions on which this rests. Section 4 (paragraphs 26–29) considers the revised organisation needed for such a programme. Section 5 (paragraphs 30–35) deals with entry conditions for the training programme outlined and certain implications of these. Section 6 (paragraphs 36–38) offers some remarks on the examination of trainees and on career planning and prospects for them. Section 7 (paragraphs 39–45) turns to a number of consequences of the kind of scheme outlined and to some of the obstacles which are likely to stand in the way of acceptance of it.

Section 1. General conditions governing the application of the ENA model. The output of "generalists" from higher education

2. It has to be assumed that the most common course pursued at a British university will be a 3 year (in Scotland 4 year) honours course leading to a degree in one or two subjects. Though specialised, such a course provides for many students only a general education and rarely offers a vocational preparation. It is likely that the bulk of university-qualified applicants for a career in administration will continue to be generalists educated in the arts or social sciences. It is true that more students now take post-graduate courses, a considerable proportion of which might be said to be more closely related to specific vocations than are most undergraduate courses. But this affects the civil service most significantly in the specialist employment groups. For general administration it remains the case that most candidates are aged 21–22 years, have only one university qualification, and necessarily have virtually no experience other than school and university. Civil service recruitment policy may have some impact on the choice of courses of study by undergraduates, but is unlikely to modify substantially the broad pattern of higher education.

Continuing need for "all-round" administrators

3. Administration, and particularly at the higher levels of complex public and private organisations, is an activity requiring above all a capacity to assimilate information rapidly, to analyse problems clearly and to understand the context in which action has to be taken. These are predominantly intellectual capacities, though their effective use depends on moral qualities such as courage and integrity.

* In view of the prominence given to the proposal for a staff college for officials in their thirties it should be emphasised that this paper is about training graduate entrants to administration. The staff college idea is quite different in intention and implications.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Government administration differers from most productive organisations (public and private) in that it contains a large sector dedicated to the formulation of policy, to determining the conditions of its implementation, and to responding to demands for policy change. All this has to take place under political direction, control and co-ordination. There is here nothing strictly analogous to a production process or an output of specific goods or services. Similarly there are dangers in equating the administrator in this context with a manager or his task with management as in commercial undertakings*. It is conditions such as these which justify having a cadre of general administrators and which likewise explain why the qualities needed in those discharging such administrative functions cannot be defined by reference to specific disciplines, techniques, etc. In relation to training it means that the objective has to be to help shape a continuing supply of competent general administrators. The term " general " does *not* exclude the possibility of subject or sectoral specialisation at some stage in an administrative career. Nor does it mean that the general administrator must be a " generalist " or " amateur " in the pejorative sense of those terms.

Education for administration rather than technical training

4. If the need for a cadre of general administrators is accepted, then a suitable training for them must be much nearer to " education " than to technical instruction. In French the term used is " formation ", suggesting the ways in which a person is formed, shaped and developed. This may well be the only sensible approach to formal training for high administrative responsibility. There is room for argument about the content of courses, the subjects in which candidates are instructed, the kind of practical experience they get, etc. But what cannot be done is to equip people to operate efficiently in general administration by teaching them an agreed body of techniques such as might be recommended for a plumber, a quantity surveyor or a computer manager.

The flow into higher administration will be from a career group and laterally from non-administrative groups

5. A career group intended to fill the higher levels of general administration is a normal phenomenon in most developed public services though the training and experience it has varies from one country to another. Modern government does, however, embrace many tasks for which specialised qualifications and technical skills are required and staff have to be recruited (and where necessary trained) accordingly. Most " specialists " of this kind will necessarily make their careers in the functional areas for which they are qualified: efficiency in public administration pre-supposes this. Some will find at later stages in their careers that these duties have a large administrative content. How large this is to be raises organisational questions with which this paper is not concerned†. But some specialists may wish at an early stage in their careers to move over to general administration. Thus it is assumed that the training for administration should be open (*a*) to career entrants and (*b*) to younger officials with a specialised background or with in-service administrative experience at lower levels of the public service. This presents problems dealt with in paragraph 35.

* To say this is not to deny that in the field of public administration there are many functions resembling those performed in the private sector and requiring management skills. But the point is that there are also activities and conditions which are substantially different from those found outside government: this is what constitutes the case for general administrators.

† The extent of the need for general administrators depends to some extent on how sharp a separation is made between ' administrative ' and ' technical ' functions and where the boundary lies. As the Fulton report recognised, British administrative traditions have taken an extensive view of ' administrative ' functions and a narrow one of ' technical ' functions, tending often to equate the former with policy and the latter with advice. If the separation becomes less sharp and the line is drawn to allow administrative functions where appropriate to be combined with the technical—as is the tendency since Fulton—the need for general administrators is somewhat reduced and the specialist acquires more responsibility in administration. But in the author's view there will remain a substantial need for general administrators even if this healthy tendency is encouraged.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The CSC can make no effective impact without concentration of resources on specific objectives and groups

6. There can be little doubt that the CSC has suffered from a multiplicity of vaguely stated purposes and the pressure to apply its resources to a wide range of training demands. If it were to be re-designed to provide substantial training for future senior administrators, then it must shed most of the short-term courses developed since 1970. This is not to say that they are of no value, only that they need to be located elsewhere. The assumption here is that the CSC would concentrate on one job only—the education of those considered to have potential as senior administrators. This need not exclude the College from providing seminars, discussion periods etc. for a number of senior officials in different sectors of public service, an activity that could indirectly produce benets for the main training programme. In addition there might be a case for courses for more senior specialists moving into posts with a high administrative content*. But the College would not under the scheme presented have been an all-purpose civil service training establishment nor should it have pretentions to being a research institution.

Section 2. The ENA Model

7. Before considering what might be taken over from ENA experience it is necessary to refer briefly to what the ENA achieves. Detail is excluded as the Sub-Committee already has information on the ENA.

8. In essence the ENA is a device for choosing intellectually able people who then pursue a broad education in matters thought generally relevant to the performance of government functions and to the direction of public policy-making, Students are required also to demonstrate their capacity to apply their abilities to practical tasks. As they go through the course they are tested and at the end are classified according to achievement. Position in the classification lists substantially influences future career prospects. Entry to the ENA is by a competitive examination which presupposes knowledge of the kind of subjects pursued later in the training programme. This means that there have to be means by which candidates (both newly graduated students and those from inside the public service) can suitably prepare themselves. The ENA course lasts for two and a half years and since many do not enter the ENA until 23 or 24 years of age, successful candidates do not really start an official career until they are 26 or 27 years old. They are then, however, mature and ready to work independently. Thus the transition into a permanent appointment may usefully be envisaged as roughly equivalent to the attainment of the Principal grade by starred entrants in Britain.

9. Undoubtedly the ENA is intimately linked with an educational system in the schools which has long been rigorous, intellectualist and competitive. Universities have played a more restricted part in French higher education than their counterparts in Britain and the state has traditionally met many of its needs for trained personnel by establishing specialised training institutions. These have generally been prestigious. Yet despite these characteristics peculiar to French development and for which Britain offers few analogies, there are certain similarities in the context of the two countries. In both the universities do not generally provide vocation-specific education; I ignore obvious exceptions like medicine or law, though in neither country do universities strictly speaking produce either doctors or lawyers. In both there has been a strong tradition favourable to the acquisition of a broad culture; and in both it has been customary to regard administration as a task calling for the application of a wide range of experience rather than of highly specific technical skills. It is true that the French believe—and the ENA testifies to this—that the administrator should be more thoroughly educated in a wider range of subjects than has been thought necessary in Britain. But the underlying approach and objectives do not differ in principle from those which shaped the

* The CSC currently provides several different courses (all comparatively short) intended to meet some of the needs for administrative and management training felt by specialists. There would, at the least, need to be a concentration of effort here, with the emphasis shifting to the requirements of senior personnel with a predominantly specialised experience.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

emergence of the modern civil service in Britain: select able people and make out of them a reservoir of administrative talent capable of being applied to most of the varied tasks of administrative direction and control. Thus it would not be perverse to try to adapt the ENA model to the British context: there are certain shared assumptions.

10. It has to be accepted that the ENA is in a neutral (and correct) sense "elitist". It offers a means of choosing people and of preparing them for an attractive career, provided they can make the grade. This elitism is not altered by the fact that annually up to 50 ENA entrants may come from inside the service: they too have to be selected from a large number of aspirants. The ENA does not, however, have to integrate specialists in the British sense of the term, chiefly because that type of person would probably choose another route into the public service (eg Ecole Polytechnique), and also because the corps structure and the absence of a sharp division between the functions of policy formulation and technical advice in French administration has left relatively more opportunities open to specialists to occupy senior positions than in Britain. The absence as a rule in France of permanent secretary posts also makes a difference. It is difficult to discern how the ENA model could be copied in any serious degree without accepting something of its elitism, though in France this would be regarded as a means of ensuring the "carrière ouverte aux talents".

SECTION 3. *A training programme for potential senior administrators*

11. The training programme offered to administrative trainees should consist of theoretical study, practical activity and opportunities for the analysis of problems likely to be encountered in administrative life. It is considered that if all this is to be done adequately the course would have to last for not less than two years. The scheme set out below assumes a minimum two year training period. Half of this would be devoted to gaining practical experience of various aspects of the administrative environment. Roughly nine months might be set aside for what will be called "education for administration" and the remaining period of three months would concentrate on problem-solving and instruction by case study analysis. The proposals relate to the home civil service and leave out of account the diplomatic service. It would, however, be possible to adapt them to embrace entrants into the FCO, though clearly the latter has some special requirements, eg language training, not appropriate to the CSC.

PERIOD 1 (12 MONTHS). *Practical experience*

12. It is suggested that recruits might be distributed initially amongst the principal departments of state for an induction course lasting about 3 weeks. They would *not* be assigned to such departments (see paragraphs 18-19 below). The purpose of the induction phase would merely be to give them an introduction to central government organisation, to the structure and functions of a department, and to the manner in which a department relates both to the rest of central government and to other parts of the administrative system. This induction phase would be provided by departments, but under the supervision of the CSC, ie the College would have to satisfy itself that the departmental programmes were meeting its requirements.

13. After induction each course member should be allocated to an administrative unit, as a rule out of London. This is not to be thought of as equivalent to a current A/T posting. Its purpose would not be further induction into the work of the central organisation of a department, nor would it be the first step forwards in a departmental career since there would be no assumption that the trainees would go forward in the departments within whose ambit they might acquire this practical experience. A least five months out of the eleven available should be spent on simple, routine work in order to familiarise trainees with working conditions at the lower levels of public administration, with clerical procedures, and where appropriate with the manner in which the public services interact with the people who use them. The remaining period of about six months would be allocated to work at a level which provides trainees with some insight into tasks of staff management, programme execution, negotiations with bodies outside the state service, and policy development and appraisal. This would call for attachment to a relatively senior official.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

14. As already stated, it would be desirable for all or most of this experience to be gained away from the central Government organisation in London. This inevitably poses the question of where to locate such practical experience postings. Basically it means using the field services of central departments, many of these now being organised at regional and area levels. In addition " hived off " bodies operating under the aegis of a central department might offer suitable postings. But as the extent of devolved activity varies from one department to another (eg high in the case of the Department of the Environment of DHSS, low or nil for the Treasury), it is unavoidable that trainees woul dtend to be bunched in some functional sectors. But a reasonable balance might be maintained provided full use were made of the numerous devolved or hived-off agencies now in existence.

15. It is assumed here that this practical experience phase would be spent in Government agencies. At first sight it appears attractive to spread the net wider and to envisage postings to local authorities, nationalised industries and perhaps even to private firms or financial institutions. But there are serious difficulties here. Organising and controlling secondments to such bodies would be very difficult; it is questionable whether it could be a reciprocal affair; the likelihood of building up a body of experience in the civil service of how best to handle these secondments would be diminished; the functions and methods of these non-governmental bodies vary too widely to offer prospect of a reasonably homogeneous practical introduction to public administration; many of these non-governmental organisations have very specific tasks for which specialised training is required or which have no analogy inside government.

16. However, this rejection of finding practical experience opportunities outside the civil service might need to be qualified in one respect, namely with reference to local government. It is a characteristic of our system of administration that many major services financed to the extent of a 60 per cent Exchequer contribution and provided under statutes conferring extensive supervisory powers on ministers, are nevertheless organised, made available and their scale determined by local authorities. Thus, to take a simple example, one can only learn about how education is administered by going to an education authority. The same goes for many personal social services and physical planning: it is local government which actually does these things. As many administrators are bound to be concerned with the supervision of services provided locally, it is reasonable to conclude that some experience of these " on the ground " is desirable. Moreover, local authorities are nowadays large and complex organisations, especially at county level, and would appear *prima facie* to be able to offer valuable general administrative experience, There would, therefore, be a case for exploring whether selected local authorities would be ready to act as agents providing for a proportion of the annual intake the practical experience opportunities proposed here. This might mean taking responsibility for about 6 months of this phase.

17. As far as acquiring knowledge of other non-governmental agencies is concerned there would be some opportunities for this simply in the normal course of work during this practical experience phase. But it is likely that this would have to be supplemented by special secondments (see paragraph 23 below). Those respsonsible for looking after trainees during this initial year would be required to report on their progress, preferably halfway through the year and at the end of it. During the second half it would be desirable for each traineee to have a simple project on which he would be expected to produce a written report to the CSC. College staff would also have to have arrangements for satisfying themselves as to the suitability of trainees' postings and the progress being made by the trainees.

PERIOD II (9 MONTHS. *Education for Administration*

18. After their practical experience trainees would return to the CSC for a period of study and critical reflection. The purpose would be to ensure that all trainees pursued together the study of a number of subjects which can reasonably be regarded as constituting the necessary theoretical equipment for an educated administrator in contemporary conditions. The underlying assumptions are that such a person needs to be equipped to think critically about:

(*a*) the structure of politics, administration and law within which he will work ;

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*b*) the structure and behavioural patterns of the society in which he will operate;

(*c*) the terms on which production, distribution and exchange of resources take place;

(*d*) the international context in which Britain has to survive;

(*e*) techniques of work organisation and personnel management.

These needs can be given the following academic discipline labels:

Political and administrative science

Social science

Economics

International politics

Management science and organisation theory.

Broadly speaking the aim would be to provide courses under these headings which would ensure that the student is familiar with the literature and principal concepts in these areas of study and assist him in assessing the ways in which such study is relevant to the practical activities with which he will later be concerned. The purpose would *not* generally be to communicate techniques, but to shape a critical intelligence capable of maintaining some resilience in its approach to the problems of government.

19. Only the roughest outline can be provided of the relative weights to be attached to these different components. Assuming that about 32 weeks net were available, the allocation of time might be:

Political and administrative studies (including public law) 8 weeks

Social science 6 weeks

Economics 8 weeks

International politics 4 weeks

Management science 6 weeks

There is, however, nothing sacrosanct about this time distribution. A satisfactory pattern of course would depend very much on what was studied under each heading. For example, the study of administrative organisation under the first heading might well overlap with material falling under management—sciences and organisation theory; the time required for social sciences would depend upon the extent to which the emphasis was on social structure, behavioural and demographic questions as opposed to social organisation and social service questions (the latter overlapping with administration and perhaps with economics). The intention would not be to cover these disciplinary areas as in a university course, but rather to combine broad approaches with opportunities for analysis in depth. Thus the study would not be "theoretical" in the manner which practitioners in Britain always fear, but would have to be shaped by the practical consideration that a future administrator's intellectual development is likely to be improved by having to think about major aspects of the context in which he will work. In particular, it would not be the intention to produce "economists" or "management specialists", but rather people who would understand the relevance of economic concepts and management theories to resource production and the conduct of administration respectively.

20. It has to be remembered too that some trainees would already have an academic grounding in one or more of the areas of study proposed. This means that the amount of instruction in particular fields might have to be varied in accordance with the background on the students, and in other cases instruction would have to be pitched at a level capable of engaging the attention of people with very different degrees of knowledge. The extent of these problems would, however, be markedly affected by the kind of changes proposed in Section 5 for entry into the College and civil service.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

21. It is envisaged that much instruction would be given by well-prepared lecture courses, but that use would at this stage be made of seminars and small groups for informal instruction. Students would be expected to familiarise themselves with a recommended literature and to produce written work. At the end of Period II trainees would be assessed in some way (see below) and asked to express preferences for subject areas in administration. This would establish a basis for some degree of subject specialisation in Period III and for the final allocation of trainees to departments.

PERIOD III (*3* MONTHS). *Problem-Solving*

22. After the education phase just outlined, it would be appropriate to conclude the training programme with a short period devoted chiefly to the analysis of real or simulated administrative problems. The preparation and continued renewal of suitable material presents a challenge. But there is already substantial experience of problem-solving exercises within the CSC, in business and management schools, and in other training institutions. It would, however, be necessary to secure a high degree of co-operation from departments in the provision of material, including material bearing on personnel management. It is at this stage that some degree of subject specialisation might benefit the trainees and render course management easier. Case study work has to be tied back to specific problems and functions, and the exercises might usefully be grouped according to major sectors of government activity with the students forming small groups working in each sector. It would also be for consideration whether in this phase trainees should prepare a report on some specific project as a final piece of written work.

23. It might, however, be desirable to set this phase of training into a broader context, that of encouraging a greater degree of subject specialisation in general administration. It will be remembered that the Fulton committee recommended two areas of specialisation, social and economic administration. Whilst such a broad division may be open to serious objections, there is a case for imposing on general administrators a more differentiated pattern of specialisation related to the principal functional areas of government activity. Trainees might be divided up into five or six groups, each to specialise during period 3 of training in the problems of a particular functional sector (eg macro-economic policy; industrial policy; social services and benefits; education and scientific research; defence; law, order and environmental questions). If such a pattern were adopted it might well be desirable to extend this final period by some months to include opportunities for gaining experience of relevant organisations in both the public and private sectors (eg banks, nationalised enterprises, industrial firms etc). It would also be desirable for subsequent career planning to respect the areas of specialisation selected by the trainees.

24. Questions affecting the number of students, recruitment to the CSC, the organisation for such a training programme, and examination of trainees are dealt with below. This Section can be concluded with a few further remarks on the rationale for the kind of work experience and education proposed above. It is assumed that generals need to know something about life in the front line: hence the substantial time devoted to a guided and supervised introduction to administrative life away from the rarified level of Whitehall offices. It is assumed that a high proportion of those entering administration have had a largely "irrelevant" university education and that they need to engage in some intensive study of certain subjects which are relevant to the context, activity and problems of government. But since it is strongly believed in Britain that young people at the early age of 21 or 22 want to get away from academic study and do a job, the academic or education phase of this course comes after the practical stage.

25. No claim is made that the subjects recommended are directly practical or vocational, or even that a good case could not be made out for a somewhat different mix. These proposals rest on the assumption that there is in fact no clearly defined body of knowledge which can be said to be an indispensable prerequisite for success in administration. This is because administration is not an activity like cooking or bridge-building: it is concerned with the manipulation of largely unpredictable circumstances under the pressure of social, economic, legal, technical

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

and political constraints, to mention only the most obvious. Thus training for the profession of administration should be seen as an attempt to make those who are embarking on such a career critically aware of some of the major conditions of the world in which they will operate, to give them some insight into disciplines which provide our conceptual understanding of that world, to introduce them to practical problems and techniques of problem-solving, and to develop further their critical faculties. To revert to the French model, the aim would be to ensure that on completion of the training programme the students emerged with a " formation " which made them different from what they were at the outset, better equipped in intellectual terms to tackle effectively the challenges of administration in a complex and rapidly changing environment.

SECTION 4. *The Civil Service College organisation*

26. It has already been indicated that the CSC would be unlikely to be able to offer this kind of training satisfactorily unless relieved of many of the short-term, technical and vocational courses currently provided. It would seem appropriate to concentrate technical courses (eg ADP) and short courses dealing with management techniques and methods in specialised and separate institutions. Conceivably bases for this might be found in certain universities or polytechnics. Alternatively, greater reliance could be placed on departmental training facilities which are already extensive. Insofar as certain short courses and seminars are primarily for senior administrators and specialists with substantial administrative responsibilities, the CSC might continue to provide these since they would fit in more easily with the main programme of work. But this should not be equated with the current Middle and Senior Management courses which absorb 24 per cent of the College's annual training effort: it would be a much narrower category of training. Additionally the College might continue to provide the European training which is on a small scale. Given that the College would on the scheme presented here, be providing full-time courses for at least 100 students, and possibly for up to 150 per year, as well as supervising at a distance the practical experience phase for a similar number, it should be clear that this alone would be a heavy burden both in terms of organisation and teaching effort.

27. The College would need staff of high calibre, and probably at the senior levels more numerous than at present. But it is impossible in advance of detailed planning to put a figure to the staffing requirement. On the teaching side a ratio of one teacher to 10 students might give a rough guide to the numbers needed, though this ignores the distribution of subject demands. The staffing problem is complicated too by the extent to which the CSC could and should make use of people drawn from universities and from within the public services for occasional contributions to its courses. In principle this is desirable, but on two conditions. Such contributions are likely to be better if on a reasonable scale rather than just the odd lecture. Second, they need to be well-prepared and closely integrated in the overall programme. Subject to these qualifications the aim should be to maintain a core of well-qualified permanent staff drawn from both the public service and outside. Some might be employed on five year contracts and it may well be necessary for the Civil Service Department to exert far more pressure than it has done so far on outside employers to offer reinstatement to employees released for such relatively long periods. Universities, for example, make difficulties in this respect owing to their reluctance to release staff for more than two years. The College would also need substantial flexibility in setting fee scales for part-time contributors to courses, and there is a strong case for allowing officials who do such work to accept some remuneration.

28. The CSC could not succeed in providing this kind of training and in making an impact on the civil service unless it gained substantial independence from day-to-day CSD control. The record of the CSC to date is a sufficient demonstration of the inhibiting effects of constant CSD over-sight and of over-deference in the College itself to what was no doubt regarded as " Whitehall opinion ". The College should be given a statute and its Director clearly empowered to act freely within the remit given to him. Whilst the College would have to be subject to financial control through the CSD, the department's operational oversight should be restricted to a share of seats on a small supervisory board (representative of users,

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

but also containing outsiders). As far as expressions of opinion in public go, the Director should be under no limitations greater than those which affect, for example, the head of a nationalised industry.

29. Since its establishment the CSC has attempted to run a modest research programme. This has been justified in part by the claim that good staff from the academic world would not be attracted unless the College did have a research role. Without wishing to criticise in any way the research so far published, it has to be said that the result of this research commitment have demonstrated how unlikely it is that a training establishment or staff college can in fact successfully combine two very different functions—teaching and research. It is suggested that the analogy with universities was misplaced and that it would be better if the College did not cultivate a research potential or in other similar ways try to ape a conventional academic institution. On the other hand this limitation does not imply that individual staff members would not be encouraged to write and to publish, and indeed their conditions of service might be designed to take account of this desideratum.* There is in principle no reason why some of the material prepared for courses should not appear in print, whether coming from permanent staff or from occasional contributors to courses (including officials). It should be noted that several valuable French works in administration have their origins in ENA courses given there by officials. The contribution made by British officials to public understanding of administrative problems is meagre, far more so in fact now than it was fifty years ago. One of the by-products of a successful training institution might be a reversal of this situation.

SECTION 5. *Recruitment and Entry Conditions*

30. In one important respect the Fulton reforms made no change. The "preference for relevance" formula was rejected. The policy of recruitment to the administrative class or group by competitive examination with no prescribed subjects was maintained. Indeed since the subsequent disappearance of the old Method I academic examination in subjects of the candidates' choice, total reliance has had to be placed on interviews, psychological assessments, and a general essay test. Thus entry is by competition, but imposes no constraints on candidates to offer any particular qualifications or range of knowledge. This situation may suit the autonomy of universities and may appeal to candidates too. It nevertheless has the result that only a relatively small proportion of the annual entry has an education in subjects which have some relevance to administrative activity and the environment of contemporary government. (Civil Service Commission statistics bear this out.)

31. It would be possible to maintain this policy unchanged, ie to recruit administrative trainees as at present and then to pass them all straight into the care of the College. One of its main tasks would be to give them a "relevant" education. On the other hand this means that the College would have a group of students with very heterogeneous backgrounds, and would have to put them through the phase defined as "education for administration" in only 9 months. The risk of being compelled to give relatively superficial instruction would be increased. This difficulty could be overcome by a radical change in recruitment methods and conditions. Instead of the present open competition there might be a competitive examination in prescribed papers for entry into the College. Formal confirmation in civil service employment could be postponed until completion of the College course (this not differing in fact from current probation periods), and allocation to departments could likewise occur at or near the end of training. Presumably the Civil Service Commission would act as examining agent for the College and it might be necessary to associate it with the College and the CSD in the final posting of trainees to departments. (This need not exclude respect for candidates' preferences).

32. The change just outlined would alter the perspective of candidates: they would have to think in terms of getting into the College in order to get into the civil service. It would similarly have a big impact on departments, forcing them to

* There is a marked tendency nowadays to believe that writing must always be preceded by "a research project", usually involving a research team or assistant. The acquisition of knowledge and the reflection which should precede writing can take place in many different ways.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

re-assess attitudes towards training and the College as well as sharply reducing their role in the early stages of preparation for an administrative career. But the most serious aspect of paragraph 31 is the proposal for an entry examination in prescribed subjects. What is envisaged here is an examination comprising: (i) a general essay test; (ii) three or preferably four written examinations in subjects to be selected from a list of "social disciplines"; (iii) interviews and oral tests. The lists of subjects under (ii) would be likely to include: economics, political science, sociology, administrative studies, applied social studies, international politics, public law including international law, twentieth century history, demography, urban geography, management/organisation studies. Candidates might be allowed a bonus for an optional language paper, possibly for one in mathematics too. The problem immediately presented by this scheme is: given the pattern of present-day university studies how would people prepare themselves for such an examination? Would it not limit the entry to that smaller number who had taken appropriate courses and thus depress standards?*

33. This is a problem which can be overcome if there is the will to do so. It is overcome elsewhere and not only in France. The objection that an advantage would be given to people who have read certain relevant subjects at universities is met partly by making the examination broad enough to ensure that it does not coincide neatly with normal Honours courses. Nevertheless there would (and rightly so) be an incentive for students to choose relevant subjects at university. But potential candidates would generally have to equip themselves for the examination by taking at least one year of further study after graduation. Some people might make private arrangements for such preparation for the examination (including perhaps in some cases study abroad), but no doubt most would require suitable postgraduate courses in Britain (and grants) to top up what they had done for a first degree. For internal civil service candidates without an academic background special facilities and opportunities for taking study leave would need to be provided. Obviously the co-operation of a number of academic institutions would be necessary in order to make the whole scheme work. But there is no fundamental reason why such a change is impossible. In essence it is a question of presenting candidates with a challenge to equip themselves in certain ways and of diverting a very small proportion of available academic resources to enabling most of them to take up this challenge. It should be noted that the entry examination proposed would be of Honours degree standard, though not requiring candidates to cover in each field chosen as wide a range of topics as in a University degree examination. Examination boards would have to be drawn partly from academic institutions, but the College would in time make an increasing contribution.

34. The immediate advantages of this approach are twofold. First, it would establish as a matter of principle that potential administrators need to have proved their ability in subjects broadly related to their future professions. Second, it would give to the College some assurance of having an intake with certain common interests and shared knowledge. This would additionally make it possible to pitch the second phase of the training programme at a high level, both intellectually and in terms of the extent to which it could draw on actual administrative experience. The objection might be raised that the scheme represents a return to a formal, academic examination, now abandoned. The answer to this is that if the principle of subject relevance is accepted, it can be tested only by written examination. An alternative in principle would be to stick to the current entry examination for ATs, but to require candidates to have degrees in at least one of a list of prescribed subjects. This would encounter opposition and probably presents more difficulties than what is proposed. Moreover, after a period of eclipse, there are signs that more formal examining as a way of testing achievement is returning slowly to favour in the educational system at large. For the civil service to give a lead would hardly be out of place.

35. It remains to make reference to in-service entrants into the College. Clearly there has to be provision for at least two categories of serving officials to compete

* It is appreciated that the proposals set out in this paragraph appear to run counter to the assumption made in paragraph 2 that the output of the universities was something the civil service has to accept as a datum. However, these proposals would possibly affect the choice of subjects by students rather than the character and pattern of university studies as such.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

for entry alongside the direct entry candidates. One category consists of younger general administration staff (likely to be in the EO/HEO grades, but perhaps higher in some cases), whilst the other consists of specialists from any of the professional groups who wish, at an early stage, to convert to a general administrative career. It would be desirable that candidates from both these categories should take the same or only a slightly modified entry examination. But as already noted, this implies that officials anxious to compete and thought to have a reasonable chance of success should be given suitable facilities for preparing themselves. A high measure of co-operation from departments would be necessary in this regard. It would be advisable to have prescribed upper age limits for taking the examination, possibly 25 for direct entrants and 35 for serving officials. The objection that older civil servants from all groups would be excluded has to be met by pointing out that the steps recently taken to overcome parallel hierarchies and to establish a more open structure at senior levels have already widened the career prospects for really able people who have not had a conventional career in general administration.

Section 6. Testing Performance at the College

36. The training of ATs at present is marked by the absence of any assessment of how they perform. This is not surprising for reasons which cannot be explored here. But if a substantial course, placed before posting to a department, were established, the position changes completely. In principle there is then every reason for testing performance and for making assessments intended to contribute to decisions on later postings, career prospects or relegation from the administrative cadre*. On the other hand it is doubtful whether rigorous continuous assessment and grading in order of merit in the ENA manner would be acceptable either to potential civil servants or to public opinion. However, a reasonable and useful compromise would be a system of reporting combined with assessment of course work (not excluding evaluation of written work), the results of which would be communicated to the students and entered into their personal records. It would be necessary for students to achieve a certain level of overall attainment to qualify for an administrative posting at the end of the course. But the intention would be to keep the failure rate low and it is not suggested that those with a very high assessment should for that reason alone be given specially favourable postings. Nevertheless, a good course record could be expected to work generally in their favour as their careers go forward.

37. A training scheme of the kind outlined here (especially if combined with performance assessment of trainees) has certain implications for the structure of the civil service, in particular for the grading of certain posts, and for career planning in respect of the personnel who have been through the training programme. Currently all those who are recruited as Administrative Trainees attend roughly within the first two years of service two 10-week courses at the CSC. Those who are "starred" (which does not depend on course performance) used to receive a further course of 15 weeks†. The latter are graded HEOs (A) and can expect early promotion to principal grade. The non-starred recruits can expect to rise rather more slowly, but are headed for the same career ladder. It is, however, still a governing assumption that training is merely incidental to the practical experience gained on a a range of jobs during the first five to seven years of service and that the departments remain responsible for determining the career progression of their AT personnel. If, however, a 2-year training programme were instituted, it would be reasonable to conclude that those completing it would then be ready to take over the responsibilities of a substantive posting, ie they should not then be regarded as being in a training grade. Under the scheme presented here they would on average have reached the age of 25 (or possibly a higher age, allowing for a proportion of older in-service entrants) on reaching this stage. Whether, however,

* These words refer to the group drawn from administrative trainees at the College. There are terminological difficulties here owing to the abolition of the former administrative class and the creation of an undifferentiated 'administration group'. Some term would probably be needed to designate the College output.

† AT courses have been shortened and it appears that the Stage III course for the fast-stream is unlikely to materialise (paragraph 72 of the CSD Memorandum entitled The Response to the Fulton Report, HC 368-i, refers).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

promotion to Principal grade would be appropriate would depend on how this grade were more generally treated, eg as far as promotion to it of people in HEO and SEO grades were concerned, the age span of the grade, etc. The simplest solution would be treat the Principal grade as one only for College-trained administrators running from age 25 to 35 approximately. Thereafter the progression would be through the assistant secretary grade upwards. But this would mean that civil servants in the administrative group with a different entry route would have to progress via HEO and SEO grades, passing then either to Senior Principal grade (probably signifying that they would go no further) or in cases of proven ability to the assistant secretary grade.

38. It is likely that a policy of this kind would be opposed by staff associations and others because it would represent an attempt to distinguish College trainees as people likely (though not certain) to move fairly quickly up the career ladder. Nevertheless, without acceptance of such implications the introduction of a more rigorous and for ATs more costly training programme could hardly be justified. A further implication of these proposals is that departments would no longer be expected to move College-trained entrants frequently from one posting to another. The first posting might last for not less than 2½ years, the second rather longer. In the case of the first some degree of supervision by a more senior official might be required, though this should not be so extensive as to nullify the opportunity to accept responsibility. In addition private office postings as a source of experience could be expected to become less important. There would continue to be an important role for young Principals in the offices of more senior ministers, but the practice of assigning ATs to the offices of junior ministers and senior officials would need to be substantially modified or dropped.

SECTION 7. *Consequences and Objections*

39. It is natural to ask what a scheme of this nature would cost. It would, however, be fruitless to try to make an estimate on the basis of some part of current CSC costs (amounting for 1975–76 to about £3·1 million). The College presently employs a large staff for a wide range of courses, maintains a residential element, etc. Under the present proposal much of the training now offered would cease at the College, but this would not be a net saving, since a substantial part of it would have to be provided in some other way. Prospective costs would also depend on whether a re-designed College were residential or not. On the whole the advantages of a residential institution are far less than is commonly believed and it is also doubtful whether trainees would welcome such arrangements for the relatively long period envisaged. A convenient location in London would offer many advantages, not least the ease of access for visiting speakers and proximity to academic and research institutions on whose library resources and staff it may be desirable to draw. On the other hand a non-residential institution needs to have reasonably comfortable amenities for teaching, study and a certain amount of entertainment. Judging by what is known of the running costs of certain academic institutions, it is considered that the kind of College envisaged here could be run for considerably less than the present College, provided the capital cost or rent of a building is excluded. A figure between £0·5 million and £0·75 million per annum might be realistic. There would, however, be the notional cost of withdrawing between 100 and 150 young civil servants per year from active service: this might amount to between £350,000 and £500,000 per annum.

40. If the further question is asked whether cost of this order woud represent worthwhile expenditure or make a contribution to efficiency, it has to be accepted that no conclusive answer can be given. Training is an investment in people and it is rarely possible to measure exactly what productive return is gained from the fact that they have been trained, or were trained to a certain point for a certain period of time. This difficulty is particularly acute in respect of training which has a strong element of "education" and encouragement to personal development in it. If well done, it changes people's knowledge, attitudes and behaviour. Hopefully this will be beneficial in terms of performance. The crucial point is that once one passes beyond straight technical instruction for a vocation, it becomes hard to measure (*a*) what is added by training, and (*b*) the effects on work perfor-

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

mance as compared with other factors. But this provides no conclusive argument for the "sitting by Nellie" theory of job learning: whatever may be the need for practical experience on the job, that theory has the vice of being inherently conservative. It binds people irrevocably to the habits of their organisation and teaches them to do what their fathers did before them. Behaviour is shaped very powerfully by the organisational environment in which people work. An investment in training designed to cultivate a critical and informed intelligence is justified chiefly as a means of counteracting in some measure the inertia which tends to result from this fact.

41. It could be objected that the scheme outlined—and the ENA model on which it is based—does not take sufficient account either of technical skills or what is now called numeracy, nor of their importance for the effective handling of the problems of contemporary administration. The difficulty here lies in defining what skills and what degree of numeracy are required for what kind of administrative task. Though reasonably definite answers can be given in some cases, this matter has to be pursued only a little way for it to become clear that, as argued previously, there is no single body of technical skills nor even a certain quantum of numeracy which could be claimed as the essential core of a training scheme for administration as such. This is not to question the importance of technical knowledge (eg computer programming and its applications, operations research methods, civil engineering) in some contexts, nor of quantitative reasoning in others (eg economic theorems, statistical methods, etc). But these are skills which some people need to have for some purposes, not skills of general application. Thus they are best acquired by qualification before entry, by special instruction and training according to need, by special contractual arrangements, by specialisation in post and so on. Above all, in a complex organisation like the government service, there is ample opportunity through organisational adjustment to ensure that the structure of jobs respects technical requirements. The retention of a body of well-trained general administrators need not and should not imply that they have a monopoly of the positions of direction and control: where the technical or specialist considerations predominate, the general administrator should have no more than a supportive role in the organisation.

42. A further objection, already touched upon indirectly, is that a scheme of this kind runs counter to important features in the post-Fulton report reforms. There is the anti-elite bias of the period since 1968; there is the idea of an open structure in the civil service and the effort to attract specialists into administration; there has been the establishment of the CSD and with it a tendency to strengthen a centralised interest in personnel management and organisation; there is the notion of "looking at the job" and of fitting people to jobs: There is the widespread belief that administration is just another form of management despite, incidentally, some of the evidence to the contrary provided by the research done for the Fulton committee.

43. Objections of this kind tend to lose their force as the climate of opinion changes and as experience indicates the limitations of some of the ideas on which they rest. There is now a more critical attitude towards some aspects of the Fulton diagnosis and towards some of the changes made since 1970. There are grounds for believing that the reform programmes embodied rather too many compromises as a result of trying to accommodate numerous competing interests and several different objectives. Indeed, the difficulty went further. The post-Fulton measures have in some cases sought to secure the benefits of reform without disturbing customary assumptions and practices at all. The experience of the College to date suggest that it has on balance been a victim of this ambiguity. It follows, however, that a genuinely new departure would initially stimulate hostility in some quarters and perhaps be denounced as a betrayal of reform principles. That, it is suggested, is the price which has to be paid for real change.

44. Finally, a brief note is called for on certain political aspects of the training of potential senior administrators. First, the more positive aspect will be considered. Public administration is an activity carried out under political direction, within a framework of law and subject to political control. Nowhere has the concept of political accountability through ministers been more heavily stressed than in Britain.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The counterpart of the insulation of public service from party political influences has been the assumption that public administration will be responsive to political requirements as determined by responsible ministers or other elected representatives. It follows from this that the civil service must demand of its administrators a high degree of sensitivity to the political environment; they must be willing and able to use the organisation of government to serve policies determined by politicians and subject to parliamentary scrutiny as well as to the judgment of public opinion expressed in many different ways. It therefore seems reasonable to conclude that whatever training is provided should seek to maintain in the civil service qualities and attitudes congruent with the political conditions of government in Britain. This is one of the main reasons in favour of a training scheme which combines practical experience and something in the nature of an education for administration rather than one which purports to offer technical know-how. A development in this direction seems to offer the prospect of maintaining alert and innovative administrators who are at the same time capable of meeting the demands imposed on them by the political environment in which they work.

45. Yet there is a potentially negative aspect too. More systematically trained administrators will probably be more self-confident, may develop a strong *esprit de corps*, and may well come to take a more independent view of policy questions. Indeed, it might be argued that the training effort would have been wasted unless it had at least some of these effects. But this has implications for politicians. If they do not change and the administrators do, then serious confiicts could occur. What appears to be a matter of internal civil service policy is in reality tied up with much wider issues affecting politics and society. Turning back to the French experience, the evolution of the ENA since 1945 and the impact of its work on French administration leave no room for doubt that this was so.

Nuffield College, Oxford

January 1977

Summary of Principal Considerations and Proposals

1. There is a continuing need for general administrators and this supports the case for a broad educative training programme of the ENA kind rather than one focused on techniques (paragraphs 3–4).

2. The Civil Service College has suffered from providing too many courses for too many disparate groups: if it is to make any impact it must concentrate its efforts on a more clearly defined task and a more limited clientele (paragraph 6).

3. The ENA works within a particular national context different from the British. But in the two countries there are some shared assumptions about what constitutes a good administrator and about the values of a humanistic education: this means that adaptation of the ENA system to British needs is a possible line of development (paragraph 9).

4. An ENA type training programme would need to comprise practical experience for at least one year (paragraphs 12–17), a phase devoted to education for administration extending to nine months (paragraphs 18–21) and a short period of "problem-solving" (paragraphs 22–23). The total training period would be a minimum of two years.

5. The Civil Service College should be used to give this type of training to up to 150 graduate and internal trainees per year. The College should then lose a high proportion of its current responsibilities for other types of training (paragraph 26).

6. The College needs to be substantially independent of day-to-day CSD supervision and to have its own statute (paragraph 28). It should not attempt to carry out research (paragraph 29).

7. Trainees for higher administration should be recruited by competition to the College rather than to departments (paragraph 31).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

8. Consideration should be given to an examination of a more formal kind and limiting candidates to a range of "relevant subjects" (paragraphs 32–34).

9. Special educational provision would be required for internal recruits.

10. There would under a revised ENA-type training scheme be a case for assessing the performance of trainees during the course (paragraph 36). There would also be some implications for the career postings and career planning of those who have been through the course (paragraph 37).

11. Prospective costs are virtually impossible to assess, but are likely to be on a fairly modest scale (paragraph 39). The benefits in terms of improved efficiency from this type of training scheme cannot be assessed quantitatively, though it is reasonable to hold that it would tend to improve individual performance.

ANNEX

A note on two other models

1. The relevance of the ENA to the British options in respect of securing a body of capable administrators may be underlined by a brief reference to two other models. One is what will be called " the job-specific recipe ". The other is the legal education model. Subject to some important qualifications, the USA operates according to the first of these models. The emphasis in the US public service has traditionally been more on fitting people to jobs than on securing cadres appropriately qualified for a range of jobs in a career service. In recent decades this approach has been significantly modified, especially with the growth of a General Service Class in the federal public service. Nevertheless a lot of importance is still attached to job-specific qualifications and experience, and this fits in with the fragmented and specialised structure of American administration which gives far more scope for the expression of agency requirements in recruitment. Moreover, at the top level of general administration there is still a significant amount of political recruitment from outside the service. Under the legal model, found in a highly developed form in Western Germany, a particular kind of education—in this case law—is a prescribed preparation for entry into that level of public service from which most general administrators come. In this case both the universities and the administration continue to provide the requisite education and training. Again, the model has been over-simplified: law-trained officials no longer wholly predominate in general administration, law training is in any case very much wider in scope than it is in Britain and alongside the law route into the higher levels of public service there are other specialised career routes too.

2. However, this brief summary of the alternatives suggests that the second would be wholly impracticable in the British context, while the first has more difficulties than appear at first sight. It will be remembered that there are passages in the Fulton report which seem to lend support to the job-specific approach to staffing the civil service, though finally the report came out firmly for a career service comprising broad professional groups. The chief objections to this model are that it would tend to fragment the administrative system in the long term, and that it relies for its efficiency on numerous and varied training opportunities outside the public service. Given the political characteristics of British government it is doubtful (as in France) whether fragmentation of the central administrative services would be acceptable. Additionally the pattern of higher education would have to be supplemented considerably if it were to meet as effectively as the American the numerous job-specific needs of the public services. Thus, though the second model is in principle feasible in the British context, the odds are against its adoption. This provides grounds for contemplating adaptations of the French model.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 17

TRAINING IN THE CIVIL SERVICE

Memorandum submitted by Mr Duncan Smith, Recently Chief Training Officer, NHS

Introduction

1. Training in the Civil Service as a whole has been cursorily treated in published reports which deal with this subject. Such attention as has been given to training has been mainly directed to the Civil Service College and its predecessors. In the Fulton Report, for example, fifteen paragraphs are devoted to their proposals for a College, which could only be the tip of a large iceberg, as compared with the two specifically concerned with other aspects of training. Moreover, without supporting argument the Fulton Committee expressed the view that " such central courses could train civil servants more economically and to a higher standard in some fields than can be achieved by separate departmental training; we recommend therefore, a review of the balance between central and departmental training to assess the possible extent of such a change ". This simplistic view of the economies of scale does not recognise that training does not consist only of educational courses or that it should be closely orientated to work.

2. In a later report (1974) by R N Heaton and Sir Leslie Williams, a similar preoccupation occurs. This report made many criticisms of the College but as the ex-Principal points out in his fifth annual report (1974–75), " Although the College's activities in the training field amount to only about 6 per cent of the total training effort in the Civil Service as a whole, nearly half of the report is taken up by discussion of College matters and 32 out of 50 recommendations relate to the College ".

3. This approach has not affected the volume of departmental training, which has indeed grown, partly as a result of strong support from the Staff Side, but it may have affected its prestige and deflected public debate. In 1974–75 only 3·6 per cent of the total trainee days took place at the College and it seems desirable to examine the remainder of the large iceberg which has so far been largely overlooked. This paper, therefore, suggests (*a*) that there are a number of aspects of departmental training which merit review, (*b*) that there is a developing body of knowledge and experience about training which is applicable to it, and (*c*) that the roles of the College and of the Civil Service Department may require re-definition.

Types of Training

4. In most progressive organisations training activities can be classified under the following heads, all of which are dealt with in varying degrees in the Civil Service:

(*a*) *Induction and Entry Training*

Induction training includes basic instruction about the work to be done and psychological induction into the aims and methods of the organisation. It is so important to obtain the early commitment of new staff that recruits must be welcomed with consistent enthusiasm and understanding and with a willingness to try out new approaches. An example is the " discovery " method which encourages newcomers to find out things for themselves. Entry training means the more systematic training in skills or procedures and may be done externally or internally. The large organisations built up by departments such as the DHSS, the revenue departments, etc, to teach the elaborate procedures necessary for paying benefits and collecting taxes, are notable features of Civil Service training. Apprenticeship, in the industrial field, is a combination of external and internal training.

(*b*) *Post-Entry Training*

This comprises further study leading, in appropriate cases, to professional, technical or managerial qualifications, certificates, diplomas, etc. The Further Education system provides a wealth of facilities for this type of training and is widely used by the Civil Service. In order, however, to get the best value three requirements are necessary: (i) to maintain close liaison with the Colleges concerned and with management in order to ensure the quality and relevance of courses and to secure the interest and support of " bosses " for their students; (ii) careful selection based on appraisal and counselling; and (iii) opportunities to apply the lessons learned.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

It is not easy to ensure that all three requirements are met, and the "Guardian" reports that a recent DES memorandum accuses some industrial firms of sending "wrong people on the right courses, the right people on irrelevant courses and, at worst, the wrong people on the wrong courses". These strictures are not applied to the Civil Service but the art of obtaining optimum value from external courses is a difficult one and an analysis of the practice of departmental staff might help to reduce costs and to improve effectiveness. A review of the extent to which these requirements are met by departmental training staff may be desirable.

(*c*) *Updating of Knowledge and Skills to cope with Change*

Since change, both technical and organisational, is now the norm, it is basic to the efficiency of any organisation (and to the progressive development of new recruits) that existing staff at all levels should have opportunities of keeping up to date regarding new knowledge and skills. This challenge, in the main, can best be met internally though many outside organisations can provide useful help if they are fully briefed. A great deal of vocational training is done at central and departmental centres, but its effectiveness depends largely upon the precise identification of training needs, both of individuals and of units and, hence, close liaison with management. Reference is made to this point below.

(*d*) *Management and Supervisory Training*

This is the aspect which has provoked most debate and which presents the most difficult problems to managers and trainers alike. The fact that large resources have been directed nationally to management training since the 1950s without, apparently, making a major impact upon British management, is a matter for general concern. It is suggested below that the cause of this relative failure may be that emphasis has, in the past, been laid upon education rather than upon training, and upon the acquisition of knowledge rather than upon its application.

(*e*) *Training to Implement New and Existing Policies*

The policy circular on training in the National Health Service states that "training can play a big role in implementing new policies through the design of training activities to promote them". A number of successes have been achieved in the NHS in this field and further approaches are being actively developed. In industry it has been found that progress can only be made if the commitment of top management is secured and Lord Robens relied largely upon training to carry out important reorganisations in the National Coal Board. Such an approach is a rare feature in the Civil Service and whether or not it could be used as a strategic tool to improve the dynamism of the Service is a major question.

Existing Provision

5. To carry out the tasks outlined above there were, in 1974–75, 3,482 training staff in the Civil Service and the cost of training was about £78 million. These produced the formidable total of 2,054,846 trainee days. 82·2 per cent of training was provided by departments, 3·6 centrally and 14·2 externally. As regards types of training, 6·9 per cent was devoted to induction, 70·3 to vocational training, 13·6 to management and supervisory training, and 9·3 to background courses. Each tutor dealt on average with 731 student days of training and, on average, there were 4·5 tutors per 1,000 staff in the Service which had a total staff of 517,030. Of the £78 million, £4,286,000 was attributed to the Civil Service College. Some reduction in cost is likely as a result of expenditure cuts. These are impressive figures and it is important to consider whether these large resources are achieving the optimum effect. It has been noted that the implementation of policies is not regarded as a major goal of training and a review of the approach to management and vocational training is suggested below. Optimum results from induction and external training depend upon close liaison with management and this appears to vary.

The Place of Training in the Organisation

6. An initial question is where training should fit into the organisation. Elsewhere there is a perennial debate about whether it should relate primarily to personnel or to line management and this will vary with each organisation. What seems certain is that

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

training should work in close partnership with (i) *personnel* which, through appraisal, counselling and job rotation is the source of information about the needs of individuals; (ii) *management services and staff inspectors* who have special knowledge about the collective health of the organisation and its units and who can help to diagnose training needs; and (iii) *line management* who should prescribe the objectives of training and seek its help in overcoming deficiencies and in the effective implementation of policies. All three are components in the process of Organisation Development which, in a healthy organisation, can anticipate and adjust to change and plan a learning process which can achieve it smoothly. If trainers possess behavioural skills of a high order they can make a large contribution to this process and are sometimes regarded as " change agents ".

7. The appropriate place of training in the organisation will depend upon its purposes and two alternative concepts are shown in the simple model below:

TEACHER/INSTRUCTOR	LEARNING DESIGNER
TRAINING ADMINISTRATION	CONSULTANT TO MANAGEMENT

In many training organisations, as in the Civil Service, the emphasis is on the left hand side of the model but an " organic " view of training would push resources and skills towards the right.

Three Phases of Development

8. The Industrial Training Service suggests that training organisations tend to develop through three phases. First, there is the " informal " phase in which training is improvised to meet immediate needs, largely at the instance of management. Secondly, as the organisation develops, there comes the phase of " systematic training " in which specialised training staff emerge and in which there are carefully devised procedures and many formal courses. The problem now is to keep training relevant to the organisation. The training branches may become preoccupied with techniques and lose touch with management. As the volume of training increases, resistance by management to releasing students may develop.

9. It may, therefore, be desirable to initiate the third " organic " phase in which training becomes less mechanically orientated and more part of management. Courses will continue but the emphasis will shift to relevance, " learning ", consultancy and close collaboration with management and management services.

10. Civil Service training now appears to be in the second phase. Administration and co-ordination are sophisticated, costing is elaborate and procedures and " guidance " are more common than consultancy. The ITS postulate that, in a typical training organisation it may, in order to enter the third phase be necessary to move training from personnel to production and to encourage more decentralisation. The following paragraphs suggest that some shift of emphasis seems desirable. This need not be more costly but some trainers would need fresh training and some might be redeployed.

Management and Vocational Training

11. Management and vocational training are the two most important current activities and they must, to some extent, overlap. Much of the large volume of vocational training is concerned with the straight teaching of complex procedures but unless these involve some discussion of the rationale of procedures they can become mechanical. In other forms of vocational training the managerial component must in many cases, bulk large and close collaboration with management and management services seems essential. Though technical subjects can be " taught "—either internally or externally—the success of "educational" courses for middle and senior officers, in which there is a managerial component, is often questioned.

Problems of the Educational Approach

12. There are several basic reasons for doubts:

(*a*) the unlikelihood that any body of knowledge, however well chosen and presented, will precisely fit the individual requirements of a randomly selected group of students;

(*b*) the extreme difficulty of ensuring that knowledge or understanding gained on a course can be translated into action in the work situation;

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*c*) the dangers that arise if, as in the Civil Service generally, the " boss " of the student is rarely involved in the " briefing " and " debriefing " of the student. If a student acquires new ideas which he is not permitted to use, a course can be harmful rather than beneficial;

(*d*) courses consisting of more or less standardised lectures and exercises and which are run on the " conveyor belt " principle for continuous groups of staff can quickly become routinised and uninspiring.

13. Some of the above effects can be mitigated or avoided to some extent and the Civil Service Department has striven hard to do so. Indeed when the aim is to teach common skills a considerable volume of formal courses is likely to be justified, but modern training practice suggests that a different approach should also be more widely developed.

The " Systems " Approach

14. This is based on the proposition that except in the sphere of specific skills, the emphasis in both management and in many types of vocational training should be on " learning " rather than " teaching ". Intelligent adults are like the classic horse which is brought to the water because, though summoned to a course, they cannot be made to learn. A student drinks up learning if he feels a personal need to increase his knowledge, to share his problems with others and to recognise the need for a change in his attitudes as a result of the experience of colleagues or of new information which he wishes to acquire. Perceived relevance is therefore vital.

15. The systems approach suggests that unless fairly precise training needs are identified training should not, in general, be undertaken. Hence a major part of the job of a training officer should be to assist managers to diagnose any malfunctioning which may exist in the organisation and to decide whether this can, in whole or in part, be cured by training. Trainers have often been seduced into trying to tackle difficulties whose real origins are organisational and which require change in procedures or structures. But after changes have been made training can often play an invaluable part in helping to ensure that they are effectively implemented. Altneratively, the problem may be a lack of understanding about roles, policies, needs or objectives which can be resolved by some form of training.

16. Once the process of diagnosis has been completed, it is the trainers' job to design a learning activity which will match the need. Here great flexibility is required. The answer may be a formal course but it might be conferences, a series of seminars, projects based on secondments, planned experience, " action learning " or some form of training " kit ", " package " or manual to assist managers to train their own staff. Whatever methods are chosen they should have defined objectives which can, in some way, be validated when each stage of the training process is completed. It is management's view of the effect of training on the organisation which constitutes " evaluation " and if it is problem orientated and has defined goals, it is usually possible for managers to judge whether it has met their needs. Unfortunately the number of variables involved usually make it difficult or impossible to express the improvement in cash terms, but attempts to do so should continue.

17. It is not suggested that the " systems " approach is unknown in the Civil Service, but the current pattern of the training organisation makes it difficult to adopt it on a large scale. There are four basic reasons for this:—

(i) *Emphasis on Individuals*

The main emphasis in management training in the Civil Service is upon the education of individuals without detailed reference to their organisational context. It has often been found that the belief that extra knowledge will habitually be usefully applied is difficult to substantiate. Hence, in lieu of generalised educational courses, it may be best to provide short modules of specific training based on an effective system of counselling and appraisal. It is, indeed, felt by many trainers that even knowledge and skills can often be developed better by the discussion of operational problems which include, as part of the activity, infusions of related knowledge, private reading and the practice of relevant skills than by the provision of a lecure based course. In any case, evaluation studies show that the attitude of the organisation is the major determinant in whether or not training is effective.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(ii) *Length of Tenure*

The virtues of problem centred learning derives partly from a commitment of students to the importance of the problem under discussion and on the depth of their knowledge about it. In the Civil Service in which " generalists " may move to different branches every two or three years, it may seem that the very substantial effort of helping them to understand problems in depth may be less worth while than in other spheres. But the quality of public decision making depends upon such an understanding and it could, on the other hand, be argued either that in the Civil Service the need for such training is more acute than elsewhere, or that the periods between postings should be longer.

(iii) *Education and Training*

Education is designed to develop the mental capacities of an individual to enable him to draw the right deductions from experience. It is particularly appropriate for the young who are academically orientated (and for others who have a strong motivation to undertake it) and hence is specially needed by Administrative Trainees and by staff studying for qualifications. Education will frequently overlap with training which is concerned with operational needs. Education for civil servants should also be relevant to the problems of the Service but, if closer collaboration could be developed with universities and colleges of further education, there may be advantages in transferring some of the educational load to professional educators so that trainers could focus increasingly upon internal problems. At present some courses in the Civil Service appear insufficiently rigorous to be good education and insufficiently relevant to be good training.

Various forms of collaboration are possible both with universities and with colleges of further education. The latter adopt a very flexible approach and are glad to explore in depth the internal problems of an organisation so as to improve their teaching. They are also willing to send lecturers to take part in internal courses or to conduct their courses at centres belonging to the organisation. Cross fertilisation between internal trainers and college lecturers can be of mutual benefit and since, in general, partnership with colleges is less close in Civil Service training than in industry, a review of this relationship may be useful. Young employees who have educational needs often prefer an " academic " atmosphere to a training centre. But at every stage in the training process it is necessary to maintain a careful balance between individual needs and aspirations and the operational needs of the organisation.

(iv) *Skills of Trainers*

The " systems " or " organic " approach is much more demanding upon the trainer than is the job of running a " teaching " course. It is possible, in a relatively short time, to improve the skills of a suitable recruit in lecturing, discussion leading, chairmanship, etc. But to embark on discussions with senior officers about organisational dysfunction and the part which training might play in overcoming it, to design the appropriate training activities, to make or discover the training aids required and provide the relevant background data, to brief senior participants and to assist students ot understand and co-operate in the " process " of learning requires skills and experience of a different order. The training needed for tasks of this kind is discussed in the Hayes Report on the " Management of Human Resources " (HMSO 1972) which is being reviewed by a national committee on the " Training of Trainers " recently established by the Training Services Agency.

The Trainer's Role in the Civil Service

18. This Committee recognises that it is necessary to make provision for a variety of roles for training staff who may include instructors and junior or assistant training officers, qualified middle grade training officers, training development officers, training advisers and ultimately, in very large organisations, chief training officers. The three latter categories, in particular, require deep knowledge of behaviour, organisations, management, industrial relations, selection, etc, and a wide battery of skills not dissimilar from those of management consultants. This concept is different from that of the Civil Service in which training is, in the main, carried out by Higher or Senior Executive officers who are given a relatively brief training and who are posted to a spell of training work lasting about three years. Training officers in departments are supervised by Departmental Training Officers who, in the larger departments are of Principal or Assistant Secretary

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

rank but who are mainly career Civil Servants who, on appointment, do not possess a specialised knowledge of training. As already indicated to the Sub-Committee, these are co-ordinated by the Civil Service Department whose only internal source of " professional " advice is the Civil Service College. The College contains an effective Instructional Techniques and Training Methods Unit which provides courses for trainers but which does not have an active consultancy role as regards departmental training. As Mr Morgan has informed the Sub-Committee, the role of his Department is " co-ordination " rathan than " inspection ".

19. In so complex a field " co-ordination " is certainly necessary and " inspection " might be invidious. But something more than " co-ordination " is needed. To secure the confidence and commitment of senior management and to make them feel that training is a vital ingredient in the effectiveness of departmental activity, training should be guided by trainers with a high degree of professional expertise which cannot be gained during a short-term posting.

20. In most large training organisations it is recognised that much useful training work can be done by intelligent officers, either young or old, who work in training for a limited period as part of their development or who can bring ripe experience to it. But they can only be fully successful if they are guided, trained and supported by experts of wide training experience who have devoted all or a large part of their careers to this absorbing occupation.

An Advisory Group?

21. Hence, it is suggested that to realise the full potential of training in the Civil Service it is necessary to attach to the PM(T) branch of the Civil Service Department a group of training advisers who possess " professional " training skills and knowledge of a high order. Such advisers could, by working with departmental trainers in a consultative capacity help PM(T) branch to monitor standards of training, pass round new ideas and help to promote new techniques and methodologies. They should also liaise closely with the ITTM unit of the College and keep in touch with modern developments in training and in behavioural science in industry, the universities and other relevant bodies. To obtain and keep advisers of the calibre needed, a career structure would be essential. This would require negotiation with the Staff Side but conceptually such a structure is not difficult to envisage. Training in large public organisations is a transferable skill and it would be of advantage for advisers to gain breadth of experience by working on a reciprocal basis at the College, in the Training Services Agency, the Training Advisory Group in the DHSS and also with the Advisory Groups of the Local Government Training Board and of the Industrial Training Boards. Advisers might also look for promotion to posts as Departmental Training Officers and it would seem appropriate to create a post of Chief Training Officer for the Civil Service who would work in close liaison with his administrative colleagues and with the Principal of the College.

22. Training is not yet a full " profession " in the formal sense (though it is becoming so) but in most organisations the leading trainers are men and women who are committed permanently to training. The field is one which is developing so rapidly that they are no more likely to become " stale " than doctors or headmasters.

Potentialities of Training

23. " Organic " training of the kind outlined may provide a key to some of the more intractable problems of bureaucracy. But it will only do so if as much attention is paid to the problems of senior officers as to their juniors. Lord Armstrong, in his evidence to the Sub-Committee, referred to the great difficulty of applying business management techniques in the Civil Service. Efforts to do so should, of course, continue and if these were closely allied to training they might have more success. But both he and Sir Derek Rayner spoke of the importance of motivation. Promotion is an element in this, but rapid promotion cannot be universal. Some way must be found of making work seem significant to all staff in positions of responsibility and to overcome what Peter Jay has described as the " mood of stasis " which sometimes prevails. It is difficult for people at many levels to see beyond " the monotonous succession of briefly observed discreet issues " which land on their desks and hence to obtain a real sense of fulfilment.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

24. Problem centred training can put day to day work in perspective and, by elucidating clear objectives, can not only provide satisfaction if they are reached, but may also discover more efficient ways of getting there. Such activities inevitably lead to a more participative style of management and hence could provide an invaluable foundation for any development of industrial democracy in the Service which may follow the Bullock Report.

25. Such activities must, however, start at or near the top. It is not for trainers to prescribe policies or for subordinates to evolve them. But if a policy has been prescribed by Parliament or at senior level its effective implementation can be greatly assisted if training is used to explain it, to help to iron out the snags and to secure a commitment by all concerned to see that it is effectively carried out. An interesting example has occurred in the Ministry of Agriculture where a series of training activities has been used to promote the smooth implementation of the recent legislation on " tied cottages "—a development which earned the commendation of the Deputy Secretary.

An Integrated Organisation

26. In a plaintive epilogue (Report 1975–76) the ex-Principal of the College has cited an example of the dissonance which has sometimes prevailed in the past between the College and departments. He reports " that much of the efforts of the staff in the Management (Personnel, Organisation and Manpower) group is devoted to the provision of repetitive courses . . . Those responsible for conducting the courses have normally not taken any part in selecting the students, nor have they been able to discuss the nature and objectives of College courses either with the trainees themselves or with their managers ". The recent re-organisation which links the control of the College with that of departmental training will no doubt make it easier to achieve closer liaison.

27. An integrated training organisation should, it is suggested, have two main aims: (*a*) to bring training closer to management, personnel and management services (as suggested in paragraph 6) and (*b*) to ensure that, through working together on common problems, collaboration between the College staff and departmental trainers becomes so close that appropriate training activities derived from departmental needs would gravitate naturally to the College. If a training advisory group of the kind suggested was available it might play a valuable part in evolving the necessary links.

28. Such an integration might involve some organisational changes which would need detailed examination. Some College activities might be devolved to departments, departmental training might need to move closer to the " shop floor " (and to rely less upon remote training centres) and the consultative mechanism between training and the other functions referred to might need to be considered.

29. All these facets would present problems and the Staff Side might need to be persuaded that even if the diagnostic work involved in the " systems " approach led to some reduction in the grand total of " trainee days " provided, it would meet the needs and aspirations of their members more effectively and help to give them greater job satisfaction. At any rate, all options need to be examined at a time when the maximum return on investment is critical.

The Role of the Civil Service College

30. In the past the College has, in the main, had an academic reputation and has been regarded as detached, in some respects, from the Service. It runs a very wide variety of courses including specialist courses on techniques, general management courses, seminars for senior officers, special training for Administrative Trainees and HEOs A, work for small departments and a developing series of collaborative activities with EEC countries and others. Many of these courses will, no doubt, continue but some might be even more profitable if the College were regarded as the apex of departmental training. The College has, to an admirable extent, looked outwards towards Europe but there seems to be little evidence that it has looked equally hard at industry, local government and other organisations related to the Civil Service.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

31. There has been much discussion about the training of ATs and of HEOs A, and, though changes have been made, the problem of relevancy does not seem to have been wholly resolved. And, in the report cited above, the ex-Principal states that " as a result of the economy cuts, the proportion of our resources devoted to the training of the more senior ranks is going to be even further reduced ".

32. The arguments adduced above suggest that on the contrary the College should have, as a major aim, the provision of training activities which are seen by senior officers to be relevant and important and in which they will be glad to participate. Acceptability would seem more likely if training were of a problem-centred type and diagnostic work in departments should throw up a wide array of subjects for examination, to which skilful use of the staff of the College, aided by members of the proposed advisory group and by selected departmental trainers, should be able to make significant contribution.

33. The College might also help to overcome some of the difficulties of inter-Departmental co-ordination. There is, of course, an intricate machinery for dealing with this matter but it is hedged about with much protocol and considerations of hierarchy. In the search for consensus issues can be watered down and to quote Peter Jay again, there is a danger that " in the land of unanimity the lowest common factor is king ". In the free, unhierarchical, " brain-storming " atmosphere of a training activity, senior officers could hear uninhibited comments from a wide variety of sources. Such activities, on topical subjects, could not form policy, but might give fresh insights which could improve the quality of official decisions. They might also ensure that participants got to know each other as people rather than as minute writers.

34. The College may, in addition, have a unique opportunity to act as an " interface " between the Civil Service and the rest of Britain. The psychological " distance " between the Service and private industry, local government, the National Health Service and the nationalised industries is often remarked. If common problems could be discussed by senior Civil Servants and students drawn from their " client " groups in an informal training context which would not involve policy commitments, this " distance " might be greatly lessened. This would be more difficult if the College were to maintain its predominantly " academic " stance. This is also maintained by the London and Manchester Business Schools and since these are largely concerned with marketing and financial control in a profit and loss situation, their courses are not wholly relevant to Civil Servants. Hence there is a real need for a forum in which an alliance can be forged between the non-profit making public services, private industry and the quasi-profit making nationalised industries. Such discussions could delve deeply into the problems of a mixed economy and might evolve management techniques which are applicable in all sections. They could also provide scope for research of immeasurable value.

35. Finally, there is likely to be much debate about whether longer and more searching education on the French model is needed to produce the " new breed " of administrators recently referred to in " The Times ". This proposition raises difficult issues but if it were decided to devote a wing of the College to intensive courses of such a kind, this would not, in any way, be incompatible with problem-centred activities in the remainder. Indeed the two streams could fertilise each other most profitably. It may be noted, however, that in the field of management there is not much, apart from techniques and procedures, which can be " taught " and if it is felt desirable to " teach " relevant background subjects there is a case for doing so in selected universities.

36. There does seem, however, to be a strong case for intensive " action research " at the College and some exciting possibilities can be envisaged. Management techniques used in industry could be critically examined and scope for trying out appropriately modified versions in the Civil Service could be discussed with departments. Experiments might be installed and the results monitored by College based research groups composed of Civil Servants and of industrial experts. " Think Tank " reports could be analysed and ventures of the National Enterprise Board could be evaluated. Experiments in " industrial democracy " could be followed with the help of social scientists from universities, and if able civil servants, like the French " inspecteurs " were encouraged to seek jobs outside the Service on a secondment basis, they could use the College as a

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

base and return to report on their experiences and their relevance to the Service. A College which was the focus of such diverse but related activities could form a power house for learning which should attract staff of the highest calibre.

Conclusions

37. This paper has been written by one who has spent many years in training work in organisations related to but not inside the Civil Service. The hypotheses presented have, therefore, not been tested within the Service. But experience indicates that training principles apply with remarkable exactness in any field and though each organisation proclaims its uniqueness, its behavioural problems are basically similar. The Sub-Committee may, therefore, wish to consider:

(*a*) Whether aspects of departmental training referred to in this paper should be re-examined in the light of the growing body of knowledge and experience about training which is now accumulating.

(*b*) Whether a more widespread development of the "systems" approach, which implies that training should emerge from a close study of the needs of the organisation and of its parts, should be considered.

(*c*) Whether the development and training of a core group of training advisers (with an appropriate career structure) who would assist departmental trainers and form links with the College and other training organisations should be considered by the Civil Service Department in consultation with other interested bodies.

(*d*) Whether the relationship between Civil Service training and the university and further education system should be reviewed.

(*e*) Whether the interface between the College and departmental training should be further considered and whether alternative options for the future role of the College should be the subject of widespread consultations before decisions are made.

10 *February* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 18

TRAINING FOR ADMINISTRATION

A Note on Schemes for Training some years after entry by Nevil Johnson, Adviser to the Sub-Committee

1. The ENA model on which I have already submitted a memorandum assumes that entrants are given their training immediately after entry into the Civil Service. If such a scheme also embodies entrance requirements laid down in terms of particular courses of study, it follows that it probably adds two years to present formal educational requirements, and overall does not get recruits on to " active service " until they are aged 24 or 25. If this is regarded as a major disadvantage it is appropriate to consider how such a penalty might be avoided. Broadly, there seem to be two ways round the problem. One is to consider sending young administrators to a training course some years after entry, say at age 26, but to make no change in current recruitment conditions. The other is to contemplate providing courses for " high fliers " probably at about 35. This could be done either at a staff college, and/or at a centre for policy studies. This note examines both possibilities briefly and in particular some of the difficulties each would be likely to encounter.

" Deferred Training "

2. It would be possible to design an ENA type training, combining study and practical experience, for which candidates might be selected at age 25 or 26. There appears to be no insuperable obstacle in the way of adapting such parts of the previous Memorandum as apply to the type of course proposed to this objective. However, a number of problems would then arise. The most important of these seem to be:

(i) Course members, having been largely recruited under present conditions, would have substantially different academic backgrounds and different experiences in departments since entry at age 21/22. This makes course design difficult, especially the theoretical parts for which some common core of academic education is a great advantage. One way of meeting this difficulty would be to require ATs during the years immediately after entry to pursue independently the study of particular " relevant " disciplines or aspects thereof. This might be unwelcome, might be hard to enforce and might require special supporting measures. These problems will not be pursued here. But in principle there appears to be a possibility of overcoming the difficulty inherent in combining continuance of current entrance requirements with a deferred subject-specialised training course.

(ii) A more awkward problem is presented by the conditions which would govern enrolment for a training period at age 25/26. If it were simply open all to who had passed the administrative trainee competition, plus a number of internal recruits from both the administration group and the scientific and professional groups, the numbers are likely to be unmanageably large for a serious course lasting at least 1½ years (i.e. on the assumption of a study period plus practical experience). Therefore, there would have to be selection. But on what basis? Despite what is said in (i) above, selection by internal competitive examination is likely to be impossible. An alternative might be a combination of a qualifying test (rather different from a competition, though not without a similar effect) and personal evaluation reports. In other words, the civil service could try to operate a filter, yielding perhaps 100 candidates judged to have high potential. Such a method might be viable, though I suspect that its use might create more tensions within the service than would selection on entry. After a few years in the service expectations tend to be established and the operation of something like a bar at age 25/26 would probably be resisted. Nor does it seem likely that many people would come through from outside the administration group, chiefly because it is virtually certain that at this early stage in their careers the specialists would be fully absorbed by development and application of their own specialisms. This, however, need not be regarded as a decisive objection.

(iii) However, the most serious difficulty involved in deferring a training scheme until a point in time four to five years after entry might best be described as the effects of "job acclimatisation". During these initial years of service recruits would presumably have a number of postings, including perhaps a spell in a

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

private office. They would acquire a fairly wide and varied experience, excluding any substantial functional specialisation. In particular they would begin to absorb the habits and outlook of their departments, and would see themselves increasingly as having got a foot on to the career ladder in a particular department. In my view this suggests that by the age of 25/26 they would have built up considerable resistance to the idea of "going back to school", and if then assigned to a fairly lengthy training course, would experience quite a lot of problems in adjusting to such a requirement. Moreover, though not having had time to acquire a lot of practical experience, they would nevertheless have had enough to induce a feeling that they know the practical answers and would not benefit greatly from having to go back to a more theoretical consideration of areas of knowledge and techniques held to be relevant in a general way to administrative activity. To summarise, what this comes to is the suggestion that entrants are likely to be most receptive to training at the outset of their careers and before they have embarked on a series of normal departmental postings. [The point made here does not arise in the same way in the case of the idea of a "staff college" for officials in their mid thirties, since the kind of training then offered would have to differ substantially from anything provided for officials at a much earlier stage of their careers.]

(iv) Any scheme for 'deferred training' raises questions about the fate of what is currently provided by the CSC. It has to be assumed that on financial grounds alone we are concerned primarily with alternatives, ie the introduction of a fairly long course at age 25/26 would be intended to replace most of the training now provided during the first two or three years of service. If this assumption is correct, it follows that the problems alluded to under (iii) are somewhat accentuated and that there is a risk of a renewed emphasis on "training on the job".

The Staff College Concept

3. It seems worth offering a few remarks on the proposal to which a certain amount of public attention has been given for the establishment of a staff college to which potential top administrators might be sent in their mid-thirties.

(i) If the staff college is envisaged as a civil service equivalent to the Imperial Defence College, at least two major questions are presented. First, is there any transition in civil service administration analogous to that from line to staff functions on which the military application of the staff college idea has been based? *Prima facie* the answer seems to be negative, particularly in view of the fact that many administrators are from the start in a predominantly "staff" or "secretarial" chain of command, and that their work is likely from an early stage to include a policy element. On the other hand it might be held that nowadays many administrators are tied down by chiefly managerial line functions and, therefore, would benefit from a "staff" course before moving on to the higher posts in departments. Regardless of where the balance lies in this argument, the second question cannot be avoided. This relates to the content of a staff college course: what would be taught? This question is pursued in the next paragraph.

(ii) On the face of it a staff college would have to offer training intended to improve the course members' ability to engage successfully in the formulation of policy, the control of resources and the management of organisations. The difficulty here, as in relation to most levels of administrative training, is to determine what kind of study (using this term in its broadest sense) would contribute best to personnel development for such purposes. The trainees would be too mature and too experienced for conventional teaching and would have very different needs and interests in functional terms. The only possibility would appear to be a combination of high-level seminar work and practical study visits, ie short-term secondments to major administrative organisations outside central government. It is just possible that study leave—facilities for sabbatical release—might also play a part in such a staff college framework, feeding back into courses the fruits of reflection and critical analysis. It is suggested that the one point which clearly emerges from contemplating what a staff college might do is that it would be no substitute for training early on in a

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

career. A staff college bridge to higher posts may be desirable, but this has to be argued in relation to the situation of those who are not far off major administrative responsibilities and to the needs of top management. There is here no obvious connection at all with the position of those on the threshold of a career.

(iii) Though a staff college has attractions as giving opportunities for reflection, the recharging of intellectual batteries, the exchange of ideas and experience amongst people from different parts of the administrative system, and provision of opportunities for gaining wider practical knowledge of varied administrative problems, it would be hard to persuade departments to accept the withdrawal of high-grade staff in relatively large numbers and for a fairly long period, say one year. In theory these obstacles might be overcome, but in practice the most likely outcome would be a menu of staff college short-term courses from which eligible staff would select items which they and their departments were willing to take. Even this would not be without its attractions, but it would fall short of the rigorous preparation for senior responsibilities which lies behind the staff college proposal.

(iv) There is a partial alternative to the internal, civil service staff college. This would be the development of one or more institutions outside the civil service specialising in policy analysis and appreciation to which civil servants (and others) might be seconded at a stage in their careers when it is thought desirable to give them time for reflection, for the exchange of ideas and for thinking about problems both associated with the environment of policy-making and with internal organisational adaptation. There are institutions of this kind in the USA and to a more limited extent in several other countries, generally linked with universities or research organisations. Again, the crucial point is that the potential input from such centres for policy development and analysis may indeed be valuable for the work of the civil service, but it is virtually certain that they cannot provide a substitute for initial training. Typically such institutions are research-oriented and specialised: consequently they can cater only for highly specific needs and they tend to be more concerned with long-term than with shorter-term issues. Alongside a staff college—or even without this innovation—they could provide useful opportunities for a small number of officials (not necessarily all of them general administrators) to engage in intellectual effort which might well encourage more effective problem-solving. But it would be over-optimistic to regard such schemes as anything more than a desirable enrichment of the opportunities for interchange between the civil service and society: they could not solve basic problems of training, education for administration, career development etc.

Summary

4. The tenor of these further remarks is that training is a matter on which decisions need to be taken early in the carreers of those to be trained if effective results are to be achieved. It is possible to design schemes for " deferred training " which ought not to be dismissed out of hand. But they seem to suffer from one major weakness. This is that once recruits have spent some time in the employing agency it is difficult to " claw " them back into training, and even if this can be done, they have by the time it happens absorbed quite a lot of the assumptions of the organisation in which they work. This may have made the more mature, more conscious of practical realities. But unfortunately it is also likely to have made them less susceptible to the training experience itself. It seems doubtful whether there is any escape from this dilemma. Fundamentally there are broadly two approaches to the recruitment and training of staff. One is to select them on the basis of general tests and then to train them; the other is to set professional standards and to recruit from those who have already reached these. The civil service has in different fields experience of both methods. Either way, the essential training has to come at the beginning. Whatever may come later tends always just to supplement this by assisting the individual's development or by meeting the changing needs of the organisation.

17 *February* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 19

THE EDUCATION AND TRAINING OF CIVIL SERVANTS FOR MANAGEMENT

Memorandum submitted by Professor T Kempner, Principal, Henley—The Administrative Staff College and Professor R J Ball, Principal, London Graduate School of Business Studies

This country is fortunate to have a talented, able and honest civil service. In this century, particularly in the last 20 years, it has had to meet the increased intellectual and managerial demands of a much larger and more complex service. Government has become pervasive in all aspects of national life. The service has had to adapt and cope with rapid changes of direction. These are the facts; of course, it is still a matter for controversy whether Government should have become so large and complex.

The civil service has the largest single reservoir of talent in the country: a resource of enormous social and economic importance. Could it become even more useful? And how can the competence of civil servants as managers be increased?

Two possibilities are considered in this note. First, changes in the education and training of civil servants for middle and senior positions. Second, changes in career patterns and experience.

There are a number of general assumptions which should be stated. All managers are concerned with the allocation, and proper social use, of scarce resources. The Civil Service does not differ in this respect. All managers must develop a sense of commercial enterprise. In the Civil Service the need is not lessened by the difficulty of inducing such a spirit of enterprise when there are no clear market tests. Moreover, there is an additional need for Civil Servants to have a sympathetic understanding based on real experience for the sectors which create wealth and which the state seeks to influence in a multitude of ways.

The solution must be to educate potential managers in the public and private sectors together. Isolation will aggravate the division. The need is for the service to join the main stream of management education: to learn and to contribute. The development of the Civil Service College may have increased this isolation.

It has been much criticised; often its students would have preferred to have received at least some of their education in company with, and in the colleges attended by, managers from other sectors. A major factor has been, understandably, the pressure on Departments to support their " own " and new creation. This persuasion has been reinforced because departments pay no fees to the Civil Service College while an external course is charged to their training budgets.

There is an important role for internal training in the service, just as in all large organisations. Each service and in the larger parts of it, each branch, has methods, procedures, attitudes and ideas which are special to itself. The danger is that these things grow and become an exclusive arrangement. Such exclusiveness breeds a narrowness of understanding which in the Civil Service can be particularly dangerous since it affects the whole country.

Unfortunately, education is not magic! The second change required is in the career patterns and experience of civil servants. Management development is a blend of education and experience. The effect of the former will be lost unless reinforced by the latter.

What could be done? Here are a few suggestions:

First, experiments in delegating authority over budgets so that Civil Service managers have greater control over establishments, promotions and overheads. Second, rewards for the successful and economical use of resources. Third, and vitally important, encouragement to gain experience in commercial organisations outside the service. Eventually this could become a major factor in promotion to senior positions. Fourth, some experiments to open middle and senior positions in the Civil Service to outside competition. Fifth, there is a need to recruit more engineers and scientists who will become general managers in the service.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

There is a further factor. It is well known that the public sector is attracting a very high proportion of able people. This increases industry's problems. The proposals above, by encouraging a flow to industry on a temporary basis, might encourage more people to see themselves as managers in any sector which provides opportunity. From the above arguments it follows that an institution on the lines of the French ENA, a suggestion made recently would be quite unsuitable and would duplicate resources already available in the UK. ENA is the product of an entirely different culture and educational system. ENA succeeds (although, increasingly, it has its critics in France) not because the content of its courses is particularly unique but because the French system encourages the products of the Grand Ecoles to move easily between the public and private sector. Therefore, our objective should be the dual one of a common system of management education for *all* potential middle and senior managers *and*, equally important, a career structure which allows interchange between public and private and between different parts of the public sector. If one is looking for a syllabus appropriate to the development of management talent, this can be found in the management schools and colleges of the UK. They attract students—public and private—from all over the world and their expertise is sought everywhere. It is a pity that the Civil Service has not used them more and built stronger links with them. One suspects that, at times, educators in the service have been looking in the wrong direction towards public administration. This field of study is of limited use to managers. By contrast, as one might expect, there is considerable overlap between the syllabuses of ENA and those of management schools.

At present many of our best people are isolated in the service; their education, training and career experience confines them to that service. This aggravates another problem: the shortage of scientists and engineers who enter the Civil Service and for whom a management career should be opened.

We do not doubt the ability or the dedication of the Civil Service. However, we would like it to benefit from the mainstream of management education and to have a greater understanding of the commercial and industrial life of the country.

We have kept this note short in the hope that it will be read. We would be glad to elaborate.

R J Ball

Thomas Kempner

February 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 20

TRAINING OF CIVIL SERVANTS

Memorandum submitted by the School for Advanced Urban Studies, University of Bristol

(*NOTE:* The School for Advanced Urban Studies was established in 1973 by central government as a post experience training and research centre primarily in relation to the public sector's responsibilities for the formulation, management, implementation and evaluation of urban economic, social and environmental policy. Its location in the University of Bristol was the result of an explicit desire to link the academic world with the world of practice. To this end nearly all the staff have worked in central or local government or both (some on secondment and one at the Civil Service College). Sir James Jones, former Permanent Secretary at the Department of the Environment is policy adviser to the School. The School has only been in effective operation a very short period but many of the issues raised in the deliberations of the Committee are central to its work. Hence this memorandum.)

1. This memorandum concentrates on ideas for developing the training function in relation to the Fulton definition of management in the Civil Service with particular reference to the overall process of public policy formulation and implementation. It addresses the theme of the development of *joint* training between the civil service and those agencies primarily responsible for the implementation of public policy, and suggests that the relationship between the civil service and these other agencies (particularly local authorities) has been largely ignored in the evidence so far put to the committee.

2. Volume 2 of the Fulton Report observed:

> 'Policies developed in Government Departments are frequently implemented in detail by autonomous or semi-autonomous bodies such as local authorities and nationalised industries. Departments are therefore often in a position of partial responsibility and limited power. The results of this are that a Civil Servant frequently has to persuade rather than direct and that ultimate implementation of policy decisions can be slow and piecemeal. This dispersal of executive responsibility can inhibit the return flow to the Department of information on which the success of policy can be judged and future policies can be based.'

This is an important observation for it raises the fundamental question of implementation. Implementation features prominently in the Fulton definition of management (see paragraph 5) but does not seem to figure very much in the Civil Service College understanding and teaching of 'management'. Mr Grebenik, for example, commented (Q528).

> 'I used the term "management" in a sense which was considerably narrower than that in which the Fulton Committee used it. I think there are really three levels of training with which we are concerned. There is, in the first place, the technical training in techniques of management, ADP, management by objectives and the type to which you have referred, and I really limited the use of the term "management" to these. We do a great deal of this training and there is a feeling that perhaps we ought to devote even more of our time than we do to this type of training. I was really concerned to show that there are other types of training which I distinguish from management: the human aspect, personnel relations and so on, and what I think Professor Gunn has called the contextual aspect of management, the wider aspect of management with which the college should be concerned.'

3. Efficient and effective policy implementation must be a central concern to the operation of the Civil Service and as such, in our submission, should sensibly feature in any management training for the Civil Service. The problems of implementation and interaction between central government and other agencies is scarcely mentioned as far as training is concerned in the evidence to the Committee to date. In the last ten years 6 major committees of enquiry (Layfield on Local Government Finance (1976), Maud on Management of Local Government (1967), Mallaby on Staffing of Local Government (1967), Seebohm on Local Authority and Allied Personal Social Services (1968), Bains on the New Local Authority: Management and Structures (1972) and Redcliffe Maud on Local Government Reorganisation (1969) have expressed, in their different ways, the need critically to examine ways of improving central government/local government relations. This, it should be added, was not simply to reduce the amount of unnecessary

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

detailed control, but, much more important, to secure the more effective and imaginative use of public resources. Thus the case is: (*a*) for improving the *knowledge* of different levels of government about each other's activities; and (*b*) for improving *relations* between the levels. The importance of these points is re-emphasised by the evidence of the Society of Local Authority Chief Executives to the present inquiry. They point out that 'what above all is needed to create the partnership and to bring about constructive and harmonious working between the civil service and the local government service at all levels is a wider and deeper appreciation by those involved of each other's attitudes, ways of working and problems'.

4. The tendency often is to turn to formal structural change to improve relations. The suggestion in this memorandum is that complementary changes in the informal processes of contact are likely to be effective, and moreover are far less costly and more speedy. The training area (as the experience of both the Civil Service College and the Ecole Nationale d'Administration have shown) is one where new and lasting working relationships can be, and are, struck and in a British context more joint training could lead to significant improvements in the processes of public policy making.

5. There are three respects in which joint training could assist the development of the 'management' process in government which was seen by the Management Consultancy Group which reported in Vol. 2 of the Fulton Report as being composed of four elements:

(*a*) formulation of policy under political direction;

(*b*) creating the 'machinery' for implementation of policy;

(*c*) operation of the administrative machine;

(*d*) accountability to Parliament and Public.

(i) *General*

At the very least any form of contact (between one level of government and another) which is sustained and outside the normal 'negotiating' environment of day to day relations is bound to heighten mutual understanding. Granted that postings and exchanges of staff between levels of government have proved very difficult (despite the wide acceptance of the principle) these other forms of contact through joint training are important and there is a good deal of evidence from our own courses to date that there is immense scope for local government to learn about the attitudes and practices of central government and for central government to learn about what goes on at the local level.

(ii) *Policy formulation, monitoring and evaluation*

Currently there are well known formal channels of consultation and communication about policy formulation which it should be granted are fundamental. However, consultation is frequently hurried and insufficiently informed, especially about detailed implications for implementation on the ground. Management literature is replete with examples of policy being invented or initiated at the centre and failing to be implemented or wrongly being implemented at the periphery of organisations. How much more is this true of central government policy. A circular issuing from the DHSS in part depends for its effectiveness on a social worker in Liverpool 8. One way of increasing this effectiveness would be to improve communication from the centre to periphery and this is dealt with below. However, perhaps more important is to ensure that the process of drafting a circular or a new piece of legislation is well informed by a knowledge and understanding of the implications at the periphery of the machinery of government. With a system of joint training many of these very real problems would not only be addressed but could be partially overcome. Much of the current debate about Inner Area policies and much of the analysis in Layfield on Local Government Finance concerns the lack of understanding of local problems and implications by centrally conceived policies. Stress is laid on the need for retaining central control by leaving more discretion at at local levels. Joint training offers one way of increasing knowledge and understanding and a way of gradually improving the base from which central policy advice to Ministers is formulated. Moreover, it should also lead to sufficient mutual confidence to enable both control at the centre and discretion at the local level to be exercised effectively. Overall the system of policy making would be better informed and would, at the same time, have increased its capacity continually to learn from all levels.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(iii) *Policy implementation*

As Fulton observed, central government relies on other agencies for the implementation of its policies. An extreme view of the government circular is to liken it to the message in a bottle cast into the ocean – more in hope than in realistic expectation. This is an exaggeration of course but it serves to highlight the hazardous nature of communication in the business of effective government. The point being made is that there is a case for involving the civil servant in briefing other levels of government and other agencies about policy and the machinery set up to administer it. We at the School have tried this out successfully in collaboration with the Department of the Environment in relation to the Community Land Act 1975 and Development Land Tax Act 1976. With careful planning preparation and co-operation the School was able to prepare training materials for local authorities, regional offices of government, statutory undertakers, the Inland Revenue and the private sector about the Community Land Scheme. In the event we held training sessions all over the country (involving 80% of the local authorities in England and Scotland including elected members). The object was not simply to tell local authorities about the Scheme but also to explore implications, develop ideas on how policies and procedures might or might not be applied in different areas not only with different needs but with different political attitudes to the land scheme. We believe it not only sharpened local authorities' capabilities but informed central government quickly and systematically of some of the problems, ideas and innovations occuring at local level. This we are trying to repeat in other policy areas, *eg* housing, and the principle is one which we commend to the Committee.

6. The School's concern is with urban policy and its implementation. In this sense we accept the definition of the management task as set out in para. 5 above and indeed we would stress its significant feature – that it recognises that civil servants, as an integral party of their work, should be involved in the formulation and implementation of policy. Often, however, management training is seen, and for that matter, taught as something separate and isolated from the *substance* of the policy issues with which the particular organisation is concerned. This is clearly a mistake. The concern should be to treat management techniques, knowledge, skills and approaches as subservient to policy and to relate them to a policy context with all the constraints this implies. Thus training for policy studies might best be seen as combining the study of policy substance with the study of approaches to bringing policy efficiently and effectively into being.

7. Two important points about these combined elements need making. The first is to stress that the civil servant by studying policy substance is not usurping the role of the politician. Mr Ridley in questioning Mr Grebenik (Principal, Civil Service College) on 28 June 1976 (paras. 529 and 530) 'Do you think that this (ie improving the efficiency of the Civil Service) is something which can be taught in an academic sense, or is it not verging on the political?' The study of policy substance as expressed in this memorandum is seen as a way of widening and strengthening the base of choice from which political options may be selected. The greater the *combined* understanding of civil servants and politicians (at both central and local level) the better informed are decisions likely to be and moreover the better they will be politically. The second point is to stress again that a policy succeeds or fails not only by virtue of its inherent strengths or weaknesses but also by virtue of the capacity of the system to take it on board and carry it through. The forces at play in organisations including human behaviour for example, are an integral part of the capacity of the system and as such again underline the need, in management training, for both elements – policy substance and approaches to efficient implementation – to go hand in hand. Thus whilst in our view both civil service administrators (ATs, HEOs (A), Principals and Assistant Secretaries) and professionals should have a systematic policy orientated programme of management training related to their career development, we also believe that this needs to involve a far greater involvement with and understanding of the other agencies involved in policy implementation.

8. The School's main concern is with urban policy and its implementation. In this memorandum we have tried to demonstrate how policy and management are inextricably linked and that, in this country at least, implementation must figure in management training for the civil service. We advocate joint training but the lessons perhaps go wider than this in that they have implications for suggestions of a 'Higher' Civil Service college. Caution should perhaps be exercised before importing the French Ecole Nationale d'Administration model into the UK (particularly since the French are now belatedly

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

thinking about the need to establish the capacity for more extensive training for officials from their 'collectivités locales'). We do not have as centralised a system as does France. Indeed, the trend is further away from centralisation. There may be a case for ensuring that top civil servants have a first rate training but unless adequate attention is paid to *all* the processes of policy formulation *and* implementation our increasingly able top flight could become increasingly frustrated by a system incapable of delivering effective goods.

Spring 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 21

Letter and Memorandum from the Inland Revenue

When Sir Norman Price appeared before the Sub-Committee on 24 May, we were asked to provide some further information about staff and cost increases. The relevant passages in the evidence are Qs 236-239, 248, 276 and 305.

NOTE ON CHANGES IN COST OF COLLECTION

At their meeting on 24 May, the Sub-Committee asked for an explanation of the rise in real terms in the cost of collecting taxes over the last 3 years. The question was based on the figures in Table 2.13 in Cmd 6393 which show, for "Tax and Rate Collection", £363·4 million in 1973–74 and £464·3 million in 1976–77.

The Inland Revenue elements in these figures were £200·9 million and £250·5 million but the latter has since been reduced to £234·9 million. The figures are now:

	1973–74	*1976–77*	
Wages and Salaries	£188·5 million	£218·3 million	Increase 15·8 per cent
General Administration expenses	£12·4 million	£16·6 million	Increase 33·9 per cent
	£200·9 million	£234·9 million	Increase 16·9 per cent

The main reason for the increases under both heads is an increase in the manpower employed*. The principal reasons for the increase in manpower are growth in the overall number of taxpayers and in the number liable at other than the basic rate; the build up of work on the reconstructed National Insurance Scheme (under the Social Security Act, 1973); new work arising from the Finance & Finance (No. 2) Acts 1975; and improved recruitment. This is also the explanation, which we were also asked to give, of the increase in staff between January 1975 and April 1976.

After allowing for the increase in general administrative expenses which reflects the increase in manpower, there is further expenditure under this head of some £2·3 million. This can be accounted for by:

(*a*) Advance ordering of postal stationery (to meet HMSO requirements) which will be saved in a later year	£0·7 million
(*b*) Effect of Government decision to require contractors for cleaning Government buildings to pay wages comparable with those paid for similar work by local authorities	£1·3 million
(*c*) Legal costs of the greater volume of various enforcement proceedings for the recovery of tax	£0·3 million
	£2·3 million

The Committee also referred to the sizeable difference between the number of staff in post, 73470, at 1 January 1975 as shown in the publication Civil Service Statistics, page 21, and the number 80432, at 1 April 1975 as given in answer to a recent Parliamentary Question. The main reason for the difference is that, as stated

* The average staff is about 1973–74 ... 75,500; 1976–77 ... 86.300.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

in the footnote to the Civil Service Statistics table, the 73470 excluded casual staff. The figures are:

1 January	Permanent staff	73,470
	Casuals*	4,383
		77,853
1 April	Permanent staff	74,196
	Casuals	6,236
		80,432

The number of casual staff in post can vary considerably during a year. For example, by 1 July 1975 they were down to 3140. The difference between staff in post at any two dates in a year is therefore not a reliable indication of the trend of increase in use of manpower. The total casual staff man years in 1974–75 was 5128; this compares with 5228 in 1973–74.

F H Brooman

June 1976

* Staff employed on short term or seasonal jobs.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 22

SIMPLIFICATION OF THE INCOME TAX SYSTEM

Note by the Board of Inland Revenue

The Sub-Committee asked for a paper on the timing of the Inland Revenue's proposals for changes in the tax system which would save staff, and in particular on those changes which were mentioned to the Layfield Committee on Local Government Finance.

2. The Board are not of course in a position to discuss in detail the advice that they have given to Ministers of successive Governments, often in a budgetary context, on specific proposals which would tend to simplify the income tax system. They can however say that the need to keep the tax system simple is always borne very much in mind when they are giving advice to Ministers. Clearly the desirability of simplification—or at least of not introducing new complexities into the system—is only one of a number of criteria which Ministers have to bear in mind in considering tax changes. The system must also be kept reasonably equitable; and political, economic and social considerations may also be relevant. In giving advice to Ministers the Board seek to strike a fair balance between all the relevant factors, including economy of administration and intelligibility, both of which should result from simplification.

3. The Department's aim to keep the tax system as simple as possible has not been confined to advice to Ministers in favour of tax simplification measures. It has also extended to opposition to measures which, with the aim of achieving greater equity, would have the effect of further complicating the tax system. It has been the Board's experience over many years that those who advocate simplification of the tax system in general are at the same time very ready to support detailed proposals which would have the opposite effect. The Board have often felt it their duty to advise Ministers against proposals for changes made in Finance Bill amendments and new clauses, because the gain in the equity of the tax system would not in their view have justified the administrative cost.

4. Against this general background we now turn to a consideration of the particular proposals for simplification mentioned to the Layfield Committee, to which the General Sub-Committee referred: the conversion of child allowances to non-taxable cash benefits; withdrawal of secondary personal allowances; and changes in the way in which the building society mortgage interest relief and life assurance premium relief are given. Administration of these reliefs costs between them some thousands of staff. The desirability of major simplifications to the personal tax system, including those mentioned to the Layfield Committee, first came into prominence in 1971, when the Department carried out a very detailed survey of the workings of pay-as-you-earn, and examined amongst other alternatives the possibility of changing to a non-cumulative tax deduction system for earnings, with self-coding and self-assessing by taxpayers. The view was reached then that the personal tax system was too complex for taxpayers to be able to code or assess themselves with a reasonable degree of accuracy, and that there would have to be considerable simplifications before a change in the tax deduction system could be contemplated. It was considered at that time that the simplifications would need to include the abolition of some of the minor personal allowances and finding some other way of giving relief for mortgage interest paid.

5. The Department's review of PAYE was overtaken by the proposals put forward by the then Chancellor's taxation adviser, Sir Arthur Cockfield, for a tax credit scheme, which was adopted by the then Government. The proposals included not only the giving of mortgage interest relief at source but also a similar method of giving the life assurance relief and the replacement of the child tax allowances and family allowances by a non-taxable child credit. All these simplifications were essential to the tax credit scheme, because it was an integral feature of that scheme that tax allowances should be entirely replaced by cash credits. There would then be no PAYE code number enabling tax deductions from earnings to be adjusted by reference to miscellaneous allowances to which the taxpayer might be due—or, equally, miscellaneous charges to which he might be liable. Incidentally, it was originally an open question whether the child credits should, like the other tax

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

credits, be allowed in the husband's pay packet or be paid direct to the mother like family allowance; but following prolonged public debate and the report of the Select Committee on Tax Credit, it was decided that the child credits should be paid direct to the mother, the social arguments for this being held to outweigh the substantial increase in administrative cost entailed.

6. Of the four simplifications under discussion, three—the child benefit, the mortgage interest relief and the life assurance relief—involve in effect replacing a tax allowance by a public subsidy, though in the case of children the replacement is only a partial one as there is a cash payment already in the shape of the family allowance. These proposals therefore raise wider issues than simply the method of giving particular tax reliefs.

7. In the case of provision for children, all the major parties have favoured in principle the replacement of tax allowances by cash payments. It is not as clear that the change in the form of the mortgage interest relief would have been generally acceptable until recent years, but the introduction of the option mortgage scheme has facilitated the possibility of a change in the form of the tax relief. When option mortgages were introduced in 1968 the subsidy payment was not at first as much as the standard rate of income tax. It was fixed at a point between the standard and higher of the reduced rate bands, as being the level of the effective tax rate of most of those who would be likely to be interested and financially able to take part in the scheme. Later, however, the rate of subsidy was brought into line with the basic rate of income tax and once this had been done the further cost of making the option mortgage type of relief universal in place of the tax relief was reduced to very small proportions. A change in the method of giving the relief would, however, raise the question whether the relief should continue to run in some form against higher rates of income tax. The staff savings mentioned to the Layfield Committee for the mortgage interest scheme were on the basis that relief would not be continued against higher rates of tax, but on the other hand, that the restrictions on relief introduced in 1974 would be dropped. If refinements of this kind were continued in the scheme much of the staff savings could be lost.

8. The problem of relief against higher rates of tax does not arise with the life assurance relief, which has never run against the higher rates, but, unlike mortgage interest relief, there has never been any subsidy in support of life assurance for those below the tax threshold. The number of people below the tax threshold taking out life assurance is however very small and the cost of extending to them a subsidy equivalent to the income tax relief for those above the threshold is therefore only of the same order as the administrative cost of the present life assurance income tax relief. The life assurance proposals now before Parliament in the Finance Bill do however involve the easing of the conditions for relief previously thought necessary by Parliament, and this is reflected in the substantial total Revenue cost of the proposals.

9. Withdrawal of the minor personal allowances would involve more substantial changes in the relative incidence of income tax liability than would the other three proposals. Even the less frequently claimed personal allowances cannot be withdrawn without unequal effects on different taxpayers, and the pressures in Parliament are usually to increase rather than to reduce the number of (and conditions for) allowances.

10. Major simplification of the income tax system was considered in 1971 to be an essential prerequisite for any possible future change to a self-assessing system. Similar simplifications were needed in the tax credit system for the rather different reasons explained in paragraph 5 above. When the Revenue were giving evidence to the Layfield Committee on the feasibility of a local income tax they advised that the same simplifications of the personal tax system would first be neeeded, but here for slightly different reasons. A local income tax would add considerable complexities to the PAYE system and would require a very large number of additional staff. Simplification of the national income tax system was therefore needed first so that trained staff would be released from existing work to take on the local income tax and also in order that the span of knowledge required by an income tax officer working both a national and a local income tax would not be too wide.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

11. The Board would remark in conclusion that they recognise that the simplifications of the tax system that they have advocated and supported must to a greater or lesser degree make for a less fully equitable tax system. It is not for the Board at the end of the day to decide where the balance should be drawn between equity and simplicity, but it should be recognised that greater equity can in general only be bought at the expense of more staff in the Inland Revenue.

Inland Revenue
Somerset House
June 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 23

SIMPLIFICATION MEASURES PROPOSED BY THE BOARD OF INLAND REVENUE

Letter and Memorandum submitted by the Inland Revenue

We discussed on the telephone our memorandum of June 1976 on simplification of the tax system, and I gathered that the Committee would like to have details of other simplification proposals that we have made beyond those discussed in the memorandum. As the memorandum indicated, we are in some difficulty here as measures which would tend to simplify the tax system often arise in a budgetary context. There is also the problem that simplification is only one of a number of factors bearing on any policy issue and we have no index that would enable us comprehensively to identify every policy issue that has been considered which has a simplification aspect. We could therefore only identify all the occasions on which we have made recommendations for simplification by an exhaustive reading of all our policy papers for the years under review.

Nevertheless, we have been able to identify a varied number of issues on which we have made recommendations for simplification over the last 20 years or so, and these are shown in the attached list.

J M GREEN

Deputy Chairman

27 *July* 1976

SIMPLIFICATION MEASURES PROPOSED BY THE BOARD OF INLAND REVENUE

1. Some 12 years ago we recommended that the specific allowance for national insurance contributions should be replaced by correspondingly higher personal allowances.

2. On a number of occasions, from 1968 onwards, we have recommended the abolition of the dependant relative allowance, the housekeeper allowance, and the daughter's services allowance.

3. On a number of occasions, from 1969 onwards, we recommended the repeal of the £10 wartime travelling expense allowance (this in the event was repealed with effect from April 1973).

4. In 1970 we recommended the repeal of the minor personal allowances as already mentioned and, in addition, the abolition of the age relief and small income relief and the simplification of child allowances. We recommended that an old person's allowance should replace age exemption and age relief (the age exemption was replaced by the age allowance in 1975).

5. At various dates from 1966 onwards we have recommended simplification of the superannuation relief arrangements.

6. In 1970 we recommended the repeal of the provision allowing spreading of dividend income for surtax purposes.

7. At various dates from 1955 onwards (and possibly earlier) we have recommended increases in the tax threshold to reduce the number of taxpayers.

8. In 1958 on the disappearance of the two-rate structure of profits tax we made various recommendations for simplifying the tax, including those relating to group relief and the repeal of certain anti-avoidance legislation.

9. In 1963 we put forward recommended measures to remove the anomalies of the commencement and cessation provisions in income tax in Schedule D.

10. In 1966 we recommended an amendment in the rules relating to quoted shares and securities for the calculation of CGT, in order to simplify the calculation.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

11. In 1969 we recommended a small disposal exemption for CGT.

12. At various dates from 1967 onwards we made recommendations for the simplification of certain aspects of estate duty.

13. On a number of occasions between 1958 and 1970 when it was in fact abolished, we recommended that the stamp duty on receipts should for reasons of simplification be abolished.

14. We have made various recommendations in the period since 1959 for the simplification of other stamp duties.

15. In 1956 we supported the Royal Commission on the Taxation of Profits and Incomes recommendation to abolish Schedule B.

16. On various occasions since 1962 we have made proposals for the speedy winding-up of tithe redemption.

17. In 1963 we recommended the abolition of the land tax.

18. In 1966 we recommended the abolition of the mineral rights duty.

19. In 1955 we recommended that income tax assessments should be made by Inspectors instead of by General Commissioners.

20. At various dates from 1961 onwards we have sought powers to dispense with the necessity to make formal assessments where these do not appear to serve any useful purpose.

21. At various dates from 1958 onwards we have made recommendations for the standardisation of time limits for appeals and claims to relief.

22. In 1966 we recommended that relief under Section 238 Income Tax Acts 1952 (providing for the spreading of dividends for surtax purposes) should not be allowed for the year 1965-66 because of the very large number of claims that would result from changes in normal dividend dates at that time.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 24

DHSS JOINT WORKING PARTY ON SIMPLIFICATION

When the Sub-Committee took evidence from CPSA and the Society of Civil and Public Servants on 1 November it was said (Q 1143) that the Working Party designed to look at proposals of simplification of procedures set up by the DHSS had not got very far in spite of the support given by the CPSA and others.

I received the attached letter of 21 January from Mr Graham of the CPSA in support of this view. I then asked the DHSS for their comments on Mr Graham's letter together with a note on the Joint Working Party on Simplification. I am now circulating the DHSS reply which shows the extent to which proposals for simplification have been accepted.

D F Hubback
Special Adviser

1 *March* 1977

DHSS JOINT WORKING PARTY ON SIMPLIFICATION

Memorandum submitted by the Civil and Public Services Association

Further to my letter dated 10 December 1976, I have now had an opportunity to examine the papers of the Department of Health and Social Security Joint Working Party on Simplification. The Working Party came into existence in 1972 following an overtime ban by CPSA members about the inadequacy of staffing in the Department. I understand useful progress has been made through the auspices of the Working Party in simplifying administrative procedures within the Department.

The most effective way of reviewing the work of this Working Party would be to ask the DHSS for a comprehensive report of its work. It appears that such a report is not available which I think is a pity considering the importance of the Working Party. From our analysis of the papers there are a number of issues where we have proposed simplifications of certain procedures but one of the reasons for rejecting our proposals has been that amendments to existing legislation would be required to bring them about. If I could list the proposals that have been rejected partly on these grounds:

(1) We suggested in 1975 the bringing forward of the payment of Maternity Grant from the 11th week prior to the expected date of confinement to the 14th week.

The Official Side suggested that the idea should be dropped as nothing could be done without first amending Section 79(3) of the Social Security Act 1975 or implementing a legislative amendment to the Maternity Benefit regulations (See Annex 1 attached).

(2) A number of simplifications have been suggested to reduce the number of child scale rates from 5 to 3.

We see considerable benefit in giving this idea detailed consideration, particularly if age banding could be linked with the Child Benefit Scheme and possibly other variant benefits as well. However, this proposal was considered to cause difficulties in political circles.

(3) We also suggested the merger of ordinary and long-term Supplementary Benefit scale rates but this was considered not to be acceptable to Ministers.

(4) Proposals have come from both unions and the Official Side to simplify the operation of the Special Hardship allowances but this once again will require changes in legislation which have not yet come about.

(5) Another issue which has been referred to the Working Party concerns Disablement Benefit. When an Appeal Tribunal amends the decision of a Local Insurance Officer in respect of the amount of the award the Department is faced

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

with a set of subsequent procedures which are extremely complicated. (See Annex 2 attached.)

We have suggested that the procedures should be simplified but we have been told that the existing procedures cannot be changed without legislation.

(6) Finally, we have been trying to persuade the Official Side that the Invalidity Benefit Order Book should be issued on a 26 weeks basis. Current legislation states that a forward payment cannot be made beyond 13 weeks and therefore to change the present arrangements would require further legislation.

We are continuing to look through the papers relating to the Working Party to see if there are any further examples where proposals have not been pursued because changes to legislation would be required. In some of the examples given above there have undoubtedly been other reasons for not pursuing a proposal as well as the difficulties of amending current legislation. However, the constant need to amend legislation does seem to be a major bar to further simplification of administrative procedures in the Department of Health and Social Security.

J A Graham

Deputy General Secretary

21 *January* 1977

ANNEX 1

JOINT WORKING PARTY ON SIMPLIFICATION: MATERNITY GRANT: SUGGESTION A111 (Item 6(*b*))

1. At the last meeting of the full Joint Working Part, it was agreed that the much-discussed suggestion about bringing forward entitlement to maternity grant (or payment of maternity grant) from the 11th week before the expected week of confinement to the 14th week should be further discussed. It has been.

2. The result is that we are now quite satisfied that nothing can be done without either subordinate legislation on its own or main and subordinate legislation. The Chief Insurance Officer's Office is firm that the insurance officer cannot award maternity grant before the conditions for it are satisfied; and devices designed to ensure that an award did not become effective until the conditions were satisfied would not overcome this basic difficulty.

3. Two theoretical legislative possibilities are open to us. The first is to amend Section 79(3) of the Social Security Act 1975, to give power to make claims and payments regulations authorising the advance award of maternity grant. I do not much like this approach. 79(3) is concerned with providing for the likely continuance of contingencies which have already arisen; it is not concerned with advance provision for contingencies which have not yet arisen. The second theoretical legislative possibility is amendment of the Maternity Benefit Regulations to prescribe 14 weeks in advance of the expected week of confinement as the earliest point at which maternity grant entitlement can arise. It seems that such amendment could be made under Section 21(5) of the Social Security Act 1975, notwithstanding the definition of "confinement" in Section 23 of the Act.

4. The point was made in earlier discussions that the definition of confinement in Section 23 is intrinsically bound up with the definition of a viable foetus, and that this is controversial ground. The amendment of the Maternity Benefit Regulations would certainly not raise the controversy as directly as would the front door amendment of the definition of confinement in the Act. Whether it would avoid the controversy altogether is a different question; and although I personally feel strongly enough about murder to be quite happy to throw my weight behind Mr. White and his colleagues, I do not know that all our Ministers would take the same view.

5. However, I think that the case against amending the regulations rests on more mundane arguments. The difficulty for local offices which it is sought to resolve is a very small one: so small that none of those who meet it to whom we in B3 have

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

spoken have noticed its existence, and none of those in B3 who have recent local office experience were aware of it as a problem. It would therefore be unwise to seek to take amending regulations through NIAC and the House unless only this small net gain was a likely outcome. This is not the position. Representations we have been receiving make it quite certain that if the Maternity Benefit Regulations are put up for public discussion there will be strong and erudite pressure to get the maternity allowance period made flexible. That pressure will not find Ministers and NIAC unsympathetic, both because of its origins, and because of its inherent "reasonableness", and because of its consistency with departmental support for breast feeding—ie for the mother being away from work for as long as possible *after* the birth.

6. The outcome is a matter of speculation, but it is by no means improbable that (*a*) the problem it was sought to remedy was not remedied, because maternity allowances became payable from the 14th week before the expected week of confinement, and (*b*) the maternity allowance system became more complicated because the maternity allowance period became more flexible.

7. In short, I think Suggestion A111 might be better dropped?

ANNEX 2

DIVISION A's VIEWS ON SUGGESTIONS A53-59

SUGGESTIONS RELATING TO PROCEDURE

Obtaining Evidence of Earnings

Items A54(*a*), A55 and A58(*a*):—

These suggestions envisaged that there should be a simplified basis of calculation of the rate of SHA, and in particular item A55 required that the period over which earnings are averaged should be reduced from 6 to 5 weeks. These suggestions have however been overtaken by events, as the procedure has been amended since they were submitted. The current procedure provides for the employer to be asked only for the simple figure of the normal gross weekly earnings ; only if the employer says that there are special circumstances will there be a need for further detailed enquiries.

Awarding procedure followed by Insurance Officers

Item A59(*b*):

This item envisaged that awards made after retirement age should continue for life.

Following careful consideration of this suggestion, the Office of the Chief Insurance Officer reviewed the awarding procedure and agreed that some easement could be introduced. The revised guidance now provides that, where the claimant is over pensionable age and retired, the renewal award may cover a period of up to *4 years*, provided the insurance officer is satisfied that the claimant will be unable to resume his regular occupation and that he will remain unfit for work of an equivalent standard. The guidance requires that the difference in the respective levels of earnings should amount to not less than one and one third times the rate of SHA being awarded.

At the same time, some easement was introduced where the claimant is under pensionable age. The guidance provides that 4-year awards may also be made where the claimant is likely to be permanently unfit for all work or, in certain other cases, where the disablement is assessed at more than 60 per cent.

The Office of the CIO considered that further easement of the awarding procedure would not be warranted, having regard to the comparatively rapid changes in wage relativities now being experienced and to the steadily increasing maximum rate of SHA. They considered that difficulty would arise in judging for too long in advance whether the difference in respective earnings levels would be likely to remain in excess of the maximum rate of SHA.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

SUGGESTIONS WHICH WOULD ENTAIL CHANGES IN THE ACT

Items A53, A54(*b*), A56, A57, A58(*b*) and A59(*a*) and (*c*):

These remaining items between them cover the following suggestions—

(*a*) abolish SHA;

(*b*) incorporate SHA in the basic disablement benefit;

(*c*) SHA to cease on retirement or at some specific age;

(*d*) there should be only one rate of SHA;

(*e*) there should be only two rates of SHA—the full rate and a half rate.

All these suggestions would need amendment of the Act before they could be implemented, and it is *considered most unlikely that any one of the suggestions would commend itself to Ministers* as a desirable change in the existing scheme. (*a*) and (*c*) would of course take away existing rights and would stand no chance of acceptance by the Unions, while (*b*) would seem to entail a significant increase in expenditure which would serve mainly to benefit those who had lost no earnings. Suggestion (*d*) would result in those with only minimal earnings loss being awarded the maximum rate of SHA (shortly to be £7·60 a week) while (*e*) could be expected to introduce new anomalies.

It is conceivable that some simplification could be achieved were there to be a complete review of special hardship allowance, but as the whole question of compensation for industrial accidents is currently under consideration by the Royal Commission it seems unlikely that Ministers would wish to entertain proposals for any such review in advance of the Commission's report. In their letter of 12 November 1974, the Sub-group accept that more radical changes in the industrial injuries scheme must be ruled out for the time being, but they have put forward two further suggestions for consideration. They reiterate the earlier suggestion that SHA should cease on retirement, but offer as an alternative that " payment after retirement should be at the rate payable immediately before then without any need for further review ".

Commissioner's case-law has laid down that the decision awarding SHA must specify the terminating date of the award. It would be theoretically possible under the existing legislation to make awards for very long periods, such as 10 or 20 years, but there are very good reasons for limiting the duration of awards. The rate of SHA payable would be affected by changes in the current levels of earnings in the pre-accident and post-accident jobs, cessation of incapacity for the regular occupation and changes in the assessment of disablement. Increases in SHA rates on up-rating would also complicate the picture. For these reasons it is most desirable that periods of award of SHA should be kept within reasonable limits and when the Office of the CIO considered the matter in relation to suggestion A59(*b*), to which reference has already been made, they concluded that any further easement would not be justified. The Sub-Group's suggestion, however, is that payment of SHA should continue at the rate at retirement *without further review*. The change in the law necessary to achieve this would automatically disregard all factors that would otherwise affect the rate payable (though the sub-group may be envisaging that the SHA payable would still be subject to normal uprating) and some beneficiaries would suffer a financial loss.

A further suggestion now made by the Sub-group is that there should be a relatively wide " banding " arrangement which would reduce the number of payable rates. It is not made clear how such banding would result in simplification as it would mean that in addition to ascertaining the actual earnings loss, as now, there would be a need to proceed to the further stage of identifying the particular band in which that amount fell. This procedure would be further complicated by considerations and the successive accident provisions whereby SHA must not take the aggregate above the 100 per cent rate. The bands would need to be reconsidered at each uprating and the wider they were the greater the likelihood that a small increase in current earnings would entail a large drop in entitlement to SHA; there would also be more incentive for the claimant to challenge the earnings calculations where the alteration by a few pence might take him into a higher band with a much higher rate of SHA. While it may be the case that " banding " would simplify " the appear-

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ance of the benefit", it is not so obvious that the work in the local office would be simplified. In any case, the suggestion could not be implemented without prior amendment to the Act.

JOINT WORKING PARTY ON SIMPLIFICATION

Note by Department of Health and Social Security

Introduction

1.1. In the supplementary memorandum submitted in October 1976 on the Organisation and Management of the Department, brief reference was made in paragraph 1D.31 to the Joint Working Party on Simplification. This note is submitted in response to a request for further information following the oral evidence given by the Department and the oral and written evidence given by the Society of Civil and Public Servants and the Civil and Public Services Association.

1.2. The establishment of the Joint Working Party was one feature of the settlement of an industrial dispute in the autumn of 1972, when the Staff Side had claimed that local offices were seriously understaffed. The agreed terms of reference were:

> 'To examine the possibilities of simplifying methods of work and procedures with a view to reducing the burden of work in regional and local offices.'

The importance attached to the Working Party by the Department was demonstrated by the appointment of Official Side members at a senior level, with a Deputy Secretary as chairman and other members including three Under Secretaries and a Regional Controller. The Staff Side was represented by the Departmental Staff Side chairman and secretary and three representatives each from the CPSA and SCPS. Representatives of senior management and the principal union officials were thus brought together in a joint attempt to simplify procedures and ease the burden of complexity on staff, particularly in the local offices. To emphasise further the importance attached to the venture, a Steering Committee under the chairmanship of a Parliamentary Secretary was set up to supervise it and to consider proposals which could not be resolved by the Working Party itself.

Joint Working Party at Work

2.1. In the first phase of the Working Party's operations suggestions were invited from regional management, the unions and individuals. Every encouragement was given to submit ideas without any requirement to submit them through senior officers or to provide comprehensive solutions to the problems identified. This invitation met with a large response (8,000 suggestions altogether); and two subgroups (each composed of both officials and union representatives with practical experience of local office work) had to be appointed to sift and categorise the suggestions. Eventually some 600 ideas were recommended to the Working Party for further detailed examination. Of these, nearly 200 have so far been accepted. Some—such as the revised arrangements for meeting the rent of Supplementary Benefit claimants (referred to in the Department's earlier memorandum)—have been of major significance; others have produced more modest improvements. Cumulatively, a large measure of simplification has been achieved.

2.2. It was agreed at the outset that the Working Party would not produce formal reports. Staff have been kept informed, however, by a number of circulars describing progress and giving examples of the suggestions accepted. Circulars were issued in October 1973, June 1974 and March 1976. A copy of the most recent is attached as Annex 1. In addition, a full-length article appeared in the Department's house journal, "New Window", in September 1976. The occasion for the article was a presentation by the Parliamentary Under Secretary of State (Health and Social Security) to ten members of staff whose suggestions for simplifications had qualified, under the Staff Suggestions Scheme, for awards of £100 or more.

2.3. The fact that suggestions to the Working Party required changes in policy or legislation did not preclude their consideration: where difficult issues arose on this account, the Steering Group under the Parliamentary Secretary's chairmanship

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(see paragraph 1.2 above) was able to consider them. This Group included senior members of the Department, among them the two Under Secretaries responsible for Social Security finance and the regional organisation. Though not formally included in its membership, the Staff Side have latterly been invited to send representatives to its meetings.

2.4. The Working Party decided initially to concentrate first on those suggestions which offered the prospect of worthwhile, but speedy, results. Those involving lengthy consideration or the need to change legislation were taken up later. In some cases agreement on whether a suggestion warranted legislative change was reached within the Working Party; only where agreement could not be reached was it referred to the Steering Group for decision. This has been an infrequent occurrence: only two meetings of the Steering Group have been needed for the consideration of individual suggestions in this way, and as a result a number of suggestions have been accepted in principle.

2.5. Evidence submitted to the Committee by the CPSA suggested that the need for legislation was a major factor in the rejection of proposals for simplification. Comments on the particular examples quoted are given in Annex 2. Apart from the legislative changes which in fact resulted from these suggestions, several others were introduced, with or without the involvement of the Steering Group. Perhaps the most significant was the abolition of the wage-stop for supplementary benefit awards about which there were a great many suggestions. Others were the simplification of the procedures governing the overlap of injury benefit and invalidity benefit, the abolition of dependency increases of hospital treatment allowance, and the abolition of the married women's requalification test.

2.6. The Department circular at Annex 1 explains that the phase of examining individual suggestions is now drawing to a close and describes the new lines on which the Working Party has been progressing over the past year. In the first phase, which had the advantge of giving all staff members an oportunity to put forward individual ideas, the Working Party had the task of reacting—inevitably in a rather piecemeal fashion—to suggestions put to it. In the present phase, the Working Party is taking the initiative by examining particular areas of work which it is considered offer scope for further simplification. Already this has resulted in a rationalisation and reduction in the frequency of reviews of the circumstances of claimants to short-term benefits and the identification of four areas relating to rent allowance calculations which are to be examined as part of a general review of the supplementary benefits scheme (referred to in paragraph 1D.29 of the Department's memorandum). Other subjects currently being explored include a standardisation of procedures for handling order books used for payments of benefits and a revision of the way supplementary benefit records are kept. These are both examples of subjects where a review of procedures could lead to useful simplification and an easing of the task for local office staff. The Working Party will have a continuing rôle in studying areas of work in this way; and it is open to the Staff Side and the Official Side equally to propose topics for study.

Importance of the Joint Working Party

3.1. The final paragraph of the circular refers to the important rôle of the Working Party as a counter-balance to the trend towards elaboration as the social security system develops, One of the unquantifiable benefits stemming from the Working Party has been an increase in the general awareness within the Department of the need for simplification. The Working Party's views on the undue complexity of the supplementary benefits scheme were presented to the Steering Group at a meeting in 1976 and played a direct part in leading Ministers to conclude that the whole scheme should be reviewed (as announced by the Secretary of State in September 1976). Social security legislation has tended to greater refinement—and therefore greater complexity—in recent years. The Working Party is playing a part in checking this trend and in emphasising within the Department the need both to simplify existing procedures and to ensure that procedures for implementing new legislation are as simple as possible. Steps taken to this end include arrangements for the Staff Side to comment on operational papers on the new pensions scheme to be introduced in 1978; and a forthcoming examination by one of

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

the Working Party's study groups of revised national insurance contributions procedures stemming from the changes introduced in April 1975.

3.2. While legislative and other constraints inevitably limit the pace at which simplification can proceed, the setting up of the Working Party has proved to be well justified. It has provided a forum for constructive co-operation between officials and union representatives, who have been given the opportunity to question and exchange views with members of policy branches. Through the Steering Group, Ministers have been involved in the search for simplification ; and, following the recent decision to invite the Staff Side to send representatives, they have been brought into direct contact with the unions on this issue. In the longer term the most significant fact is perhaps that the Working Party and Steering Group will have a continuing rôle in ensuring that those responsible both for existing procedures and future developments take the importance of simplification fully into account in the interests of more efficient and more economical administration.

Department of Health and Social Security

February 1977

ANNEX 1

JOINT WORKING PARTY ON SIMPLIFICATION

1. The Working Party and its sub-groups have continued to meet regularly since the last progress report was issued in June 1974. As all suggestions received have now been examined it has been agreed to issue this further report. About 100 suggestions are still under consideration but some of these await the results of research or experiments in related fields and cannot be resolved quickly.

2. Nearly 200 different suggestions have now been accepted, some in a modified form. The following are examples of simplifications recently adopted:

(1) Introduction of a series of order books with a foil limit of £30 (Circular A/239 refers).

(2) Revision of forms B 2/3 to incorporate form PC 2E and provide for special carbon backing (Circular A/223 refers).

(3) Introduction of the single notation "Contg" in cases of continuing awards of disablement benefit (Circular IP(B)/216 refers).

(4) A substantial reduction in the action necessary to establish the last day of incapacity in connection with a claim to sickness or invalidity benefit (Circular SB/352 refers).

Another interesting development which followed numerous suggestions to the Working Party is the current experiment in the combined payment of short-term National Insurance benefits with supplementary benefits.

3. When the Working Party was set up it was agreed that the possibility would be considered of an award for any suggestion adopted which would have been eligible under the Staff Suggestions rules. It was necessary to wait until the bulk of suggestions had been examined before references could be made to the Staff Suggestions Committee but this has now begun. Of nearly 50 suggestions referred, awards have so far been made in respect of 13, involving 31 individuals. One award exceeds £100. Awards resulting from suggestions submitted to the Working Party will be identified in future lists published on behalf of the Staff Suggestions Committee.

4. The phase of examining individual suggestions is drawing to a close and the Working Party, having considered how best it can continue to promote simplification, has concluded that the most profitable approach is likely to be an exploration of particular problem areas. Study groups based on the existing sub-groups have been set up for this purpose. Initially, the supplementary benefits group will be looking primarily at rent, and the contributory benefits group at the arrangements for short-term benefits reviews and earnings checks. Other agreed problem areas will then be considered as quickly as possible.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

5. Apart from responsibility for the completion of the initial stage of the simplification exercise and for the researches of the 2 study groups, the Working Party will be actively concerned to encourage other moves towards simplification. It will receive periodic reports on the machinery recently established to involve Staff Side representatives in the vetting of instructions and will be concerned with investigations by the RD Committee into the possibility of restructuring codes. In general, the Working Party will endeavour to counter-balance the trend towards elaboration and complexity as the social security system develops, by ensuring that the importance of simplification is taken fully into account.

HQ DHSS

22 *March* 1976

ANNEX 2

COMMENTS ON WRITTEN EVIDENCE SUBMITTED BY CPSA ON 21 JANUARY 1977

Advancing the payment of Maternity Grant

1. This suggestion was partially accepted in that regulations were introduced to alter, from April 1975, the time-limits for claiming Maternity Grant, so removing the need to invite a separate claim in some 220,000 cases a year. The reason for rejecting the other part was not the reluctance to introduce legislation but the belief that the procedural problem was more apparent than real and that the likely outcome would be, at best, a negligible gain at the risk of further complicating the maternity allowance system.

Reducing the number of child scale-rates in Supplementary Benefit

2. The suggestion to reduce the number of separate rates from five to two was rejected after consideration by the Steering Group in July 1974 on the grounds that it "would be inordinately expensive to implement in the current economic climate for the degree of simplification which would be achieved". The possibility of reducing the number of rates has not been abandoned, however; it is being considered further in the review of the Supplmentary Benefit system. (The development of the Child Benefit scheme will also have implications for progress on this suggestion.)

Merger of ordinary and long-term Supplementary Benefit rates

3. A number of suggestions on this topic were made, but they were not rejected by the Working Party on the grounds that legislation would be required. The joint Official/Staff Side sub-group which first considered them recommended that they were not worth pursuing.

Simplification of Special Hardship Allowance

4. These suggestions (which concern an allowance sometimes payable with Disablement Benefit) were considered by the Steering Group in February 1975. The Group noted that, as a result of these suggestions, certain easements—such as extended awards for people over pensionable age—had already been introduced. But they concluded that any legislative changes should be delayed until the recommendations of the Royal Commission on Civil Liability and Compensation for Personal Injury had been considered. An assurance was given, however, that the suggestions would be taken into account at that stage; and arrangements were made at the Working Party's meeting in June 1976 to ensure that any evidence submitted by the Department to the Royal Commission on this topic would reflect the Staff Side's views on the operational difficulties of administering Special Hardship Allowance.

Off-set of Disablement Benefit following revised decision

5. In this instance subordinate legislation would be required, and it has in fact been agreed that the Industrial Injuries (Determination of Claims and Questions) Regulations should be amended. There has been some delay because of the need to ensure that revised guidance, complete with examples, is available for insurance officers before the amended regulations come into force.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

26-week order book for Invalidity Benefit

6. Amendment of the law would be needed to permit the issue of 26-week order books for invalidity benefit, but this has not been the main reason for not implementing the proposal so far. There are in fact grounds for doubting whether the change would be an improvement: for example, with order books lasting 26 weeks there is an increased likelihood that books may have to be recalled for uprating. If it could be clearly established that such operational disadvantages would be outweighed by other advantages, the need for legislation would not prevent the suggestion from being adopted.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 25

EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE

A paper by Dr Richard A Chapman, Reader in Politics, University of Durham

1. The main purpose of the present enquiry is to review the efficiency and effectiveness of the Civil Service. The main difficulty facing the Sub-Committee is the uncertainty about the meanings of these terms.

2. Although the distinctions between the concepts of efficiency and effectiveness are important for any appreciation of management, the ways in which these words are used in the literature are often inconsistent and sometimes confusing and misleading. The reason is partly to be found in changing fashions in management terminology and partly in cultural differences between North America (where much of the management literature is published) and other parts of the English speaking world. The intention of this paper is to indicate ways in which the words may be used, to recommend that the General Sub-Committee of the Expenditure Committee uses the words unambiguously, and to draw attention to the significance of these concepts in British public administration.

3. Management activity is directed towards achieving two purposes, these may be termed goals and objectives. Goals refers to the higher level of activity which may be general in nature and the responsibility of the highest levels of management, eg the elimination of sub-standard housing or the provision of a dental service. Objectives refers to a more specific and measurable activity which is the responsibility of lower levels in the management hierarchy, eg the processing of clearance schemes or providing for inspections of children's teeth in schools every year.

4. It is advisable to reserve the term efficiency to relate one of these activities and effectiveness to the other. Various writers maintain consistency within their own work by using them separately but there is not universal agreement about which term should be used for which activity. In this paper the term effective will be reserved for the achievement of specific, measurable, desired ends (ie objectives). Effective management can therefore be quantified and the manager is concerned with using the resources at his disposal to achieve the specified objectives. Efficiency may then be reserved for the achievement of the ends set by the higher level of management, some of which may involve numerical targets and may therefore include quantifiable elements; it will, however, take into account the unintended consequences of management activity and will be concerned with unquantifiable elements. For example, the achievement of management objectives might be at the cost of inhuman working conditions, or in a manner inconsistent with other standards expected in society. Consequently, it may be possible for effective management to be inefficient or for effective action that is efficient in one society or at one time to be unacceptable and inefficient in another society or at a different time.

5. So far, these terms have been used in a general and simple way and in relation to management activity in its widest context. Many management terms and problems are universal in all forms of management. For example, all forms of management activity require planning to achieve goals and objectives, staff to carry out the work, some form of organisation to ensure that the various members of staff know their personal functions, financing to pay the staff and acquire the tools and materials. The essential difference, however, between public administration and other forms of management, is that the management activities at all levels in the public service are conditioned by the political environment in which the activities are conducted. In some areas the intensity of political sensitivity is less than in others and the intensity may change from place to place and from time to time. It might even be possible to find examples of business management that are more politically sensitive than some examples of public administration, but it is suggested that the generality is not misleading and it can be most helpfully illustrated by contrasting management in a highly political area at any given time with management in an area of low political sensitivity at the same time.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

6. This political element in public administration is, nevertheless, to be seen at all levels in the British Civil Service. It is seen in examples of political accountability where, in the last resort, Ministers are answerable to Parliament but where even at the lowest levels in the management hierarchy individuals must be aware of the potentiality of Parliamentary concern and this is an element in their decision making processes. It is seen in examples of financial accountability where the Permanent Secretary of a Department may be held accountable to the Public Accounts Committee for public money spent within his area of management, and this affects accounting methods in various ways so that procedures may be different in public administration from those used in business management (eg consider the significance in terms of management processes of the existence of the Parliamentary Commissioner and the Comptroller and Auditor-General). It is seen in the need to uphold standards of humanity and fairness, for government agencies are always dealing with people and must be seen to treat them on bases of equality and fairness as well as in accordance with society's accepted standards of humanity. It is also seen in the various aspects of confidentiality which abound in the public service but which rarely exist in the same way, to the same extent, or to the same degree in other areas of management.

7. The Fulton Committee, in its Report, was far from clear either in its use of these management terms when used in the public service or in the consequences of its recommendations for greater efficiency in the Civil Service. In Chapter 1, for example, the Fulton Committee uses efficiency in various ways. It criticised the cult of the generalist 'at all levels and in all parts of the Service' (paragraph 15), without appreciating or making it clear that it was criticising the apparent lack of specialist skills in achieving objectives whilst the upper levels of the management hierarchy have always been far from amateur and, in fact, have constituted a highly developed profession for dealing with the political environment within which the management processes at all levels must be carried on. Although it stated that 'imaginative humanity sometimes matters more than tidy efficiency' (paragraph 13) it did not adequately develop further this element in management as it applies in public administration. It stated that 'the Service . . . is inadequate in six main respects for the most efficient discharge of the present and prospective responsibilities of Government' (paragraph 14). Chapter 5, 'The Structure of Departments and the Promotion of Efficiency', which deals with 'accountable and efficient management', is in fact primarily concerned with the effectiveness of management in achieving objectives; it makes valuable suggestions for applying management by objectives in the Civil Service, but its main weaknesses are that it makes no distinction between efficiency and effectiveness and it inadequately appreciates the effect of the political environment on management procedures. Other examples could be quoted at length but perhaps enough have already been given.

8. The lack of clarity or general appreciation of the significance of the concepts of management efficiency and effectiveness in the Civil Service has had a number of consequences to which it is hoped the General Sub-Committee of the Expenditure Committee will direct its attention. The following are four examples selected to illustrate the general argument of this paper.

9. First, a decision on how much attention should be given to political sensitivity in the practice of public administration is not objective but subjective. It is a matter of judgment. This judgment is probably the most important single quality developed in senior administrative civil servants during their careers and it is the reason for regarding such officials as professionals rather than amateurs. This judgment is often required at the interface in the management hierarchy between the setting or accepting of goals and the formulation of management objectives. Unless this element of management in the public service is appreciated, comments about management techniques and the achievement of efficiency and effectiveness (however these words may be used) may have little relevance and may be potentially harmful to our system of Government.

10. Secondly, the significance of efficiency and effectiveness should be considered in relation to structures and institutions of Government. The reason for this is that in public administration the term efficiency, as well as including the elements already explained, must also encompass a degree of political expediency. The creation of

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

the ' giant department ' in the early 1970s was mainly the result of careful consideration of the best way to achieve certain management objectives, structures were created with thoughtful planning inspired by concerns for cost-consciousness and the general political atmosphere of the late 1960s which had inspired many reformist Government reports (including the Report of the Fulton Committee). Such planning for the new departments was, however, set aside almost overnight when some departments were later split up for reasons of political expediency or to adjust to the personalities of politicians involved as Ministers. It is not intended to make a value judgment on such decisions, they may have been good or bad, wise or unwise, opportune or inopportune depending on the standpoint of the commentator. It is, however, important to recognise that these are the facts of life which affect efficiency and effectiveness in the Civil Service.

11. Thirdly, efficiency and effectiveness should be considered in relation to management processes and responsibilities in the public service. It would be naive to transfer lessons expounded by students of business management to the practice of public administration without making appropriate allowance for the political environment which affects public administration at all levels. An example may helpfully illustrate this. The Vehicle and General Tribunal, which consisted entirely of lawyers, attempted to formulate definitions of management concepts it felt should apply to the situation it was considering. One consequence was the application of what the Fulton Committee called accountable management to a named individual in the middle of a hierarchy who, for reasons of public economy, had inadequate staff to achieve his management objectives and in consequence contributed to a major example of inefficiency in public administration.

12. Fourthly, there is the significance of efficiency and effectiveness in education and training for the Civil Service. Effectiveness, as the term has been developed in this paper, can to a large extent be taught through the application of management techniques and specialist skills. This can be done in the Civil Service College or a Management School or a Technical College. The methods would include training in quantitative skills, incentives and perhaps also behaviour techniques. The judgment required for success at the senior levels in the Service cannot be acquired in the same way. It depends partly on education, partly on socialisation into accepted procedures and standards of conduct, but to a large extent on experience. There are management training processes which are claimed to be relevant and useful in such circumstances but they are undeveloped in relation to public administration and seem so far to have been given little attention at the Civil Service College.

26 *July* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 26

EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE

Memorandum by Mr Nevil Johnson, Adviser to the Sub-Committee

1. This memorandum is intended to do no more than give a rough indication of some of the problems affecting the civil service which the Select Committee might find it worthwhile to pursue within the context of its inquiry. It raises no claim to represent the fruits of recent research. It offers no more than a number of critical reflections derived from a relatively long familiarity with the structure, methods of work and political environment of the Britsh Civil Service. It seeks additionally to make a few suggestions for something in the nature of research which the Committee might care to explore further.

General Considerations: Introspective Inquiry as a Form of Escapism

2. British Government and administration has for well over a decade been subject to a very large number of inquiries by varied agencies, parliamentary, private and executive-sponsored. If this is to be regarded as a process rationally founded on experience, it would suggest that much has been defective and in need of "reform". No judgement will be made here on whether that has been so. The point to be made is rather that the continued addiction to inquiry in fields already tilled many times suggests two things: first, that many of the recommendations adopted must have been misplaced, irrelevant, impossible of effective implementation etc, for otherwise it is hard to explain what Professor Oakeshott, in another and more philosophical context, calls "the urge to poke the fire"; second, it is reasonable to conclude that repeated inquiry, followed by more or less action as the case may be to change the ways in which particular tasks are being performed, reveals a deep uncertainty about the methods of Government which in turn amounts to an escape from tackling real problems and from taking action which would constitute a genuine attempt to correct defects and to do things differently.

3. What has just been said could be illustrated in many ways, but only one example can be quoted here. This concerns a very specific condition touched on in the Fulton Report on the Civil Service, the desirability of applying specialised knowledge and technical skills more effectively to the administrative tasks to which they might be relevant. In practice this resulted in measures "to open up" the higher levels of the Civil Service (the old administrative class) to a larger number of specialist officials. For obvious reasons this has led to only modest quantitative changes, eg in the proportion of Under-Secretary or Deputy Secretary posts held by non-generalist administrators. But perhaps the whole effort in this direction missed the point. What strikes any experienced observer of the Civil Service is a career management policy which insists on moving people about frequently, particularly in the areas of general administration in central departments. Turnover in post at Principal and Assistant Secretary level (and indeed at those higher levels at which now the responsibilities are certainly no more than at these lower levels fifteen years ago) remains at least as high as it was when reported to the Estimates Committee in 1957–58 in the course of their famous inquiry into Treasury Control. In the light of experience elsewhere (eg USA, France, West Germany, Sweden etc) there can be no doubt that specialist knowledge is acquired and applied most effectively by relatively long tenure in post and in particular agencies. Yet, to put the matter pointedly civil service personnel management is still dominated by procedures allegedly designed to encourage high-fliers and to discover those rather mysterious qualities which the top administrator is said to require. Shifting people around every two to three years is said to be necessary to this end.

4. All these assumptions can be questioned. Though self-interest is a legitimate concern even of public servants, in the final analysis the needs of good and efficient administration in the service of the public should come first. Maybe the results of an explicit commitment to longer tenure in post (and to remaining in the same or related areas of administration) would do more to develop specialists and to increase the competence of officials than any of the post-Fulton schemes for increasing

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

the opportunities for "specialists" as such. Moreover, if we pursue this example further, we should soon find that it leads back to the presence of a relatively high degree of centralised personnel management, and after all the Civil Service Department was set up, *inter alia,* for this purpose. But inevitably such an agency tends to establish a vested interest, at the least in favour of those within its purview. However, the centralisation of certain personnel management functions is traditionally held to be a great virtue of British administration, reinforced by post-Fulton developments. Much could be said against this: such a cumulation of powers in relation to the central administrative services is rare elsewhere. The only point, however, which is made here is that by definition a Civil Service Department tends to be remote from operational activity: it risks working with schemes and concepts which others must apply in the real world (and indeed in practice its powers are limited by resistance in the operational sectors). The loop back to the example quoted here should be clear: it is unlikely that a central controlling department can ever have much familiarity with what goes on at the administrative front-line and may have still less grasp of what kind of changes of method may maximise operational benefits in a particular direction.

Efficiency and Effectiveness

5. The Select Committee is, according to its note of guidance, primarily concerned with the efficiency and effectiveness of the civil service. It is worth underlining the dangers of confusion between these two concepts. *Efficiency* is best used in two relatively strict senses. First, efficiency can be measured in terms of the ratio of resource inputs to outputs, and is maximised when for a given input, the output could not reasonably be greater. Efficiency in this sense has its most straightforward application in productive activities: it is an economic concept, can be defined rigorously, and its achievement can be measured. It is hardly necessary to point out that in the public service the outputs are either hard or impossible to measure, though the inputs—chiefly staff costs—can usually be measured. It follows that it may be unwise to devote too much effort to trying to measure or assess efficiency in the civil service in terms which have at best only limited application. If there are measures of financial efficiency—and there are—they are crude and incomplete. The best prospects are offered by comparative analyses of costs within the public service of such operations as are *prima facie* comparable, and with the emphasis far more on staff cost inputs than has for some time been fashionable. The relative insensitivity of Parliament and Government to civil service input costs is indeed one of the most remarkable phenomena of recent years.

6. Second we can look at *efficiency* in terms of "expeditious" and "accurate" performance. The person who lets correspondence lie or cannot answer correctly a question put by an applicant for a benefit, is in this sense inefficient. The same goes for a senior official who cannot get his facts right in a Cabinet paper (and if this is due to circumstances beyond his control, refuses to admit the fact), or a technical official who fails to keep up with developments in his discipline. Again, much could be said in amplification of this aspect of efficiency, but the point to be stressed here is that there are no formulae for improving matters in this direction. Efficient performance on a job depends upon a host of individual conditions, of organisational constraints and of varying motivations. Broader social evaluations play a big part too, as well as the conditions in which authority can be exercised (or not, as the case may be). The reactions of the public are important: if they meekly tolerate inefficient treatment of what is directly or indirectly *their* business, then there can be little incentive inside the public service to perform better. If, however, any moral is to be drawn from these remarks on working or operational efficiency, it is that hope of improvements or of remedying deficiencies is likely to lie in diffusion and delegation of responsibilities, clear definition of those responsibilities, and in public awareness of where responsibilities lie. This statement has many implications for the internal structure of central administration for the doctrine of ministerial responsibility and for modes of parliamentary supervision, none of which is explored here.

7. Turning to *effectiveness,* what has to be stressed here is that a judgment of effectiveness refers primarily to the relationship between what has been done and the results intended. An effective performance is one which in the first place

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

achieves the objectives set. Similarly, when seeking to assess effectiveness, we tend to pass imperceptibly from an evaluation of what was done to a critique of what had to be done. In other words examining effectiveness usually leads on to questions about policy and objectives. It follows from this that to discuss the civil service in terms of its effectiveness is likely to entail a discussion of purposes, and this implies, of course, political judgements. Incidentally, it is to be noted that 'efficiency' in either of the senses discussed above is compatible with 'ineffectiveness' and that 'effectiveness' may be obtained on terms which in turn represent 'inefficiency' as determined on input-output ratios. There is, in short, no exact correspondence between the two terms, though hopefully they can often be made to coincide. The point of these remarks on effectiveness lies, however, in a slightly different direction. Basically it is that the temptation to push an assessment of effectiveness into a too-wide ranging examination of policies should be resisted, for to do so is to enter on quicksands where no agreed conclusion is likely to be found. Some kind of self-denying ordinance needs to be imposed in this respect, though this is not to say that the dependence of differing levels of effectiveness, ie the achievement of objectives, on particular policy choices as opposed to others, cannot usefully be made explicit.

Expanding and Changing Functions of Government

8. The remarks just made offer a natural transition to a serious complicating factor in the Committee's inquiry. There is no doubt that since about 1962 the tasks performed by public agencies have multiplied at a rapid rate. *Pari passu* the policies and conditions according to which many of these tasks have been performed have been subject to frequent change, often for political reasons. Inevitably all judgements of efficiency and effectiveness are then open to challenge on the grounds that the burdens on the civil service have increased inordinately and that it has had to struggle with new duties in conditions of endemic instability of policy direction. Put crudely, there is a plausible alibi in relation to any charge of inefficiency. Put more philosophically, it may be argued that the root cause of such inadequacies as can be detected in the performance of the civil service lies in the desire of politicians to have more done by public authority than is either desirable or within the capacity of any administrative system we are likely to devise.

9. The opinion represented here is that there is much force in this contention about the expansion of functions and its consequences. In particular, it seems that politicians in Britain have had little grasp of the administrative consequences of many of the policies they expound or of the changes of course which they instigate. The time has come when we need to take a more cautious and even pessimistic view about what can be effectively achieved by administrative action. But this implies a substantial change in political attitudes and popular expectations. For example, those who call for more and more refined devices for equalising tax burdens, would need to ask first what is the cost in administrative terms and whether the satisfaction they derive from such measures jutifies that cost; those who demand more and more Government measures to be applied to this or that aspect of economic performance would have to ask not only about the costs involved, but fundamental questions about the very feasibility of achieving the desired ends by the measures proposed; and those who press the case for continuously widening the opportunities for public objection to the proposed actions of Government would have to consider whether there is not a trade-off between the achievement of results and the prolongation of argument. If this seems a bit remote from civil service efficiency, let us recall the importance of the socio-political environment within which the civil service works: it is that which imposes many constraints and without changes in it, the constraints are unlikely to diminish.

Some Civil Service Problems

10. These general considerations suggest the need for a degree of caution and scepticism in the Committees' inquiry. Perhaps too, they suggest that more insight may be gained from looking closely at a few specific activities and performances than from ranging too widely and seeking to draw conclusions across the board. I

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

intend now to offer some very summary remarks on aspects of civil service performance, methods and structures over the past five years or so which appear to me to deserve attention in the context of an appraisal of efficiency and effectiveness.

Training

11. A Civil Service College was set up in 1970 as part of an effort to expand centralised training facilities, though it is to be remembered that most training was and remains department-based. The College has become a fairly large operation both in terms of cost and staff employed and of students attending its various branches. Much of this effort is praise-worthy: people usually enjoy their courses and no doubt most are better for them. But there remain doubts (revealed by the fact of at least two recent internal inquiries into training and the College) whether the benefits gained really justify the costs. Put like this there is no solution to the problem. A question more useful to put is whether and in what way the civil service has changed as a consequence of *this* particular development of training. Many changes which have taken place may owe more to exogenous factors, eg changes in the pattern of university education, or to specific internal measures, eg recruitment policies. In fact, it is suggested that the training developments, no matter how attractive many have been, have brought few significant changes which might have a bearing on efficiency.

12. There are two main reasons for this. One is that the courses are not narrowly vocational or technical, and therefore, do little to develop techniques and methods of work. The other is that the College has had to operate on the principle of spreading the butter thinly and equally: it has gone in for a diffusion of training opportunities rather than their concentration. (It is in this respect incidentally that the contrast with the French Ecole Nationale d'Administration is sharpest.) Not surprisingly the outcome is, in the case of general administrators for example, that the civil servants' style and approach is far more powerfully determined by his working context than by any training he receives. The Committee might be well advised to explore the terms in which the College sees the effects of its work as well as the contraints imposed upon the distribution of its effort. Within that context the type of courses offered could receive attention.

Career and Personnel Management

13. Some remarks have already been made on this in the introduction. The point about length of tenure and specialisation in post is worth stressing again, particularly as it applies to general administrative work. Put in reverse, a justification for a high level of rotation is needed. Another crucial aspect of personnel management is economy in the use of staff and manning levels. This calls for some review of complementing procedures and job assessment/grading methods (remembering that too refined job grading procedures can themselves be wasteful and costly). There is undoubtedly evidence in recent years of weak control of staff numbers and of upward drift in the status and remuneration of middle and senior level posts. In this field both the CSD and individual departments are closely involved: what the CSD itself contributes and how needs examination. In particular there is some reason to be sceptical about the growth of general " management services " as opposed to more sharply defined personnel and cost control functions. General management advice is (and not only in the public service) often a pretext for increasing the numbers of those who study what others are doing.

The Roles of the Civil Service Department: How much centralised personnel control is needed?

14. There has, of course, long been a centralisation of certain controlling functions in relation to the civil service. To that extent the CSD merely inherited the mantle of the Treasury. But quantitatively the CSD now outstrips the former Establishment side of the Treasury: the reasons for this and the explanation in terms of functions performed need critical inspection. Related to this is another point. The civil service functions of the Treasury were always to some extent an extension of its overall financial control function: staff cost money and the Treasury had to approve its disbursement. It would be worth examining how far and by what methods the CSD gives priority to the control of staff costs. How far does it see itself as having

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

inherited a specifically Treasury function? And for that matter how satisfied is the Treasury with CSD control of staff costs? More generally, it is desirable to consider whether the centralisation of so many personnel management functions (with the risks of in-breeding entailed) and the concomitant tendency to multiply and refine centralised information and communication systems, is productive of as many benefits as has often been believed.

Recruitment and Engagement of Staff

15. It is not thought that there are any serious problems on the recruitment side that the Committee need spend time on. But it is worth alluding to the growing practice of short-term or temporary appointments as well as to certain consequences of "hiving-off". It seems inevitable and desirable that the civil service should make more rather than less use of outsiders brought in for limited periods and that some of these should be politically motivated appointments. What seems important is to ensure, preferably by Civil Service Commission scrutiny, that those appointed do have experience and qualifications relevant to defined responsibilities. It is undesirable that people should be brought in either for vague and often grandiose tasks which they then cannot perform, or merely to satisfy a politician's desire to have advisers with indeterminate functions round about him. Equally important is the desirability of non-civil service employers taking a generous view of the terms on which they will accept secondment of staff to a civil service post: universities are particularly unhelpful in this respect. There is, however, the other side to the coin. The civil service has become accustomed to taking people in on a temporary basis, but sends few of its members out in the other direction. This is unfortunate as far as learning and experience within the service go.

16. Turning to hiving-off the Committee will be aware of the tendency to set up quasi-autonomous agencies only loosely linked to parent departments. Generally the practice seems to be that staff then retain civil service status, or lose that but keep civil service conditions of service. In such agencies the ability to hire and fire is strictly limited and subject to departmental and/or CSD supervision. In theory the hiving-off method is intended to promote efficiency and to avoid some of the rigidities involved in the usual departmental structure. The Committee might find it useful to examine whether such quasi-autonomous bodies are prevented from working at maximum efficiency as a result of the terms on which they are staffed, what is the character of their relations on staff matters with parent departments, and how far there is evidence that staff perform better outside the conventional departmental framework. (The latter is admittedly a difficult and elusive topic). A further prospect raised by the hiving-off trend is the shift towards a more agency-orientated and perhaps more specialised civil service. If this is a correct assessment, ought the trend to be more vigorously encouraged?

Large Departments: Economies of Scale?

17. This seems to be the point at which to pass to a structural question of some importance. There has been a hiving-off tendency of late. But equally, though subject to counter-movements after late 1973*, there has been a tendency towards fewer and larger departments. The creation of such large units as the present Defence Ministry, Environment, Health and Social Services and Trade and Industry (now split up again) was justified chiefly by reference to coherence. Without doubt this argument was in some cases specious, in others quite plausible. As far as the Select Committee inquiry goes, the question seems to be whether the establishment of very large units makes the task of managing the range of staff in them more difficult, perhaps even impossible. May be too there are special problems of coherence and co-ordination in organisations in which by reason of size personal knowledge is a less effective integrating factor. It is not being suggested here that the Committee can or should launch an inquiry into large departments as such. But it might well be worth trying to explore some of the consequences of such developments for the management of staff, their efficient use, and for the ability of the organisation to produce an effective leadership group capable of imposing a reasonable degree of coherence on both policy objectives and working methods.

* This was written before the recent decision to re-create a separate Ministry of Transport.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Pay and Conditions of Service

18. The Committee is very likely to be told that civil service pay has risen disproportionately and that the central bureaucracy has become too costly as well as being insulated against some of those pressures making for efficiency which apply in commercial operations. It is not the intention to express any opinion on these matters here, other than to reiterate the view that we have in Britain been far too complacent about the total cost of expanding the functions of central government and of public authorities generally. What is more, the recent examples of attempts to provide administrative costs estimates of Government proposals have been for the most part jejeune and inadequate. It is in fact doubtful whether the Committee will reap much benefit from pursuing pay issues as such. The organised interests involved will always assert that the key to greater efficiency is more pay, an argument which is manifestly false if advanced as a general proposition. Apart from looking carefully at total costs, the Committee might find it useful to examine comparatively pay levels for different types of work and perhaps the staff costs involved in the performance of analogous tasks, eg as between central departments, large local authorities, nationalised industry, a private business corporation, a large university etc. Such inquiries might throw some light on pay differences. In the same context it might be appropriate to look into the costs and benefits (plus or minus) of such dispersion of civil service work and staff from the centre as has recently been undertaken or planned. (There are, of course, costs to the Exchequer as well as for the individuals affected.)

The Demands of Political Exposition and Effectiveness

19. Reference has already been made to some of the possible effects of instability in policy and multiplication of policy objectives. But there is in addition the factor of political exposition by which is meant responding to demands generated within and by our major political institutions which in turn frequently channel demands from the public. The burden of political exposition is imposed by Parliament in all its guises, by commissions and committees of inquiries, by Ministers keen to defend their reputations, by advisory and consultative bodies, by the press and so on. It was clear from inquiries carried out for the Fulton Committee that in Britain the quantity of such work—a kind of built-in defence mechanism within the administrative system—is unusually large. At the very least such work must deflect attention from actually doing other things, though of course "doing something" in public administration often includes justifying it at the same time. Nevertheless, there can be little doubt that it is the priority accorded to public justification, explanation, information-giving etc, which leads to a diminished effectiveness in planning and execution, and particularly at the higher levels of central administration where this burden falls most heavily. Ultimately we are faced here with problems of political choice: it is unreasonable to expect well devised forward planning, fool-proof administrative and legislative schemes, thorough technical appreciation of a problem etc, if those responsible are constantly required to give priority to the needs of short-term political defence and justification, or to turn away from their main tasks in order to provide information to persons and bodies ill-equipped to understand the problems remitted to them. Whilst it is recognised that this theme presents great difficulties, it might nevertheless be valuable if the Committee were to secure some evidence on the impact of what has been called "political exposition" on the distribution of effort and priorities in central departments. It is worth noting too that comparative analysis of this factor would also be practicable (ie as between different types of agency) and that organisational changes within the civil service could conceivably alter the position. A ministerial *cabinet,* for example, is a means, *inter alia,* of concentrating functions of political exposition and support in certain places, leaving other parts of the departmental organisation less affected.

Concluding Observations

20. No more has been done in this paper than to indicate in very rough terms a number of civil service practices and certain areas of activity which appear to offer some prospect of throwing up questions relevant to the basic problem of maintaining and enhancing an efficient and effective administrative service acting on behalf of the central Government. Deliberately, no attempt has been made

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

to offer a systematic assessment of progress in the implementation of the Fulton recommendations, partly because it is held that the Fulton analysis was in important respects superficial and defective. Be that as it may, there is no doubt that the outcome of the post Fulton period of change has been more modest that what was hoped for by the more ardent supports of civil service reform. Similarly no critique of the "managerial" view of the civil service, so popular in the early 1970s has been offered. Suffice to say that this note does not accept the simple equation of the management needs and problems of the public with those of the private sector, which has sometimes been urged on the civil service, and indeed apparently accepted in some quarters. There are major differences between the two sectors and the methods by which efficiency in them can be enhanced differ in important respects as well as the constraints and conditions within which each works. Should the Committee be interested in specific pieces of investigation which might help it to detect some of the factors influencing methods of work and levels of performance in the civil service, the following suggestions are made, though subject to the caveat that their feasibility requires in each case careful examination :

(*a*) Personnel placement policies (ie posting, job qualifications, tenure etc) as between selected government departments, selected specialised agencies of government, local authorities, a nationalised industry, large private firms.

(*b*) The above extended to take account of selected (and restricted) examples of foreign experience, eg France, West Germany, Canada.

(*c*) Comparison of total staff resources (plus consideration of relevant mechanical aids) devoted to *prima facie* comparable functions in selected administrative agencies (Personnel management would be an obvious example, but comparable line functions also need to be found).

(*d*) Methods used, time taken, staff and other costs involved in installing some new service and organisation in the British civil service and in some other context domestic or foreign. It is difficult to find cases here: two which come to mind are the centralisation of vehicle licensing in Britain and West Germany and the installation of VAT in Britain and in one other European country, say France or West Germany (a British civil servant has already written a monograph on some aspects of the introduction of VAT).

(*e*) Comparisons of the grading of staff (including pay) and of the numbers employed in relation to similar levels and types of work in the civil service and in other administrative agencies.

(*f*) Assessment of the types of course offered by the Civil Service College and of the qualifications and experience of staff so employed, followed by assessment of what would be implied by alternative models of provision such as contracting with universities and polytechnics, with other higher education institutions and with training agencies serving either the private sector or other branches of the public service.

(*g*) Examination of the functions of the Civil Service Department with subsequent comparisons made with the functions of Public Service Commissions, notably in Canada, Australia and the USA. Consideration of the extent to which the Public Service Commission model might offer advantages, on the one hand removing some aspects of personnel management and classification (quite apart from recruitment and appointment already with the Civil Service Commission) from a ministerial department, and on the other hand allowing scope for shifting some responsibilities outwards to line departments. The result might be less need for a central personnel department, or at any rate the need might be for only a very small one.

21. Finally, it remains to underline again a general theme reflected in this note. There are no comprehensive recipes for improving efficiency and increasing effectiveness in administration. There are many ways into the problem and many factors influencing it which have been wholly ignored here. It is relatively easy to produce plausible arguments in general terms about the conditions affecting efficiency in the civil service, about the constraints operating, and about the dilemmas which have always to be faced in deciding for or against particular courses of remedial action. But what is far more difficult is to make improvements in detail and in specific

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

instances, though ironically it is usual only at this level that effective progress can be made. The Committee would be well advised to aim for such specific and limited recommendations as seem likely to promise identifiable results.

Nevil Johnson, Professorial Fellow, Nuffield College, Oxford.

September 1976.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 27

THE OPEN STRUCTURE IN THE DEPARTMENT OF THE ENVIRONMENT

Supplementary Memorandum from the Department of the Environment

1. The Department's original Memorandum of Evidence (paragraphs 48 and 49) described " the open structure " in DOE and emphasised that posts at Under Secretary level and above are filled by the most appropriate and qualified staff regardless of their background or method of entry into the Civil Service. The Memorandum went on to explain that one of the aims of " the open structure " is to ensure that scientific and other specialist staff bring their expertise and outlook to bear upon major problems of policy and management.

2. The attached Annexes contain the further details of the current members of DOE " open structure " requested by the General Sub-Committee. Annex A gives details of seven professional or specialist officials who occupy posts with general administative responsibilities. Annex B lists a further five officials who started their careers in a professional or specialist capacity but are now in posts with general administrative or policy responsibilites; they differ from those persons listed in Annex A in that their appointment to their current posts is a continuation of the pre-Fulton trend in their career. Finally Annex C lists twenty-five officials whose careers began in a professional or specialist role and who are still engaged in the same area of work and occupying the same type of post as they would have done before the creation of " the open structure ".

ANNEX A

Deputy Secretary and Chief Planner

The present incumbent was recruited as Chief Planner, at Deputy Secretary grade. The six directorates for which he is responsible cover a much wider field than land use planning and embrace a mixture of disciplines. He has four Under Secretaries working to him (one of whom is a " professional " Under Secretary in an administrative seat) and one Deputy Chief Planner. Besides land use planning his group of directorates is concerned with urban affairs and commercial property, passenger transport and local transportation and roads. The majority of the staff are in the administration group.

Deputy Secretary (Environmental Protection) and Chief Water Engineer

The present incumbent is a civil engineer and occupied professional posts in the Water Engineering Inspectorate until his present appointment. Apart from the Water Engineering Directorate which carries on the duties of the old Inspectorate, the Deputy Secretary has three administrative Under Secretaries, one of whom commenced his career in a specialist grade. In addition to the Water Directorate, which is, of course, closely associated with the Water Enginering Directorate, the two other directorates are concerned with environmental protection, policy on noise, pollution (air, coast protection, waste disposal), the co-ordination of the UK pollution control policy, and participation in international environmental activities.

Director General Highways–Deputy Secretary

The present incumbent was recruited as an economist and prior to his present appointment occupied Deputy Secretary posts as Director General (Economics and Resources) and Deputy Secretary (Environmental Protection). His present directorates are concerned with the application and management of the highways programme (planning, contracts, economics, road construction units, traffic engineering and traffic control) and also road safety generally including vehicle engineering and inspection. Of the seven directorates three are administrative in character, two are headed by administrative Under Secretaries and one by an engineer.

Director, Countryside Commission—Under Secretary

The present incumbent is a Planner by profession who was appointed to the Countryside Commission in 1971 when the new post of Director was approved. The Commission had previously operated under an administrative Assistant Secretary reporting to the Management Board. The Director is responsible to the Commission for all the staff and the Commission's activities in the field.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Regional Director, East Midlands—Under Secretary

The present incumbent is a civil engineer by profession and continued in this discipline until his present appointment in 1972. The Nottingham Regional Office is one of six in the provinces, two more being based in London. The work of a Regional Office is regulatory and advisory in character and is concerned with housing, planning, roads and transportation, and with the Regional Economic Planning Board (of which the Regional Director is Chairman) and the Regional Economic Planning Council. Of the three Regional Controllers responsible to the present RD two are administrators and one an engineer.

Local Transportation and Roads Directorate—Under Secretary

The present incumbent is a civil engineer and quantity surveyor. He was appointed in 1974 (to the Planning Urban Project Appraisal Directorate, since expanded to LTR) to this Directorate which is concerned with transportation planning, transportation studies and the form and content of transport policies and programmes; local traffic management and planning; urban parking; bus priority measures and traffic management in relation to bus operations; local transport expenditure grants; and policy on concessionary fares. He has five Heads of Division, comprising one scientist, one engineer and three administrators.

Central Unit for Environmental Protection (CUEP)—Under Secretary

The present incumbent entered the Civil Service as a Research Scientist with a degree in mechanical sciences. He has since been an administrator with the Colonial Office and the Ministry of Housing and Local Government. He was appointed Head of CUEP in 1974 succeeding the scientist who had been Head of the Unit since its formation in 1970. The Unit is concerned with the co-ordination of the UK pollution control policy and participates in international environmental activities. It is responsible for the representation of the UK at international meetings. It is also concerned with the co-ordination of domestic pollution control policy. The complement of the Unit is a mixture of scientists and administrative/executive staff.

ANNEX B

PSA, Deputy Chief Executive III—Deputy Secretary

The incumbent is an engineer by profession; he joined the Air Ministry in 1951 and occupied posts predominantly concerned with engineering services until his appointment as DCEIII in 1974. DCEIII is responsible in the PSA for the Directorate of Post Office Services, and the Directorates of Defence Services I and II. These three directorates provide works services to the Post Office and to the Defence Services (Army, Navy, Air) both at home and overseas and also to research establishments (eg RAF Farnborough) connected with these services. Apart from the works services there is a considerable administrative content in each directorate. The relevant secretariat divisions have responsibility for administration and financial control of major works services, including works contracts. There are 11 Heads of Division/Branch in the 3 directories, consisting of 5 Assistant Secretaries, and 6 Directors B.

Director of Defence Services II—Under Secretary

The incumbent is an engineer by profession; he joined the Air Ministry and until 1973 he served in posts solely concerned with professional engineering. As head of DDSII he is responsible, inter alia, for two secretariat Divisions headed by Assistant Secretaries, as well as the Contracts Branch headed by a Senior Principal.

Director Personnel Management and Training—Under Secretary

The incumbent started his career with ICI in 1955. He joined the Department of Scientific and Industrial Research as a Senior Scientific Officer in 1959 and was posted as a Principal to MHLG in 1964 under the Civil Service Commission's Transfer of Scientists to the Administrative Class scheme. He was concerned with administrative duties from 1964 until 1967 when he was appointed as Director of Organisation and Finance to Ordnance Survey. His present post embraces both policy and management responsibilities dealing with personnel management and training (administrative and professional staffs), manpower, office services and welfare. His Divisions/Branches are headed by 5 Assistant Secretaries, one Senior Principal and one Principal.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Head of New Towns Directorate—Under Secretary

The incumbent joined the Ministry of Civil Aviation as an Operations Officer in 1947, being concerned with the design and development of overseas airfields and with marine aerodromes at home. He transferred to an administrative post, still with MCA in 1957 and has since remained on administrative duties. His present post, concerned with all aspects of new towns, has 5 Divisions headed by 3 Assistant Secretaries, one Superintending Architect and one Senior Principal. The work of the New Towns Directorate covers highways, housing policy and programme, industry and commerce, land assembly and disposal, land use planning, local offices and amenities generally.

Head of Highways Programming Contracts and Land Directorate—Under Secretary

The incumbent joined the Ministry of Transport as an Assistant Statistician via Open Competition in 1950. He remained a Statistician until 1962 when he transferred to the Principal grade and was thereafter engaged in administrative and policy duties, being promoted to Assistant Secretary in 1966 and Under Secretary in 1972. His present directorate comprises 3 Assistant Secretary Divisions dealing with long-term planning and control of road programme expenditure, policy of land acquisition and trunk road procedures, highways legislation and Contracts; a further Assistant Secretary Division which deals with administrative aspects at HQ arising from the work of the Road Construction Units; and finally an Economics Highways and Freight Division under a Senior Economics Adviser.

ANNEX C

Post	*Profession of incumbent on entering Government service*
Director General Economics and Resources	Economist
Director General Design Services	Architect
Director General Research	Scientist
Solicitor and Legal Adviser	Legal Assistant
Chief Highway Engineer	Civil Engineer
Director Building Research Establishment	Tech Asst III (Science grade)
Director Transport and Road Research Laboratory	Principal Scientific Officer
Chief Planning Inspector	Housing and Planning Inspector
Director Building Development	Architect
Director Estate Surveying Services	(Land) Estate Surveyor
Chief Inspector of Audit	Audit Assistant
Director Economics and Statistics	Statistician
Principal Assistant Solicitor	Legal Assistant
Director Engineering Services Development	M and E Engineer
Director of Highways (Wales)	Civil Engineer
Director Quantity Surveying Development	Quantity Surveyor
Chief Road Engineer (Scotland)	Civil Engineer
Director, PSA London Region	Mechanical Engineer
Director Economics and Statistics	Economist
Director of Statistics	Statistician
Director Research Requirements	Technical Assistant III (Science grade)
Principal Assistant Solicitor (1)	Legal Assistant
Principal Assistant Solicitor (2)	Legal Assistant
Highways Planning and Management	Civil Engineer
Director Civil Engineering Development	Research Engineer (CE)

July 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 28

THE PROPERTY SERVICES AGENCY

Supplementary Memoranda on the Level of Rents

1. When representatives of DOE gave evidence to the Sub-Committee on 12 July, Sir Robert Cox undertook to provide notes of the proportion of office space used by the Government which is owned as opposed to leased and on the level of rents paid by PSA.

2. In 1966 the office estate comprised about 44 million sq ft of which nearly 20 million sq ft or 45 per cent was Crown owned. Currently the office estate comprises 62 million sq ft of which nearly 25·5 million sq ft or 41 per cent is Crown owned.

3. As regards rentals the average rent paid by PSA in 1976-77 is expected to be £2·4 per sq ft for offices in London and £1·25 per sq ft elsewhere. These figures are substantially lower than the average current rental value of the accommodation we occupy since, as the Chief Executive explained in his evidence, we have a number of old lettings, particularly in London, at very low rents. When these come up for review it is only to be expected that substantially higher figures will be agreed upon. For lettings of new accommodation the current market rent is higher still and we would expect to have to pay this as would indeed private organisations.

27 *July* 1976

Note on the Use of Directly Employed Labour on Works Services in the Property Services Agency

Introduction

1. In the course of taking evidence from Sir Robert Cox on 12 July 1976, the Sub-Committee expressed interest in the means by which the Property Services Agency gets value for money from its directly employed labour force (DEL) engaged on works services.

Numbers

2. The number of industrial staff employed by PSA in the United Kingdom on 1 April 1976 was 23,236. (This excludes some 150 UK based staff employed overseas.) Of these, 2,140 were employed by PSA Supplies, mainly on stores and transport services, and some 800 were employed as custody guards providing a security service for Government buildings in London.

3. The remainder, approximately 20,300, are engaged on works services. Some 2,400 of them operate basic services eg boiler installations, and almost all the rest are engaged on maintenance work.

4. The labour force is spread over 175 Districts from the Channel Islands to the Shetlands. There are major concentrations in London and the Naval Dockyards but the general picture is that of a large number of small labour forces operating basic services and doing minor maintenance work in the Defence and Civil establishments in their area.

Work Content

A. Basic Operational Services

5. The 2,400 staff in this category are mainly stokers, sewage plant operators etc. This is not work which could easily be put out to contract. Considerable and successful efforts have been made to secure manpower economies mainly through plant automation. The present number employed in this way is less than half that employed in 1968.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

B. Maintenance

6. The remaining 17,900 DEL are used almost exclusively on minor maintenance, embracing a wide variety of small jobs eg easing doors, replacing tap washers, reglazing, minor electrical repairs and plant maintenance. A recent analysis of building maintenance executed by DEL in PSA's South East Region showed nearly 80 per cent of the jobs done by DEL were under £50 in value and more than 92 per cent under £100 in value.

Contractors or DEL

7. PSA policy is, and has been since 1969, to employ contractors extensively but to use DEL in three sets of circumstances:—

(*a*) in operating basic services such as running boilers and attending sewage plants (12 per cent of the DEL force in 1975–76)

(*b*) where the client has special requirements such as security considerations, intermittent working or the need for on-call staff or where contractors are not available. (37 per cent of the DEL force in 1975–76)

(*c*) where the requirement can be met effectively and economically by the use of DEL. (29 per cent of the DEL force in 1975–76).

(The remaining 22 per cent of the DEL force are supervisors, drivers, storemen and apprentices employed in support of the above.)

8. About 60 per cent of all maintenance is already carried out by contract and this includes most of the larger jobs. DEL is employed on the remaining 40 per cent and two-thirds of this labour force, approaching 12,000 staff, work on Defence installations of one kind or another. It is often a considerable advantage to have maintenance work done by one of our own industrial staff who have acquired an intimate knowledge of the buildings and of the plant, which is sometimes highly specialised. In Defence installations security problems and the essential need to respond quickly to operational requirements have also to be borne in mind. Even when the use of contractors might in theory be a viable proposition there is sometimes a lack of suitable contractual capacity in the locality.

9. Information is obtained at regular intervals to show the number of DEL employed in circumstances in which the use of contractors would have been a practical alternative. In March 1976 the total was 5,700 rather less than a third of the total labour force. Comparison of DEL costs on these smaller maintenance jobs with those of contractors is complicated by the variety of contracting methods used and the difficulty of ensuring that like is being compared with like.

10. Two national comparisons have in fact been attempted. In both cases a sample of work done by DEL was costed as if it had been done by contractors, appropriate overheads being included on both sides of the equation. The first, in 1969, was on an experimental basis and in 1971 it was repeated with a larger sample. For technical reasons the main comparison was between DEL and measured term contractors.* 97 per cent of the work done under this form of contract is in the £50+ value band and within that band the national figures produced by the sample indicated that contractors were cheaper by 2 per cent for building and 5 per cent for mechanical and electrical maintenance. These figures are well within the margin of accuracy to be expected in sample calculations of this nature. In the under £50 range, daywork term contractors† are a common alternative to the use of DEL and here comparisons were particularly difficult but a small sample was attempted and produced figures ranging nationally from 20 per cent in favour of contractors to 14 per cent in favour of DEL. There were however large variations within the very small sample taken and the figures were of dubious validity.

* A measured term contract is one in which a contractor is appointed in competition to do all work of a particular kind in a defined area at prices related to a schedule of rates. The work is ordered on him and is measured afterwards.

† A daywork term contract is one in which a contractor is appointed in competition to carry out work of a particular kind in a defined area at the prime cost of labour and materials plus a percentage on-cost.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

11. These costings exercises were broadly inconclusive and they made expensive use of scarce Quantity Surveying resources. It was therefore decided that the main management effort should continue to concentrate on improving the efficiency of the whole DEL force, and not merely the relatively small part of it which might be replaced by contractors.

Measures to Improve and Evaluate Efficiency

12. In 1970 a productivity agreement was negotiated. The Unions agreed to abandon some time consuming practices, and accepted the more flexible use of labour and other efficiency measures in return for a productivity payment. With the help of consultants, organisational changes were introduced which have increased the size of the managerial unit and permitted greater specialisation in labour management. A considerable effort has been made to train managers both in specific techniques and more general matters including industrial relations. Maintenance economy reviews have achieved a good deal of progress in eliminating unnecessary and over-elaborate maintenance.

Planning and Control

13. A system of Planning and Control based upon work measurement has also been introduced. The principal aim is to secure better programming of work and to avoid delays and wasted time. After early problems the scheme has proved successful and is now operating in every Region, though complete implementation will not be achieved before the end of 1977. The system provides an indication of the effective use of DEL by Districts in terms of standard hours of work produced divided by hours of attendance.

Developments from Planning and Control

14. Trials are being conducted on a system which uses the work measurement data available in the Planning and Control system to compare the relative costs of work done by contract with the cost of work done by DEL. These have so far been in a restricted field in one Region and efforts have been concentrated on testing the validity of the method rather than in producing results on which management decisions can be taken. However, the method has attractions as being more economical in resource effort and better suited as a tool of local management than previous costing exercises. Further development work is in progress.

Results Achieved

15. Although a single absolute measure of value for money is not readily available it is clear that the Agency is getting much better value for money than it was in 1968-69 when the present policy was evolved and before the present drive to improve efficiency was undertaken.

16. During that time the estate which the Agency has to maintain has remained fairly constant but the number of DEL engaged in the operation and maintenance of Works Services has fallen by more than one third. Whilst much of the rundown resulted from wastage during a period of high demand for labour in the construction industry it would not have been possible to continue to maintain services to the standards required without the measures to improve productivity which have been described.

Summary

17. DEL is used primarily on maintenance, though staff are also employed on basic operational services. Some 60 per cent of all maintenance is already put out to contract, but specific costing exercises in 1969 and 1971 have not given significant pointers on where the balance of advantage lies. Of the remaining 40 per cent of maintenance in 1975-76, a third could have gone to contractors but was retained in-house because it appeared broadly economic to do so, and because it is prudent to maintain some in-house capacity to prevent the PSA from becoming excessively vulnerable to factors outside its control. (Eg the high activity in the private sector about 2 years ago resulted in some maintenance contractors refusing to tender and others giving poor service through lack of manpower.)

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

18. Attention has been concentrated on streamlining management of the whole DEL force and ensuring that maintenance work is carried out only where it is essential. Efforts are being made to develop a simple and economical system for local management to maintain a running comparison between DEL and Contractor performance, but there are considerable difficulties in providing such a system which is sufficiently accurate and really compares like with like without absorbing a disproportionately high resource cost.

Property Services Agency
DOE

23 *August* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 29

CHANGES IN THE ORGANISATION AND STRUCTURE OF THE DEPARTMENT OF THE ENVIRONMENT SINCE THE SETTING UP OF THE DEPARTMENT OF TRANSPORT

Letter and Memorandum from the Department of the Environment and Transport

1. You recently wrote to me requesting a note of the changes we have made as a result of the creation of the Department of Transport. This is attached. If you, or members of the Sub-Committee, have any further queries I will be glad to help.

2. Perhaps I could take this opportunity of mentioning another matter. The recent evidence to the Sub-Committee by the Society of Civil and Public Servants gave 2 examples from DOE of problems caused by cash limits for travel and subsistence expenditure.[1] These concerned the Welfare Service and Training. It was said that DOE Welfare Officers no longer had sufficient T&S funds for this year, and were thus unable to fully carry out their duties: and that a special training course for DOE staff engaged in Community Land activities had to be cancelled because of a similar shortage of travel funds. (We know of at least one press report of the latter.)

3. The Sub-Committee may like to have our comments on both of these. This is the first year of cash limits, and in setting up a system for monitoring expenditure on travel and subsistence (some £4-5 million per annum in DOE/DTp) data from previous years was patchy. As one consequence the T&S allocation to the Welfare Services this year was found to have been initially too low. First attempts to stay within it meant that in one or two cases visits which might have been made were not. As soon as this effect came to notice, the T&S allocation to Welfare was increased. All necessary Welfare travelling was taking place at the time SCPS gave their evidence, and still is. Their second example, about Community Land training, is quite false. (Members attending the course read reports of its cancellation with some interest!)

D V Teasdale

2 *December* 1976

1. The Department of Transport (D/Tp) has assumed responsibility for the transport functions previously undertaken by the Department of the Environment (DOE). The former Second Permanent Secretary (Transport and Planning) in DOE has become Permanent Secretary of D/Tp. The responsibilities of the Permanent Secretary and of the Second Permanent Secretary (Housing, Construction and Environmental Services) in DOE have been rearranged to take account of these changes. The responsibilities of the Second Permanent Secretary who is Chief Executive of the Property Services Agency remain unchanged. As from 29 December next a Deputy Secretary post in DOE will be dispensed with.

2. It may be helpful to draw attention to one or two other organisational changes in DOE as a result of the separation of the two Departments. One Under Secretary and his supporting staff from the command of the Deputy Secretary (Finance and Local Government) now constitute a separate finance organisation for D/Tp. The Chief Planner now reports to the Second Permanent Secretary (Housing, Construction and Environmental Services). Those Directorates dealing with passenger and local transport matters formerly reporting to the Chief Planner are now located within D/Tp.

3. The former Planning London Directorate has been disbanded and two new Directorates have been set up: the Greater London Housing and Planning Directorate in the DOE and the Passenger Transport and Greater London Directorate in the D/Tp. The opportunity has been taken in DOE to bring together planning and housing work for Greater London. An inter-departmental liaison group has been

[1] See Q1110.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

established under Deputy Secretary chairmanship to co-ordinate action and facilitate joint working between the two Departments on matters concerning London and the South East.

4. Simultaneously with the creation of D/Tp the Prime Minister asked the Secretary of State for the Environment to take charge of the Government programme of work on the problems of the inner cities. An Inner Cities Directorate has been established in DOE to act as the focal point within the Department for co-ordinating work in tackling the problems of the inner city areas.

5. The Secretary of State for the Environment, and under him the Permanent Secretary of DOE, have responsibility for securing and co-ordinating the provision of the central core of common services to the two Departments. These include economics and statistics, research and legal services, the planning inspectorate, and organisation and establishments. All these formations fall to DOE for accounting purposes but work to both Departments. In addition certain Divisions in each Department with particular specialist skills, eg in international or private bill work, are continuing to serve both Departments where this is practicable and efficient.

6. Staff are common citizens of both Departments and there is thus no Departmental boundary so far as postings etc are concerned. The Directorate General of Organisation and Establishments remains responsible for all aspects of personnel work, including training, career planning, posting, promotion and complementing, across the two Departments. The Director General reports to the Permanent Secretary DOE and the Permanent Secretary D/Tp.

7. Close working links between the two Departments in areas such as transport and urban planning are being maintained, including the Transport and Planning Steering Group which comprises Deputy Secretaries of both Departments meeting under the chairmanship of the Permanent Secretary of the D/Tp; and where necessary new or more formal arrangements for co-ordination will be made. Procedures are also being instituted for the handling of the joint exercise of responsibility by the Secretaries of State for the Environment and Transport in respect of highways schemes proposed by the Secretary of State for Transport, when the appointment of an inspector, the consideration of his report, and the decision, are matters for the two Secretaries of State acting together.

8. The organisation and structure of DOE's eight Regional Offices has been maintained, but the offices now serve the two Departments jointly. The Regional Directors have been designated "Chairman of the Regional Economic Planning Board and Regional Director of the Departments of the Environment and Transport". The Regional Directors report to the Secretary of State for the Environmental on Economic Planning Board subjects, housing, planning and environmental matters; to the Secretary of State for Transport on transport matters and on issues involving both Secretaries of State there will be joint reporting.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 30

THE SECONDMENT OF CIVIL SERVANTS IN THE ADMINISTRATION GROUP TO OUTSIDE ORGANISATIONS

Note by the Civil Service Department

General

1. Secondments of civil servants to outside organisations both at home and overseas stem from a variety of initiatives, but the majority are arranged by departments to organisations whose field of activity is particularly relevant to their own functions; they take place at a number of levels and from a wide range of disciplines. This note relates to arrangements which were designed for the secondment of members of the Administration Group although some of the people moved under these arrangements are from other occupational groups. Separate machinery exists for facilitating the interchange of scientists and engineers between the Civil Service and outside organisations.

The Administrative Exchange Scheme

2.1. Following the Fulton Report a formal exchange scheme was introduced in 1968 to provide opportunities for administrators to gain experience in the private sector and for executives from the private sector to work in Government departments for limited periods. The CSD has been at the centre of this scheme since its inception trying to encourage wider participation in both the private and the public sectors. Initiatives adopted have ranged from periodic formal meetings with the CBI to encourage the active support of its members, to informal contacts between top management in the CSD and other Departments and their counterparts in major companies. There have been formal and informal approaches at lower levels, and departments have been encouraged to arrange their own exchanges with organisations and companies with which they have contact in the normal course of departmental business.

2.2. The following are the broad objectives of the scheme:

(*a*) to contribute to the development of more effective communication and understanding between government, business and other sectors at various levels;

(*b*) to enable established managers and administrators to broaden their experience by working for a limited period in positions of responsibility in other organisations; and

(*c*) to prepare and develop people with high potential at the middle management level for senior posts in their parent organisation.

2.3. Before 1974, when improved monitoring arrangements were introduced, the data provided by departments about exchanges arranged by themselves was not comprehensive and was in many cases unreliable. The following figures show the number of new secondments from the Civil Service beginning during the years 1968-75, as well as the number of secondments into the Civil Service from outside organisations; they are derived from annual reports on the scheme, which have been updated to take account of information subsequently received—

	Out of the Civil Service	*Into the Civil Service*
1968	12	19
1969	21	33
1970	12	13
1971	13	22
1972	10	14
1973	22 (10)	45 (22)
1974	15 (7)	34 (9)
1975	25 (14)	39 (15)

The rise in the figures in 1973 indicates an improvement in the data flow from departments rather than a real increase in activity. The figures in brackets against 1973–75 show the number of secondments to or from local authorities and universities arranged by departments, which are included in the yearly totals. This data was not provided in earlier years.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

2.4. During the period September 1973 to October 1975, over 70 organisations were approached by the CSD and a total of 81 secondments were arranged during the period (mainly by Departments): 53 secondments were made into and 28 out of the Civil Service. Annexes A–D to this note give details of the secondments arranged and of the industrial and commercial organisations with which CSD had contact.

2.5. The success of the exchange scheme depends on the willingness of the Civil Service and other organisations to make sacrifices in the short term for a longer term gain. It involves the release, usually for 18 months to 2 years, of high quality personnel (by definition those who can least be spared) and the acceptance of secondees who will not be able to make a full contribution until they have acquired some experience in a new environment. In the present difficult times, these requirements cannot easily be met. Faced with other competing and immediate demands within their own organisations, employers need to deploy all of their available talent to cope with short term operational needs and are consequently reluctant to release their best people for external experience; and they cannot afford the inevitable loss of efficiency in taking a newcomer who would not be fully effective for some time.

2.6. The level of participation in the scheme has therefore been much less than either side would wish. Thought is currently being given within CSD to ways in which the objectives of secondment might be more fully realised but it may be that no substantial increase will prove to be practicable until the economic climate improves and, in those areas where it is a problem, a greater number of people of the right qualities are available.

Other Secondments

3. Apart from this scheme the Civil Service assists in different ways in relation to vacancies for administrators with other Governments and international and overseas organisations. Precise information is not available about the total number of UK civil servants serving on secondment within this broad area, but a recent survey showed that there are 4 Under Secretaries, 6 Assistant Secretaries and 19 Principals with the European Communities (as well as 34 other members of the Administration Group) and 3 Under Secretaries, 5 Assistant Secretaries, 3 Senior Principals and 25 Principals (plus 71 other members of the Administration Group) with other Governments or organisations; the latter include, for example, the Governments of Hong Kong, Fiji, Botswana, Malawi, the Oman and the Yemen, and OECD, NATO, UNCTAD, ICAO and the ILO.

October 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX A

EXCHANGES AND SECONDMENTS WITH INDUSTRY (INCLUDING NATIONALISED INDUSTRIES) AND COMMERCE (SEPTEMBER 1973–OCTOBER 1975)

Exchanges

Exchange between	Civil Service Grade
Williams and Glyn's Bank Ltd—Department of Industry ...	Principal

Secondments into the Civil Service

Seconded from	Seconded to
Bank of England (2)	Cabinet Office
Rothschild International Bank Ltd	
British Petroleum (2)	Civil Service Department
Whitehead Consultancy Group Ltd	
PE Consultancy Group Ltd	
International Publishing Corporation	
Bank of England	Royal Commission on the Distribution of Incomes and Wealth
*Barclays Bank Ltd	Export Credits Guarantee Department
Scientific Controls System Ltd	Inland Revenue
Thomas McLintock Co	Scottish Office
Industrial and Commercial Finance Corporation ...	Departments of Trade, Industry and Energy
Coopers and Lybrand (2)	
British Petroleum (2)	
PA Management Consultants (2)	
*Barclays Bank Ltd (2)	
Lucas Electrical Co Ltd	
Times Newspapers Ltd	
Bank of England	
National Westminster Bank	
*General Electric Company	
*British Textile Confederation	
Lazard Brothers	
Thomas McLintock Co	
Allied Textiles Co	
C T Bowring and Co	
Price Waterhouse and Co (2)	
S G Warburg and Co	
The Post Office	
First National Finance Corporation	
*Chloride Co	
Bender Hamlyn Singleton and Fabian	
National Bus Company	Department of the Environment

* Arranged by the Civil Service Department.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX B

SECONDMENTS FROM THE CIVIL SERVICE TO INDUSTRY (INCLUDING NATIONALISED INDUSTRIES) AND COMMERCE (SEPTEMBER 1973–OCTOBER 1975)

Seconded from	Grade	Seconded to
Civil Service Department ...	Senior Principal* ...	Stock Exchange
Ministry of Defence	Principal	Timber Trades Federation
	Principal*	Barclays Bank Ltd
	Assistant Secretary* ...	GEC
	SEO	Rolls Royce Associates Ltd
	Under Secretary / PTO I	Millbank Technical Services Ltd
Department of Employment ...	Senior Economic Assistant	Bank of England
	Inspector Class 1A ...	National Coal Board
Stationery Office	Higher Technical Officer	The McCorquodale Group
Scottish Office	P & TO II	Sir Alexander Gibb & Partners
	Graduate Engineer ...	W A Fairhurst & Partners
	Graduate Engineer ...	Babtree Shaw & Morton
	Principal	Scottish Development Agency

* Arranged by the Civil Service Department.

ANNEX C

ORGANISATIONS IN INDUSTRY (INCLUDING NATIONALISED INDUSTRIES) AND COMMERCE APPROACHED BY THE CIVIL SERVICE DEPARTMENT (SEPTEMBER 1973–OCTOBER 1975) BUT WITH WHOM MUTUALLY ACCEPTABLE ARRANGEMENTS COULD NOT BE FOUND.

Albright & Wilson
Artist Placement Group
Associated Portland Cement
W S Atkins & Partners
Babcock & Wilcox Ltd
Birmingham Small Arms Co Ltd
Boots Co Ltd
Bowater Group
British Airports Authority
British Airways
British Gas
British Home Stores
British Leyland Motor Co Ltd
British Oxygen
British Rail
British Steel Corporation
British Transport Docks Board
The Burton Group
Butterworths & Co (Publishers) Ltd
Cadbury Schweppes Ltd
Central Electricity Generating Board
Chrysler (UK) Ltd
Constructors John Brown Ltd
De La Rue Co Ltd
Distillers Co Ltd
The Dunlop Co Ltd
English Calico Ltd
Esso
Ferranti Ltd
Ford Motor Co
Gallahers
General Accident, Fire & Life Assurance Corp Ltd
Guest, Keene & Nettlefold
Guinness
Hill Samuel & Co Ltd
Hille of London Ltd
ICI
Imperial Group
Industrial Society
IBM
John Lewis Partnership
Lloyds Bank Ltd
Joseph Lucas
Marks & Spencer Ltd
Mars Ltd
Midland Bank
National Freight Corporation
Pilkington Brothers Ltd
The Plessey Co Ltd
Reed International Ltd
Rowntree Mackintosh Ltd
W H Smith & Son Ltd
Tate & Lyle Ltd
Trust Houses Group Ltd
Turner & Newall Ltd
Unilever Ltd
United Biscuits
Wiggins Teape Ltd

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX D

SECONDMENTS WITH LOCAL AUTHORITIES, UNIVERSITIES AND ORGANISATIONS OTHER THAN INDUSTRY AND COMMERCE (SEPTEMBER 1973–OCTOBER 1975)

Secondments to the Civil Service

Seconded from	Seconded to
*Greater London Council	Department of the Environment
Manchester University	Department of Trade and Industry
Lambeth, Southwark and Lewisham Area Health Authority South West Thames Regional Health Authority (2) ... Nottingham Hospital Management Committee ... ... Royal National Ear, Nose and Throat Hospital ... ... Newcastle Area Health Authority ... ... Sefton Area Health Authority	Department of Health and Social Security
Greater Glasgow Health Board (2) ... ... Royal Edinburgh and Associated Hospital Board of Management ... ... East of Scotland Agricultural College	Scottish Office
University College, Wales	Department of Education and Science

Secondments from the Civil Service

Seconded from	Grade	Seconded to
Ministry of Overseas Development	Principal	World Bank
Ministry of Defence	Assistant Secretary ...	Institute of Strategic Studies
Department of Health and Social Security	HEO(A)	North Western Regional Health Authority
	HEO(A)	Northamptonshire Area Health Authority
	HEO(A) (2)	Redbridge & Waltham Forest Area Health Authority
	HEO(A)	Hammersmith Social Services Department
Scottish Office	Principal ... SEO ... ... Principal ... Planning Officer	Scottish Local Government Boundary Commission Scottish Local Government Property Commission Dartington Amenity Research Trust
Ministry of Agriculture, Fisheries and Food	HSO ... ... SSO	Institute of Development Studies Scottish Marine Research Laboratory
Department of Education and Science	Executive Officer ...	Commonwealth Scientific Commission

* Arranged by the Civil Service Department.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 31

THE FRENCH CIVIL SERVICE

Memorandum submitted by Professor F F Ridley, Adviser to the Sub-Committee

Much of the following is based on notes taken during the Sub-Committee's visit to Paris. But the discussion has been widened, often circling round themes that seemed to predominate in Paris, adding information and throwing in comments of my own en route. This explains the absence of structure and the length. Unfortunately, lack of time did not allow the production of a better planned piece.

Much of the discussion centred on the question whether the French civil service was too elitist. This is quite a good starting point for some impressions of the Paris visit because it seemed to touch directly on the question whether one would want to copy any aspects of the French system.

An assumption—rarely questioned—seems to be that the French civil service is well trained, efficient, dynamic, strong . . . (not all, perhaps, matching the powerful "whiz kid" image sometimes presented, but different from British administrators). Elitism—seemed the suspicion—is the flaw. It soon became apparent, however, that the phrase was ambiguous.

When challenged, the Director of the Ecole Nationale d'Administration dismissed the charge of elitism by reference to the system of recruitment into the higher civil service and explained (quite fairly) that the ENA entrance exams offered a "career open to the talents". Indeed, in so far as admission is determined by written exams and vivas marked academically by a jury appointed for one year only, the system may appear more "objective" than one which also takes into account university reports and impressions of potential gained through open-ended interviews and a variety of tests. He did not deny the domination of children from the middle classes, especially professionals, educated in prestigious Paris grammar schools, but that is a criticism of the educational system, not of recruitment principles.

Similar criticisms are made in Britain. They are of some significance if one is concerned with the equalisation of career opportunities for children of the working class, but are largely irrelevant to the question of elitist attitudes in the higher civil service. Social origins are less likely to determine attitudes than the intensive and unified training ENA gives. In France, as in Britain, moreover, a small annual intake is likely to be "socialised" into the values of a large service with well-established traditions. To that extent the Director did not answer the question. Elitism is a question of attitudes, not origins.

The higher civil service, however, is deliberately elitist in recruiting an intellectual elite—the "cream of the cream" academically, and in segregating officials throughout their careers on the basis of their academic achievements in early life. This is deliberate policy.

The French civil service is divided into levels (categories A, B, C, D), ostensibly geared to levels of work (administrative, executive and clerical, in rough translation), but linked also to educational qualifications at entry. Promotion from one to another is difficult because of the weight the French attach to "objective" tests (ie exams) compared to "subjective" annual reports, and to intellect (as a measure of potential) rather than experience (work record).

The higher civil service (category A: graduate level) is actually subdivided into an elite trained with the "grandes écoles" of the state (Enarchs and Polytechniciens) and a lesser breed of university graduates. Civil service careers are organised in corps and it is as hard to move from the lesser to the higher corps in category A as it is to move from category B to A. It is true that ENA recruits some of its students from within the civil service. This is an opportunity for the exceptionally bright and energetic young official to compensate for missed opportunities, and he is helped by the service in his endeavour. The number is small, however, and entrants pass an examination before they are 30—ie this is not a way of moving to the top by a record of administrative competence.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

This seemed to be one of the real problems of elitism. Significantly, the strongest complaint within the service seemed to come from those nearest to the elite and excluded from it, eg from members of the cadres (middle management) union which organises non-elite graduates in the service.

The system may well involve a waste of administrative talents that cannot break through the examination barrier. Like pre-Fulton Britain, the assumption is still that intellect is more important than managerial experience. It must be remembered, however, that the young Enarch, and even more so the young Polytechnician, do have periods of field service.

In any case, reformist proposals meet in even sharper form one of the arguments made against the amalgamation of generalist classes in Britain. The French civil service does not just want to attract a "fair share" of the better graduates each year, as in Britain, but wants to skim the cream. This depends on offering an incentive to those who undertake the long and gruelling system of preparation and competitive exams from school onwards. The incentive is that success in this race guarantees plum posts in later life, which can only be done by the virtual exclusion of internal promotion. The French system has been very successful in recruiting young people of the highest calibre. If that is desirable, elitist career structures have a case. Others might argue, of course, that higher civil servants should be "average chaps", and that there is a danger to politicians and citizens if they outshine everyone else in intelligence and energy.

While the French civil service is thus deliberately elitist in recruitment (intellectual, not social, elitism the intention), it furthers this by its training programme, the organisation of the service into horizontally graded corps, and the appointment of members of the most prestigious corps to key posts. The last, however, is as much the result of "colonisation" as of any formal set of rules. The relatively small elite corps manage their members careers, and the establishment of a more centralised personnel system would modify the picture: one can, therefore, think of borrowing some aspects of the French system without having to buy all the restrictive practices.

The elite is said to have more than high intellectual calibre: it has subject expertise (in economics, law, technology, etc), combined with practical training (the ENA course involves case work and field experience). Reference was also frequently made to its enormous self-confidence. This has been ascribed to a variety of factors: eg the knowledge that one has succeeded in a series of fiercely competitive exams (thus stamped a success before even starting work) and the belief that one has studied subjects which provide the answer to problems facing Government (the trap of economics). The self-confidence of the subject expert was one of the arguments used by those in Britain who believed that the specialist should remain "on tap and not on top", either because experts tend to forget other factors in policymaking (economists forget politics—but the Enarch has studied both) or because experts often disagree and thus offer no certain advice (where several economists are gathered, the Minister will find several schools of thought).

Coupled with this, one might refer to the long tradition of state leadership in France into which French civil servants are socialised. In the philosophy of the civil service, servants of the state have a special role as representatives of the permanent interests of the state and the general interest of society vis-à-vis temporary politicians and sectional groups. One former Enarch, now in the private sector, remarked that the combination of an excellent training with this state tradition means that higher civil servants risk having too high an opinion of themselves. To which one might reply that excessive diffidence is no less dangerous.

Certainly, many of these criticisms were voiced in Paris. It was argued that the French civil service was too intellectual, too academic. Arguably, a high level of intelligence and considerable subject expertise is required to cope with the complexities of modern policymaking, but let that pass. The education and training of the elite civil service does not really bear out the view that their background is too specialised. Though they will have received a "relevant" higher education, it is likely to have been wider, therefore more generalised, than

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

that of most British civil servants (just as French youngsters cover more subjects in school than their English sixth-form counterparts).

Pre-ENA studies in a law faculty and at the Institute of Political Studies do not lead to a specialised honours degree but will include law, economics, politics, sociology, history, geography and much else. The ENA programme, for its part, is remarkably broad in subjects covered, and combines practical experience with formal study; even the study element has a practical orientation, emphasising work on case files and the preparation of papers on current problems. The student of the Ecole Polytechnique (the other strand in the elite civil service, not much investigated on this occasion) also receives a broader education than most British engineers would get. If one wants "preference for relevance" in the fairly broad sense of Fulton, rather than "amateurs" or narrow specialists, this is what the French system appears to provide.

Another aspect of the elitist charge was that the elite were out of touch with the rest of humanity. Reasons included their social background, their high intellect, their cloistered training, their protected career structure. Views differed and it is hard to know what to make of the accusation. As the Director of ENA pointed out, all political and administrative systems have small groups at the top, thus an elite. All risk losing the common touch. It is hard to see how a higher civil servant can be a "man in the street".

Some of the criticism undoubtedly reflects the interests of less privileged groups within the service. The representatives of the cadres argued that ordinary university graduates were far more in touch with the general public and its values than the Enarch. It is not immediately clear why this should be so. Indeed, the young Enarch, through his training period in a provincial prefecture or subsequent periods of service in a Minister's private office, should be more in touch with politicians and the spokesmen of organised interests than other category A civil servants.

A criticism of the system elaborated by the sociologist Crozier in a well-known book entitled "The Bureaucratic Phenomenon" is worth mentioning, however. The system of horizontal classes, sharply divided by their education and with limited upward mobility, can lead to a failure of communication between levels. Because the elite have few personal contacts with lower level officials (partly explained by a wider French tendency to depersonalise human relations, a "horror of the face-to-face"), there is little feedback. Policymakers at the top live off their own intellectual resources and are said to be unaware how their policies are being implemented, notably of failures, until public frustration builds up, short-circuiting the system. This is at least a plausible explanation of the origins of the 1968 "events".

So one may find in the highest levels a certain intellectual arrogance. This is largely what all the talk of "technocracy" is about. It is not so much administration by experts that critics seem to fear as the confidence of such experts in their own answers and their ability to ride roughshod over the wishes of the man in the street. What this has reflected in the past has been the weakness of the political system and the inability of politicians to control the administrators. The Fifth Republic, with a large technocratic element in Government itself, has merely added a new dimension to the problem. The British observer should not be over-impressed by this fact, however, in considering the value of the French training system for civil servants. The British political system is probably strong enough to balance a more professionalised civil service, so that one could have the benefits of greater expertise without the risks of technocracy.

If asked my own view, I suppose I would say that Britain needs to move towards a greater professionalisation of the civil service, as of industrial management. Much has been written about the "cult of the amateur" in Britain, in the private sector as well as the public, and though some of it has been exaggerated, it seems to contain a central truth. A good deal has also been written about the very different traditions of continental Europe. Though the German civil service is still dominated by lawyers, German industry has long been managed by men who have studied engineering or commerce. The French civil service has always had engineers in key positions in the more technical Ministries and, since the war, has had administrators trained in economics and other relevant subjects. Large industrial and financial

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

concerns there also tend to be run by such people, including a number trained in the civil service schools. Professionalisation of the private sector in France is also shown in the way that Business Schools took off rather earlier than in Britain. German industry, we are now told, has been pulling ahead of Britain since the end of the nineteenth century. Although France emerged from the last war with a more traditionalist culture than Britain (retained in some aspects, eg family life), the rapid Americanisation of French business styles (I am not referring to American take-overs) was a remarkable phenomenon of postwar years and must have something to do with the relative success of the French economy.

In part at least, it was the state in France, through its civil service training policy, that set the tone for this development. This runs contrary to the British way of looking at things. Here the state leaves considerable autonomy to the universities and restricts itself to recruiting a share of the best graduates they produce. Even if there were a move towards "preference for relevance" in recruitment (it is true that the proportion of entrants with relevant degrees is increasing, but that is not the result of a preference policy), there is no indication that the civil service will try to influence the shape of higher education in order to get more suitably trained entrants. Though outside the scope of this report, I believe this to be a serious problem.

The discussion so far may have seemed very general, though raising some fairly basic issues about civil services. But one can leave aside the elitism question and still consider civil service training, unles one assumes that a trained service is necessarily elitist. Much of the practical interest in the French civil service shown by the stream of foreign observers seems to lie in the widely accepted expertise of the service and the reasonable belief that the training system has something to do with this. Hence the great interest in the Ecole Nationale d'Administration. A good account of its role was given by its Director and is worth running through.

The annual intake is about 150 students. There are two forms of entry: external and internal (ie from within the civil service).

Of the 100 external entrants, 80 will have gone from school (baccalauréat at 18) to the university for 3–5 years, studying (simultaneously or consecutively) for a law degree in a Law Faculty and a diploma in economics from an Institute of Political Studies. It is at the latter that they also prepare for the ENA entrance exam. Most attend the Parish Institute, but there are also institutes in Grenoble and Bordeaux. The other 20 external entrants will have passed though one of the "grandes écoles", institutions of higher education which run parallel to the university system and are generally more prestigious. There may be 5 from the Ecole Polytechnique (scientific studies, normally leading to a postgraduate engineering course at another state school; the students are technically military cadets, ie already in the public service) and 10 from the Business Schools. Admission to these schools usually involves a couple of years preparation in post-baccalauréat classes at school. Whichever way he has come, the entrant is likely to be 23–24 years old: he must be under 25.

A couple of points are worth noting here. Success in the competitive entrance exam requires more than the three years' study of an English Bachelor's degree; there is an additional period of preparation, post-degree for university students post-sixth form for polytechnicians. Entry to the highest level of the civil service is therefore later than in Britain. Indeed, if one adds the 2½ years at ENA, they will be around 26 before their careers start. Britain must be rare in starting young people on lifetime careers at 21 or 22. This is no doubt economical but it involves selection at a less mature, therefore less predictable age. It also gives the student a relatively short period of study, three or four years depending on the degree. ENA students do not get university-type vacations and the ENA Director reckoned that the 2½ years spent there were the equivalent of 5 years in a university: the Enarch graduate having thus studied for up to 7½ calendar years, the equivalent of 10 years' work. (As much of the ENA course is spent on placement, this is not entirely convincing.)

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Between 50 and 60 internal entrants are selected by competitive exam each year (there is no report on work performance). They must be under 30 and have 4/5 years' service. There are no prior educational requirements, but most have a degree and come from the second tier of the higher civil service, ie they probably did not pursue the right course of study for direct entry to ENA (some may be teachers) or they may have failed one of the hurdles en route. Though internal entry does offer some opportunities to the educationally underprivileged (perhaps one a year without baccalauréat and five without degrees), it is mostly a second chance for graduates.

The internal entrance exam also requires preparation. Four centres are available at the Institutes of Political Studies in Paris, Grenoble and Bordeaux and at the Ministry of Finance in Paris. The need for preparatory study is treated seriously by the administration. Entrance to the preparatory centres is also by competitive exam, three times as many places being offered as will be available in ENA. Civil servants are allowed full-time study leave on salary for a year if they have a degree, two (if necessary, three) years if they have not. The costs are apparently born on the ENA budget. An indication of demand was the statement that preparatory centres can take between half and a third of those who apply. Officials can also prepare for the ENA exam by correspondence courses organised through the Ministry of Finance.

There is some difference between the entrance exams set for internal and external candidates, the former a little more practical in orientation. Examiners have the power to vary the exact proportion of the two streams in the light of each year's performance. The examiners themselves are drawn from the civil service and the universities, with a chairman from each side, and are wholly independent in setting and marking. The exam seems to be quite gruelling. The first part is written, six tests (long essays) spread over six days; the second involves 4/5 days of orals. A fairly wide, though relevant, range of subjects is covered: law, economics, international affairs, social affairs. Candidates are asked to discuss some "practical", ie contemporary, problem—though the examples quoted were of a pretty high level of generality. Importance is attached to intelligent discussions and good presentation, value being attached to very similar qualities to those sought in Britain. It should be remembered, however, that most candidates are already qualified in economics and law.

On admission to ENA, students become established civil servants and are paid a salary. Students follow a common programme, though within this there are two lines, one for generalist administrators, the other for economists (both sides cover economics, statistics, accountancy, etc—but the latter go a bit further). Given the fact that the age of students can vary between 21 and 31, and that they can have a variety of educational and career backgrounds, the common programme might be expected to cause difficulties, but this seems not to be the case.

The programme lasts two and a half years (from January of Year 1 to May of Year 3). As students only get one month's holiday each year (as civil servants), and as a heavy work load is maintained, the Director reckons this to be the equivalent of five years at a university. In fact, only part of the time is spent on academic courses within the school. During this period, however, students undoubtedly feel a very heavy pressure of work, aggravated by continuous competitive assessment. (It is almost paradoxical that so competitive an experience should have unifying rather than divisive effects.)

In Year 1, students are sent out to work with a Prefect or (a smaller number) with an Ambassador—the latter then do a short stint in a Prefecture while the former may also spend some time in an Embassy or with a Mayor. During this placement period students do not simply observe administration (thereby getting under the feet of officials to whom they are attached): they do the work of a prefectoral assistant or an Embassy Secretary, dealing, for example, with some local problem to which they propose a solution. Most Prefects have an ENA student each year as a member of their relatively small team of higher officials, many of whom will be Enarchs themselves so that the student fits in easily. Two-way links between the ENA and the Prefectures are maintained: the students write a report on their work for ENA;

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

a member of the ENA staff pays an annual visit; at the end of the year the Prefect reports on the student and marks his performance.

This placement period serves a variety of functions. It gives the external entrant some experience of administration before he continues his studies; as a form of training, the method of case studies is an introduction to French administrative style and is continued in the subsequent work within ENA. The student is also introduced to provincial life. The Prefecture is especially suited for placement because of its wide range of political, financial, economic and technical interests and the contacts it has with local politicians, local government officers, organised interests and the public, as well as all the specialised field services of central government.

In Year 2, the student has nine months' study in ENA. This is the common part of the programme in the sense that students are together in the same courses. It is here that contacts are made which last for a lifetime and form an important cement in French administration. They will use the familiar "tu" form of address for the rest of their lives and will have similarly easy social relations with older and younger generations of Enarchs. While some of the criticisms of the system relate to the patronage that results from this old-school network, the personal relations, the common background and the sense of equality forged here, facilitate later co-operation between Government services and help to smooth the running of business in a country otherwise rather bureaucratised.

In addition to studying economics, law (as related to administrative decisions), international and social affairs, there are courses in accountancy, mathematics, computer techniques and foreign languages (one compulsory, a second optional). Stress is laid on the fact that these courses are less academic than at the university. Teaching is by visiting lecturers, mostly drawn from the civil service. Courses are problem orientated.

In the last two months of this year students do another period of individual placement, this time in the private (2/3) or public (1/3) sectors of the economy. ENA has a large list of enterprises that co-operate, industrial, banking, newspapers, etc. The list is flexible and changes are rung. Undertakings co-operate willingly for a variety of reasons: prestige, useful contacts, fresh viewpoint of intelligent outsiders —and, of course, the undertakings may well be run by Enarchs themselves. This period gives the student some view of the problems of Government as seen from the other side of the fence.

Year 3 (5 months) is spent in seminar work in groups of ten to twelve. Students chose two of a range of some 23 subjects on offer. The topics seem fairly general, eg defence policy or East-West relations. The school tries to find a succession of really senior people to take responsibility for the two seminars, including Ministers, members of the Opposition and top union officials as well as civil servants. As two hours a week are involved, they delegate much to assistants. Students undertake investigations, interview people, travel round the country if necessary, and write papers.

The school itself operates with a minimal staff. Apart from the Director and the Secretary General, there is a director of studies and there are specialist teachers in one or two subjects like mathematics and languages. Visiting lecturers are paid a fee (there seems no bar to French civil servants cumulating pay). The system allows a combination of academic and practice orientated approaches. It depends, however, on the fact that many French civil servants have a more than administrator's interest in ENA subjects and are prepared to lecture as part of their career (the entire French educational system plays a part in preparing them for this role, though by now the ENA system is largely self-reproducing).

Students graduate at the end of the programme in an order of merit. This is based on continuous assessment for their placement periods and their seminar work, and on regular written tests in all subjects. It will be remembered that these are administrative law, economics and finance, international affairs, social affairs, accountancy, mathematics, computer techniques, language, and two special topics. Students are told their marks at every stage, so that the competitive element is continuous. Though nerve-wracking, this is in response to student demand.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The final order of merit is decisive. Each year the administration determines how many posts are available in each of the elite corps (Council of State, Court of Accounts, Finance Inspectorate, prefectoral corps, diplomatic corps) and, for the less prestigious and much larger corps of general administrators, in each Ministry. Graduates pick available places in order of graduation, more or less in the order listed above (there are some signs of growing popularity of the prefectoral corps because of its association with economic development). When one considers that there are 150 graduates, the difference between one mark and the next is likely to be minimal, so that future careers are determined by decimal points determined by a method of marking that cannot possibly have such accuracy. Objections to this are not as great as one might expect, probably because the French prefer an apparently " objective " assessment to subjective judgments of the whole man ; they prefer to depersonalise situations where possible.

It is important to stress that much more than a first posting is at stake here. The graduate's entire career may be determined. The top graduates will almost certainly fill the top posts in the civil service later, the less successful remaining a step or two below. There are several reasons for this. In a country which attaches great importance generally to intellectual achievement, to have graduated well is a distinction for life. Service in the prestige corps is likely to be more varied than service in a Ministry, giving greater opportunities to create a good impresion and make useful contacts. The highest posts tend to be controlled by the prestige corps who see to it that their own members fill them. This, rather than the immediate tasks attached to, say, the finance inspectorate makes these corps so attractive to graduates.

One can disregard this particular aspect of the system in looking at the merits of the school. It could not operate in the same way, indeed, in a system where personal matters are managed in a different way. The training can to that extent be evaluated separately from the subsequent promotion system. One proviso, however ; it may be that the marking system and its career effects are a vital element in assuring the hard work that is required of students.

What the costs of the whole operation are was not clear. The Director considered them low, but that must be a relative term. The largest element is certainly the salary of students at ENA and the salary of these at preparatory centres. The rest seems to be relatively modest, given the small permanent staff. Some overheads are no doubt saved (eg library costs) because the school backs on to the Paris Institute of Political Studies. A further advantage of this proximity is that it prevents the isolation of staff and students.

There was also considerable discussion of the mobility of higher civil servants. Much was made of the movement out of the civil service to the public, semi-public and private sectors. The French system does not allow for movement in, in mid-career, either of specialists for specialist posts or of managers with experience in the private sector. Trade union objections apart, this reflects a strong tradition that the state has a special role to play and that state service has a special quality of its own (few would subscribe to the doctrine that management is management, wherever it occurs). A strong sense of state (or public) interest is instilled into those going through the training system. Indeed, this applies to all officials down to the lowest levels. They share an attitude not shared by those trained for the private sector. This was referred to by a number of people. It is also argued that there is no need for such importations. If new specialisms arise, the administration makes its own training arrangements. As far as managerial ability is concerned, the system produces its own, as evidenced by the recruitment of civil servants into the private sector.

What one finds is movement out. This may occur at various stages of a civil servant's career. Some of the least successful graduates of ENA and the grandes écoles (engineers) may move out near the start, reckoning that their prospects in the service are limited: they are nevertheless welcomed outside because of the excellent and relevant training they have received. Others may move out

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

around 40 to a good position in the semi-public or private sectors as a second career and a better salary, with another ten years to go before they reach the top there. Finally there are those who, still relatively young (say late 40s and early 50s) have reached directorial posts in a Ministry. Such posts are usually occupied for relatively short periods and it is likely to be the Government itself which then appoints them to head a public undertaking, again at a considerable salary gain. The " parachuting in " of top men may cause some unfavourable reactions among the staff of the undertaking, but such appointments from outside a firm are not uncommon in the private sector anyway. A man who has been, say, director of the Treasury division in the Ministry of Finance, is generally agreed to be well qualified to act as director general of a bank.

The impression that all France is colonised by Enarchs is misleading, however. As the ENA Director pointed out, it can only be a few hundred (out of 2,500 graduates 250 in the public and 250 in the private sectors), though one must add other groups, such as Polytechnicians. Together, the number is significant and they do occupy some important positions. They seem to form a network, facilitating government-industry contacts. No doubt this is one of the reasons why they are taken on by the private sector. Interestingly, they also appear at the head of some of the associations which represent the private sector.

It is said that the presence of these ex-civil servants (those in the public sector actually remain members of the service, on leave from their corps but retaining the right of reintegration and pension rights) facilitates the planning process, because planning is based on consultation between men with a similar formation, speaking a similar language.

One must not believe that the directors of a public undertaking remain civil servants at the orders of the Government. They see themselves as " chefs d'entreprise " and pursue the interests of their sector strongly. If there is conflict with the Government, they may well win the argument. After all, the opposite number of the head of a nationalised industry, the director of the relevant division in the supervising Ministry, is quite likely to have been his subordinate before he moved out.

When asked how the attitude of officials alters when they move into the private sector, especially in relation to Government, one respondent said that while they will defend the interests of their organisation, they retain " a sense of the public interest ". This is a key phrase, referred to by others, and relates to the values instilled during the training period as well as those acquired during the period of state service. To the extent that directors in the public and private sectors share with civil servants the personal links forged in ENA, the language of a shared educational background and a sense of the public interest, conflicts will be moderated and negotiations occur within a common framework.

A more general point can be made about career mobility. In addition to the movement from Government service to the public and private sectors, ie from public administration to business management, there is also movement from specialist or " professional " tasks to managerial and policymaking posts within the service and outside. This applies notably to the engineers. As a result, there are probably fewer " psychological " barriers between the worlds of administration, technology and business than in Britain. The reasons for this lie more broadly in the educational and social systems of the two countries. Its implications are wider than those with which we are concerned here. It can be argued, however, that the relatively distinct career structure found in Britain, each with its own language and its own values, has contributed to some of Britain's problems of industrial development. There are benefits in a system like the French, where the state trains its engineers as administrators and its officials in such a way that the private sector finds them as well qualified for management as graduates of elite Business Schools. What the state invests in training officials who leave it for other employment is amply repaid.

Movement out has another advantage to which reference should be made. There is a tendency in France to appoint relatively young officials as " grands directeurs " —top policymaking posts. They are, it is said, still at the height of intellectual power and energy. After a few years, exhaustion sets in and they are replaced. This

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

flexibility is only possible where other posts of high pay and status are available for them.

Top civil servants may be moved for another reason. Directorial posts (as well as positions in the Ministerial offices or cabinets) are at the discretion of the Government. They are not necessarily filled by a regular system of internal promotion based on proved ability, assessed by the service itself (as in Britain), combined with a measure of seniority. Though this is taken into account in France, acceptability to to the Minister is as important a factor. Contrary to widespread belief, directorial posts are not filled on a party political basis to any significant extent, nor does this factor necessarily determine appointments to the Minister's cabinet. Indeed, we are told of key men, including members of the President's cabinet, who were known socialists. More important may be the fact that they share the Minister's view on policy issues (which need not be party political) or simply that the Minister has confidence in their ability and thinks he can work well with them. Even this can be exaggerated. The corps tradition means that when a directorial post becomes vacant, a replacement may well be pressed on the Ministry by the seniors of the relevant corps. The names of younger officials for appointment to ministerial cabinets, often drawn from a wide range of corps, are also likely to be suggested in this way.

It should not be thought that the practice of appointing youngish men to directorial posts is universal. In the more technical ministries, administrative experience is sometimes considered more important than drive, and the average age of directors will be higher. But if one takes the key divisions of the Ministry of Finance (and their importance was repeatedly stressed), the tendency is marked. As noted above, this means that there must be promotion possibilities—of pay and status, if not of power—to free the post for the next man. The same applies to people moved for political reasons or because the Minister wants a change.

This is possible within the service, to some extent, because Ministries have a fair number of high non-directorial posts, eg Inspectors General or officials charged with special missions. More interesting to the official, because more lucrative, is the possibility of moving on to nationalised industries as a government-appointed director general. The "colonisation" of outside institutions introduces a vital element of flexibility into the service. The possibility of movement out at some stage to a well paid post, is doubtless also a calculation that determines young persons to enter the civil service. This, as well as the high prestige of state service, helps the French administration to recruit the most talented of each young generation.

A number of questions were asked about the management of the civil service. France has a Civil Service Department of sorts in the Direction Générale de la Fonction Publique. This is attached to the Prime Minister, though generally under the direct authority of a junior minister. Its functions are limited. It is responsible for the general regulations governing the civil service and for pay negotiations. Personnel management is a matter for the departments. So is the size of establishments (subject to Ministry of Finance control). So is training. While ENA comes under the Prime Minister, the other grandes écoles are attached to various ministries. Responsibility for administrative organisation, efficiency and the improvement of management techniques also seems to lie with the departments. The Direction de la Fonction Publique is therefore quite small, with a staff of around 110.

Management of the service, promotion and posting for example, seem to be a matter for individual ministries in most cases. There is a complication, however, because the elite of the service is organised in corps which manage their own affairs to a fair extent. The extreme case is the Council of State and the Court of Accounts whose members have the status of judges, promotion by seniority and a great deal of individual freedom in their work right from the start. They are also to be found in key posts throughout Government on secondment. The finance inspectorate has official functions of a very mundane sort, which only occupy some of its youngest members some of the time: for the rest it forms a pool of officials for appointment to a wide range of influential positions. From the point of view of

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

personnel management, its members do not form an integral part of the Ministry of Finance. The prefectoral corps and the prestigious engineering corps do have substantial administrative responsibilities, but again a significant proportion of members serve elsewhere part of the time. The deployment of these people outside their own Ministries is neither the responsibility of the Direction de la Fonction Publique nor of the personnel divisions of the home ministry. It is hard for the outsider to understand how the higher civil service is managed and one can only guess at the network of personal negotiations on which postings are based. Promotion in these corps is a separate matter, for rank can be separated from office. Though the system may appear irrational and inconvenient, it is generally agreed that these corps provide a valuable pool of administrators, whose movement between the branches of Government is a unifying factor which helps offset departmentalism.

Broadly, the French civil service distinguishes between rank (grade) and post (emploi). There are links: thus a certain rank (and seniority) is generally required for appointment to particular posts. Basic salary is tied to rank. The fact that rank (thus salary and status) promotion can be separated from postings introduces an element of flexibility into personnel management.

The corps and rank system is relevant to questions asked about job analysis: is there any attempt to analyse the work content of posts, specify the qualifications required for filling them, and fix the appropriate salary on this basis? The answer was clearly no. Who can be appointed to what post seems to depend on two sorts of rules. On the one hand, there are general rules that those appointed to certain posts (specified by level in the hierarchy rather than field of operation) must have reached a certain rank and seniority in the public service as a whole (ie regardless of corps): this applies, for example, to sectional heads within ministerial divisions. On the other hand, there are the statutes of individual corps which not only specify promotion rules for members but may also define areas of work for which the corps as a whole is responsible. In considering how to grade new posts involving new types of work, the key element is the educational qualification required for entrants. The rest follows from the general rules. There is no indication of any desire to move from this formalised system to any notion of job analysis, then finding the right man for that particular job and paying him an appropriate salary. Indeed, there are so many entrenched interests in the French civil service that it would be hard to redesignate even a category of posts in terms of who is entitled to fill them.

The fact that the grading of posts on the grid (see below) depends upon the educational levels required to enter the relevant corps means that pay relativities depend on the status of officials at the time of recruitment into the service. An example of the difficulties that can arise was given. Air traffic controllers are recruited from baccalaureats (A levels) but work in proximity to pilots who receive very high pay. They argue that their posts should be graded according to the responsibility involved, not their school-leaving qualifications. To satisfy them, they receive substantial salary bonuses in addition to their grid pay (50–60 per cent), rather than change the assumptions on which the grid system is based.

Training is generally a departmental activity. ENA is attached to the Prime Minister, however (its graduates joining a variety of ministerial and interministerial corps). Also attached to the Prime Minister are the four regional schools for the inter-ministerial corps of non-ENA administrators. The corps of administrateurs civils, largest and least prestigious ENA group, and the corps of attachés d'administration, direct entry university graduates who rank below them, are in theory inter-ministerial, but their careers are managed by the Ministries in which they serve. The other grandes écoles are attached to Ministries, the Ecole Polytechnique, for example, to the Ministry of Defence (historical rather than practical reasons). Entry and mid-career training programmes at lower levels are also organised by the Ministries. There is a complex system of schools and programmes.

Emphasis is placed on further training opportunities. These are vital, indeed, not merely to allow the administration to adapt its personnel to specialist needs but because promotion between levels of service depends largely upon exams. The Ministry of Finance organises a correspondence course system available to officials

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

in all Ministries. Each department prepares its own training programme and this requires the approval of the Direction de la Fonction Publique. The need for a more coherent system was mentioned and reference was made to something like an ENA to take responsibility for coordinating this range of facilities. It could hardly be more than a coordinating unit, presumably, because many of the schools are specialised and others must be dispersed throughout the country if ordinary civil servants are to have the chance of study. It must be remembered in this respect that a far larger proportion of middle and higher level officials serve in the regional (called external) services of Government departments than in Britain.

Despite the range of training facilities, promotion between levels remains difficult. This is an aspect of the problem of elitism noted earlier. A serious problem for the administration is that of blocked career prospects for the secondary corps in the higher civil service, the non-ENA university graduates, for example, or the non-Polytechnician engineers. Some internal promotion in mid-career is possible, but the numbers are small in relation to those affected. The French system makes it hard to reconcile notions of open career prospects, with promotion based on work performance, on the one hand, and the grading of posts by reference to educational qualifications (a preference for impersonal exams over personal reports) on the other.

The result may be that middle management is weak in France by comparison to the top. This, indeed, is said to be a general problem in industry and technology as well as public administration. Over the last decade considerable efforts have been made to strengthen training facilities for this level, in universities as well as the civil service. It remains a question in the minds of some, however, whether one should not sacrifice some "democratisation" or careers (equal promotion prospects as distinct from equal education opportunities) in order to maintain the excellence of leadership.

Much interest was shown in the way salaries were determined. The system seems to be rather complex and the picture that emerged was not entirely clear. Basically, there is a unified system of salary scales based on a "grid", or index. Each corps is placed on the grid. Although the base changes regularly, so that all salaries go up, salary differentials are determined by the grid. The system has become very formalised and it is hard to change the position of any category of civil servants. This partly explains the emergence of a system of bonus payments as an element of flexibility (though this element, too, seems to have become largely formalised).

Annual negotiations take place on the general level of pay, ie on the base of the grid. The "social partners" in negotiation with the Minister are the unions. The French situation is complicated by the existence of several competing trade union confederations, each with a civil service union distinguished not by the class of officials it represents but its political orientation. There is also a middle-management confederation (cadres) which caters for graduates: but it does not necessarily organise a majority of these and cadres are to be found in other confederations. There is a separate teachers federation (teachers from the largest single group in the civil service), but it, too, does not speak for all. This division clearly affects the negotiating strength of unions. The elite civil service, for its part, does not seem to be unionised. The prestigious corps have officials responsible for looking after their internal affairs and there are "private" associations of ENA graduates, of Polytechnicians and so on. No doubt, these bring an influence to bear, though not round the negotiating table.

Questions were asked about what influences the Government in its annual decisions on pay levels. It would seem that levels in the private sector have never been regarded as important. The principle of comparability was described as "dishonest" —it is accepted that civil servants will lag behind in periods of prosperity because they gain in periods of depression. The starting point for the Government is the budget situation and the social climate. The responsible Minister did not need instructions from the Prime Minister this year to know that the fight against inflation has priority.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The unions accuse the Government of coming to the negotiations with a predetermined sum. All that is open to negotiation, then, are shifts in relativities—and these are limited by the formalised grid system and entrenched interests. It was nevertheless possible this year to obtain a general shift, with greater increases at the bottom end of the scale than at the top. The Minister, however, denied that negotiations were quite so restricted, maintaining that increases may be obtained that go beyond the global sum proposed by the Government and necessitates a rectification of the budget.

Pay forms the largest element in the budget (a figure of 50 per cent was mentioned several times). While the Civil Service Minister is responsible for negotiating pay levels, his Direction is not responsible for the size of the establishments, ie the rate of growth in the civil service (there seems to be little notion of stabilising its size, much less of cutting it). This is a matter for the budgetary division of the Ministry of Finance, which controls the departmental estimates. It seems strange that governmental responsibilities are not organised in such a way that the total cost of the service (salaries and numbers) are dealt with together.

Questions were asked about the Ministry of Finance's methods of controlling establishments and the extent to which it can intervene to ensure a more effective use of personnel. Though the budgetary division seems to be extremely powerful, one did not get the impression of any very effective techniques. In practice, it seems to intervene mainly at the global levels, controlling the number of new posts allowed to each Ministry, though it was said that it also looks at the distribution of personnel between jobs. The Ministry of Finance may be helped in this by the fact that it has an agent stationed within every Ministry—the financial controller. His primary task is to ensure the regularity of expenditure (ie the availability of budgetary credits) and his counter-signature is required at the moment when expenditure is "engaged" (eg when a contract is signed). Though not a very high-powered official, he enjoys a degree of independence in his work and all the business of the spending Ministry passes through his office. He is therefore well informed. Depending on his personality, he can act more widely as informant of the Ministry of Finance and adviser to the spending Ministry.

There is another aspect to the salary question to which much attention was drawn. The basic pay of many civil servants seems to be considerably inflated by bonus payments. These seem to come in many varieties. Some were originally overtime payments, now effectively assimilated into pay regardless of hours worked. Paris cost of living allowances are another. Some are responsibility payments which attach automatically to posts such as directors of ministerial divisions, deputy directors and sectional heads. There are also efficiency bonuses at the discretion of the heads of departments: the latter are allocated a lump sum (10 per cent of the salary budget was mentioned) which they distribute according to no known principles, individual payments appearing to remain secret even within the service. To complicate the matter yet further, certain officials may receive additional payments from sources other than the central government budget. This applies not just to such obvious remunerations as ENA lecture fees. Certain officials in the regional services of central government (eg engineers) receive additional pay from local government because these services act on behalf of local authorities.

The result of all this is that many senior officials are paid for more than the grid indicates, and more than other officials of similar rank less happily placed. This has to be taken into account whenever a change of post is considered. Many attempts have apparently been made to clarify the system, but no one has been able to get the necessary informaion, not even, one felt, the Direction de la Fonction Publique. Though salary payments are computerised, the complexities of the system seem to defy clarification (though there was obviously also an element of deliberate secrecy in order to protect vested interests). Despite the criticisms of the bonus system, the point was made that it allows some flexibility in an otherwise formalised system: if clarified, the bonus system would simply be assimilated in basic pay, desirable from the point of view of Parliamentary and public control but in another respect self-defeating.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The Court of Accounts was visited and obviously aroused some interest. This body is technically a "jurisdiction" ("court" would be a misleading translation if one thought in English terms), responsible originally for auditing the accounts of "public accountants" (a category of officials who handle public monies, making all payments and receipts) to ensure that they are correct and in accordance with the budget. The formal approval of accounts is a judicial act. This is a very technical matter and hard to explain. French financial procedures are formalised and complex, involving several divisions of responsibility and several levels of control. There is a division of responsibility between the accountants (a corps attached to a division of the Ministry of Finance) and the administrators responsible for authorising expenditure in the spending Ministry. The former verifies the legality of the order before executing it, and is in law personally responsible for the accuracy of his accounts. The division of responsibility between the ordering and making of payments is widespread in France (it will have been noticed by anyone using a French bank). Spot checks on the accounts of these accountants are made by the finance inspectorate. Another system of control operates at an earlier stage when the financial controller attached to a Ministry counter-signs the "engagement" of expenditure by which the administrator takes the act that will give rise to expenditure, eg makes a contract.

This is perhaps a digression and the system cannot really be explained here. The point is simply that the original functions of the Court was the audit of the accounts of accountants, not those of administrators—hence it was concerned only with the "regularity" of expenditure, not with what the French call "opportunity" or "good use" of funds. Because this is a judicial act, members of the Court have the status of judges (irremovable, promoted in rank by seniority, individually free from direction in much of their work, and as a corps entirely free from direction from outside).

In fact, the functions of the Court are now much wider than this and the technical aspects of audit, though time-consuming, are not the significant element. The Court is now responsible for the entire public sector, central and local government (local government monies have in fact always been handled by Ministry of Finance officials), public enterprise and, as far as a general overview of policy is concerned, almost anybody employing public funds. In addition to examining and reporting on the accuracy of accounts and legality (ie budgetary regularity) of expenditure, they are now charged with a general overview of efficiency. The broad term used is that they may examine and report on the "bon emploi" of funds.

This expansion is partly the result of a growing awareness of the need for some efficiency audit—a logical development within any administrative system. In the particular case of the Court of Accounts, there is also the fact that it constitutes one of the most prestigious corps in the French civil service, always attracting top ENA graduates. The point was made that if one recruits very intelligent men (and men with a relevant training), they will naturally find something better for themselves to do than technical audit. To that extent, the expanded competence of the Court has partly been its own creation.

For its work, the Court has a corps of 225 members, of whom 40 are likely to be "on detached service" in other branches of Government or on leave elsewhere. The general background is ENA, but a fifth are recruited from other branches of the civil service in mid-career and these help to bring "a sense of administrative reality". The president is appointed at the discretion of the Government (the present one came from the prefectoral corps) but, once appointed, is completely free. He ranks as one of the highest officials in the state. If other administrative and clerical staff is counted, the total establishment is around 500.

Members of the Court work partly on documents and partly through site visits. If necessary, the president can obtain the service of other experts from the civil service (engineers, financial experts), who are put at his disposal for a number of years and enjoy the same guarantees as members during this period. It was asked whether the Court was equipped for full-scale efficiency investigations of the McKinsey type. No real answer was forthcoming and perhaps the question was not understood. Members of the corps obviously have a somewhat different background from that of O & M specialists, but as regards broad surveys do not seem

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

all that different from the McKinsey men. Judging by their published reports, they did not concern themselves with the nuts and bolts of organisation so much as with broad administrative policy questions, but the internal reports may be more technical. From examples quoted, however, one suspects they are more concerned with financial irregularities, wasteful expenditure and policy questions.

The Court has a variety of means at its disposal for putting forward its views. It presents an annual report to the President of the Republic which is also placed before Parliament. This is really a digest of internal reports, picking out each year a number of topics of special interest, as well as a number of specific cases which it considers serious. This report is published and quite widely commented on in the quality press. Le Monde, for example, used to have whole page excerpts running for several days.

It also reports to Parliament on the execution of the budget law, drawing attention to any discrepancies between budgetary provisions and actual expenditure; this serves as a basis for the Loi de Règlement which approves the accounts, with any necessary budgetary rectifications, at the end of each year. According to the constitution, Parliament may ask for the Court's assistance in its work generally. The President of the Court appears before the Finance Committee of both houses each year to answer questions (though he now requests fifteen days notice if questioned). The chairmen of the two Finance Committees may also ask him to undertake special investigations on behalf of Parliament. These can relate to specific matters or, again more likely, fairly broad policy issues (eg the growth of para-fiscal taxes). A certain number of such investigations are undertaken each year.

Finally, there are the internal reports, referrals to the Prime Minister, dealing with particular issues to which the Court wants to draw attention. There are a fair number of these each year, quite long documents, and they are circulated to the Minister of Finance and the relevant Ministers. They are undoubtedly taken seriously, not just because of the standing of the Court and the thoroughness of its work, but because they are written by officials with wide experience (though they enjoy the status of judges, it will be remembered that many serve for periods in key positions in the "active administration").

The most recent public report consists of a hundred large two-column pages. The topics picked out for discussion include: the organisation and finance of vocational training; the operations of the national agency for navigable waterways; subsidies for shipbuilding; the finance and organisation of the system of state subsidies for travel to school; governmental policy with regard to mental illness and environmental protection; the operation of University Institutes of Technology; local government finance and investment policy; the personnel policies of local government; the operations of the old age insurance system. It will be seen that the issues are broad and fairly broad administrative policy questions are raised in each case. The report is followed by an equally long section of answers by the Ministries concerned, generally several Ministries for each matter.

Steps have been taken to ensure that the recommendations of the Court (including those in internal reports) are followed up by the administration. Formal machinery has been established for this purpose. There is a committee of senior officials whose responsibility it is to consider the observations of the Court and propose measures of reform (in consultation with the Ministries). The committee has also to follow what steps are taken by the Ministries and to consider the results of any such measures. Proposals of the Court may also be discussed by the Council of Ministers or in inter-ministerial meetings. The President of the Republic has, moreover, issued an instruction to all ministers to keep a personal eye on the handlng of all such proposals. None of this means, of course, that all, or even a majority, of the Court's recommendations are implemented, but it does mean that procedures have been institutionalised, and they are therefore bound to be considered seriously. The Minister of Finance now draws up an annual list of reforms resulting from the Court's recommendations and submits it to the Finance Committees of Parliament.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

This is not the place to talk of the political rights of French civil servants. But to some extent the question is relevant to the question of efficiency and aspects were touched on once or twice.

It is a constitutional principle in France that civil servants have the same rights as other citizens to participate in politics and, more important here, to express their opinions freely. There are certain limits to free expression, of course. Higher officials have a "duty of reserve". This seems to mean that they may not indulge in "excessive" public criticism of the Government and its Ministers in a way that could bring Ministers into disrepute. The emphasis seems to be on criticising the Government, not on Government policy. In practice, they can certainly criticise the latter, including the policy of their own Ministry. Though, here too, a certain reserve of style is called for, different opinions are expressed quite freely. I do not know what the extent of official secrets is in France and there are certainly secrets of State, but these are limited. There are also rules of professional secrecy relating to the non-disclosure of matters affecting individuals (income tax, medical records), but that is not an important factor here.

Civil servants can participate fully in politics (though if elected to Parliament, they are given leave of absence). More important, they can, and do, publish books and articles, address meetings or broadcast, in their own name on controversial policy matters. Many textbooks in the broad field of public administration, including economics and law, are written by civil servants and these include views on monetary and fiscal policy, administrative reform, civil rights and so on. They will publish articles on current issues such as educational reform. In so doing, they play an important part in the public debate on equal terms with other informed debaters. Arguably, this improves the standards of debate and, at the same time, leads to more openness in discussion about policies. If one assumes that truth is more likely to prevail, ie correct policies worked out, if there is full and open debate, then this should enhance the efficiency of Government.

This participation in public debate also broadens the knowledge and contacts of civil servants, because they can more easily form part of a professional community wider than the civil service itself. This may increase their efficiency.

There is no evidence that such oppenness is counter-productive. The public does not appear to distrust the impartiality of the administration because the view of senior officials are known. There is a fairly wide distrust of the administration, it is true, both of petty bureaucrats at the bottom and of the mandarins at the top—but that is another matter, part of the general culture (and not unknown in England), quite unrelated to their expression of views or even their political activities. Nor does it affect the smooth internal working of the civil service. Indeed, though France has now had two decades of Gaullist/conservative Governments, many senior civil servants are known to hold other beliefs and support other parties. This does not even seem to harm career prospects unduly; being a socialist may prevent one being Director of the Budget, but there are plenty of other senior posts, including posts in ministerial offices for the younger man, which remain open.

The question of ministerial offices was not touched on, but it, too, is relevant to the question of efficiency. These private offices are composed of members seconded from a variety of civil service corps. Appointment is at the discretion of the Minister, though often, as the Minister can hardly know sufficient young men in other branches of Government, whose expertise he also requires, names come from the relevant corps. Contrary to some beliefs, there are almost no "outsiders". The cabinet functions as a political and private office, as a policymaking "brains trust", and as a co-ordinator within the Ministry. The fact that French Ministries do not have a Permanent Secretary but are divided into several divisions, each headed by a director responsible to the Minister, gives the cabinet an influence it would not have in Britain. But that is not the issue here. The question is whether the efficiency of a Minister in policymaking would be improved if he had a group of officials chosen because sympathetic to him, free from executive responsibilities, able to give alternative advice to the "line" hierarchy. Much has been made in answer to such proposals in Britain of the disruptive affect on the authority and morale of senior "line" officials such a group might have. There is no evidence

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

that this has proved serious enough in France for senior officials to suggest its abolition.

There was obvious interest in Parliamentary scrutiny of the civil service. In the French Parliament it is the Finance Committees of the two houses that are broadly responsible for control of the civil service (via the budget of the Prime Minister), though the Committees on Legislation and other specialised Committees have a secondary role.

Their powers are limited because the powers of Parliament are limited. But they are probably not as limited as appears when one sees the French system from a distance. One tends to see the Fifth Republic as a presidential regime with a President, elected by the people and responsible to them, making policy; the Prime Minister as a sort of office boy responsible for the administration; Parliament clipped of almost all its powers. This is largely a misunderstanding. As we were told, France is only a semi-presidential system. Constitutionally, it is the Prime Minister and the Council of Ministers who are responsible for the Government of the country, and the Government is responsible to Parliament. It can be defeated by Parliament; so can its bills. True, all sorts of devices have been written into the constitution to weaken Parliamentary control, but the original intention was to establish an executive-legislative relationship nearer that of Britain. The Parliament still has considerable powers in the legislative process, including approval of the Budget (on which the civil service depends). What may really determine its influence is its party composition and the coincidence of that with the Government (which seems to be slipping!). If, as now, one has a Government appointed by the President which does not well reflect the majority in Parliament, paradoxically one may get a stronger Parliament, not strong enough to overthrow the Government (and risk a dissolution which would lead to the return of a Popular Front) but hostile enough to amend Government policies on a day-to-day basis.

Limits on Parliamentary interference in the civil service, we were told, were less a reflection of the present system of Government than of the traditional doctrine that administration is a function of the Executive and that the civil service needs to be protected against political instability and interference. This is exactly the same as British doctrine, where administration is dependent on the Crown, not Parliament, and Parliamentary control is indirect. Thus the French Parliament can reject departmental budgets and we were told that on the last round it rejected three at the first reading, which were modified by the Government before approval.

It is the responsibility of the Finance Committee of the Assembly to report to Parliament on the departmental budgets, with the Legislation Committee also expressing an opinion. In both committees, every member is appointed as rapporteur for one sector of the budget and it is his duty to present a report to Parliament. Constitutionally, the rapporteur has far wider powers of investigation than a British parliamentarian. The Chairman of the committee and the rapporteur, for his sector, have full powers of investigation "sur place et sur pièce". This means that the rapporteur can demand the production of any material, not just to him in Parliament but in the offices of the Ministry itself. The phrase is the same as that describing powers given to auditors. There does not seem to be much evidence of this power being used in that way, however.

More important, perhaps, in so far as he is concerned with examining the general staffing policy of a Ministry, or the pay policy of the Direction de la Fonction Publique, the rapporteur has little in the way of staff to assist him (one person, we were told—a member, however, of the independent staff of Parliament, not one seconded from the civil service proper). We were told that an important source of information was "informants", individual civil servants, representatives of the unions, etc. Through the committee chairman, the help of the Court of Accounts can be requested.

On the basis of their studies, the rapporteurs write their reports and present these to Parliament in their own names, drawing attention to points of criticism. They propose changes of policy, some merely suggestions for the Government, some

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

linked to a proposal that the budget should be rejected unless specific changes are made by the Government. The report we were shown dealt with two major problems in the civil service: the growth of non-established staff paid out of other budgetary heads (eg research), who should be " regularised ", and the need to establish some order in the system of bonus payments.

While one rapporteur said that he had not been able to get any real information from the Government about the bonus system (nor had anyone else for years), he added that he could not tell whether this was due to lack of co-operation or lack of knowledge on the Government's part. It did not seem to be evidence of Government obstructing parliamentary enquiries (either someone has been obstructing everyone for years, including the Court of Accounts, the unions and even the Civil Service Directorate—or it really is technically impossible to sort out the system).

Clearly, the committees have some powers and clearly Parliament has some successes. The point was made that while Parliament cannot alter the general policy of the Government, most issues were not that level and it was a mistake to think of all Government policies as a unified bloc which had to be accepted or rejected. To that extent, the picture is perhaps not as different from Britain as is often thought, and there may be lessons on the techniques of control, particularly as regards powers of investigation and the presentation of reports.

When asked how Parliament could control the size of the civil service, ie cut it, or at least prevent its growth, my impression was that this was a non-question even for the conservative deputies we met. France, we were told, has a strong and large civil service because that is what the public wants. It is expected that the public sector (variously and confusingly defined) will continue to grow, and grow faster than the private sector. The deputies did not seem unduly disturbed by this. My guess is that there are strong political traditions as a result of which most Frenchmen, including Gaullists and many conservatives, have a rather different attitude to the role of the state from the British. Certainly, public sector spending did not seem to be the central political issue. We were told by the conservative rapporteur that though the civil service costs a lot, it is good and the system works well. This may have been putting on a good face on for foreign visitors. But their interest seemed to be more in the possibility of increasing the efficiency of the public sector by various managerial techniques, rather than cutting it. In some cases, indeed, more personnel might be the best way of getting greater benefit from existing public facilities and thus an " efficient " policy.

F F RIDLEY

1 *November* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 32

Summary of informal discussion held in Paris from 12–14 October 1976 on the French Civil Service

The Sub-Committee visited Paris to get an impression how the civil service of a unitary neighbouring country of about the same population compared with the British Civil Service. They were most grateful to all those French Ministers, Deputies and Civil Servants and others in Paris who gave unsparingly of their time and were prepared to answer Members questions fully and constructively. The Sub-Committee would also like to record their thanks to HM Embassy for the most efficient arrangements they made to enable Members to make the best use of a short time.

TUESDAY 12 OCTOBER 3.30-6.30 pm

Visit to the Direction-Generale de l'Administration et de la Fonction Publique for talks with M Michel Massenet, Director General and subsequently M Maurice Ligot the Secretaire d'Etat who is the Minister responsible to the Prime Minister for administration of the French Civil Service.

The Sub-Committee learnt the Fonction Publique office in Paris is a small one with 110 staff. It is primarily concerned with the pay and conditions of service of the civil service including the foreign service. It provides a statistical service and is responsible for certain aspects of recruitment policy and of administrative reform. Unlike the CSD it does not control numbers of staff employed by Departments (a matter for negotiation between the latter and the Ministry of Finance) or their efficiency which is the responsibility of Departments themselves.

Pay

M Massenet explained there was a unitary system of pay for all established civil servants. The relative position of each grade in each corps had been fixed according to a "grid" in 1948. In negotiating new rates the Trades Unions were playing an increasing part. The Minister was responsible for looking after the taxpayers interests. The British principle of civil service pay being fixed in fair comparison with the private sector was not followed in France. The Civil Service tended to do less well comparatively in good times and better in bad times. They were also compensated by job security. In general, pay increases tended to be governed by how much could be afforded and the social climate of the time. There is also a system of "merit pay", which is at the discretion of individual Departments. Individuals are paid an annual "prime" which can amount to anything from 10-60 per cent of basic pay. As judgments on an individual's merits are bound to be subjective there is considerable criticism of the system of merit pay. But "primes" can be useful in balancing anomalies over the placing of a particular job on the "grid", which depends on entrance qualifications for that job. For example, Air Traffic Controllers, who are poorly placed on the grid but who compare their pay to that of pilots, receive 60 per cent in "primes" over and above their salary. The total cost of "primes" in all Departments other than the Ministry of Finance amounts to 10 per cent of the wages bill.

Numbers

The Fonction Publique is concerned with 2·3 million "civil servants" (fonctionnaires) which includes eg teachers, post office workers and the Armed Forces. In addition, there are Local Government employees (about 950,000) and Nationalised Industry employees (about 1 million). Altogether Public sector employees amount to about 20 per cent of the total work force. Public sector jobs have been increased at a rate of 3 per cent a year against 0·6 per cent increase in the private sector. One of the reasons for this is that growing unemployment in the private sector has led to the public sector taking a higher proportion. It was for the Ministry of Finance to control this growth in numbers as part of the annual budgetary process.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Civil Servants careers outside the Service

The whole educational system and the entry to the Grandes Ecoles was highly selective. This meant that successful candidates for the Higher Civil Service were very highly qualified. Civil servants had the chance of being seconded to other employment or being detached to follow a political career. This open system lead to some civil servants (eg Inspecteurs des Finances and Ingenieurs des Mines) moving into the private sector but that did not mean that such movements were officially encouraged. Many of the senior managerial posts in eg nationalised industry were, however, Government appointments and were very frequently given to senior civil servants on secondment.

WEDNESDAY 13 OCTOBER

9.30 Meeting with M Andre Laleuf, Director General, Comité d'Action pour la productivite dans l'Assurance.

M Laleuf, who was formerly a senior official at the Ministry of Finance, said that the main insurance companies in France were nationalised immediately after the war. The chairmen of the four main companies were ex-civil servants as were some other chairmen and managing directors throughout the industry. State control of the industry was greater than in the UK and the State infiuenced investment policy to some extent, but of course individual companies had to safeguard their solvency. The employees of the nationalised insurance companies were not civil servants. Altogether the Insurance industry was comparatively small compared with the UK, but it was now growing quicker than the economy.

10.15 Meeting with M Paul Fabre, Director, Association Francaise des Banques

M Fabre, also an ex-senior civil servant at the Ministry of Finance, explained the extent of state control of the French banking system. In the clearing bank sector the three nationalised banks had about 70 per cent of the business.* The Minister of Finance in effect appointed the Chairmen of these banks who were ex-civil servants and could therefore speak the same language as the Ministry of Finance. Civil Servants who have served in the Ministry of Finance are also to be found in the private sector banks. It was regrettable that the moves tended to be in one direction only, from the Civil Service into banking and not *vice versa* as well.

11.30–12.30 Meeting at the Assemblée Nationale with M le deputé Roger Partrat, Rapporteur for the Civil Service budget on the Commission des Finances and M le deputé Loic Bouvard, Rapporteur Special for the Civil Service on the Commission des Lois.

M Partrat said that parliamentary control of the Civil Service is exercised through the annual debate on the Budget. A deputy is appointed Rapporteur for each Government Department's budget and has an official to help him in getting the relevant information from the Department on which he is reporting. In the last resort the Assembly could reject the necessary credit. This was essentially a negative control. In addition, when the Assembly refused a credit it was almost always because it wanted to see an *increase* of public expenditure eg to ensure that capital equipment provided was fully used. It looked as if public sector employment would rise in future by 2 per cent against 1·5 per cent for the private sector. In recent years one area where Parliament had exercised considerable control concerned the employment of non-established staff. In the past Departments had been able to take on auxiliary staff to the tune of 300,000 through using credits other than those for salaries, largely as a result of complaints in Parliament. This practice was being stopped but as a result the number of established Civil Servants would grow.

* Indeed the State controlled about 70 per cent of the sources of credit in France.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

M Bouvard said that a strong Civil Service was generally acceptable in France even though its costs now represented one third of the Budget. The National Assembly is prepared to approve the cost of growing numbers of Civil Servants since, although expensive, they are needed. It was difficult for the Commission des Finances to control the Civil Service. Indeed it was as difficult to improve the efficiency of the Civil Service as it had been to improve management of private firms. Moreover senior civil servants could not be called to account by the Assembly as they were responsible to their Ministers. At present the Ministry of Finance was extremely powerful thanks to the highly centralised system of financial control.

LUNCH *Meeting with Trade Unions*

At lunch the Sub-Committee pursued their informal discussions with officials of the following staff associations, namely:

M Andre Giauque
Secrétaire-Général
Federation des Fonctionnaires CGT Force Ouvrière

M R Bidouze,
Secrétaire-Général
Union Generale des Fonctionnaires CGT

M F Malcourant
Member of National Executive
Federation de l'Education Nationale

M Demay de Goustine
Secrétaire-Général Syndicat de Fonctionnaires CGC

M R Panier
Union des Fonctionnaires et Agents CFDT

M M Morin
Secrétaire-Général
Mlle Martine Meusy, Secretary
Federation autonome des Fonctionnaires

3–5 pm Commissariat-General au plan, Meeting with M Delmas-Marsalet and Mme Euvrard

M Delmas-Marsalet explained the basis of the Seventh Plan which is completely different from its predecessors. Earlier plans had been exclusively and exhaustively concerned with public capital investment. In the 7th Plan the emphasis was on priority areas, representing only 10 per cent of total expenditure, but covering current as well as capital costs. The Commissariat-General is a small office—about 70 staff—which has to work closely with the main Government Departments. It has considerable influence thanks to being able to look longer ahead than the Departments and is controlled by a Higher Planning Council chaired by the President of the Republic. There was no sectoral plan for private industry. The staff of the Commissariat are drawn from different Departments. It was of interest that the Commissaire-General M Ripert had been a Rural Engineer before becoming a permanent planner in 1947. M Delmas-Marsalet, a member of the Conseil d'Etat, succeeded an Inspecteur des Finances. The annual budget was worked out by the Ministry of Finance in the context of the 5 year plan—with the necessary updatings to take account of recent events—eg the drought throughout this summer.

Ministry of Finance
Meeting with M Paul Deroche, Directeur du Budget

In a discussion of the Ministry's control of the size of the Civil Service M Deroche said that detailed provisions were set out in the Budget.

The Ministry also settled the global amount available for pay—the sharing out of this sum being a matter for discussion with individual Departments. A tight financial control was maintained over Departments and Nationalised industries through the appointment of Financial Controllers who reported back to the Ministry. Nothing could be spent without the Controller's consent. His main concern was with the propriety of a payment—had it been properly authorised—but over time, if he had the right personality, he came to act as financial adviser to the Department where he was outposted.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

THURSDAY 14 OCTOBER

9.30–11.30 am Discussion with M Pierre-Louis Blanc, Director of the Ecole Nationale d'Administration

External Entrants

M Blanc explained that there were two main routes for those outside the Civil Service to enter the ENA—a a rate of about 100 a year.

(*a*) After taking his or her baccalaureat the candidate would stay on at the lycée for one or two years in order to prepare for entry to one of the Grandes Ecoles—such as the Ecole Normale Supérieur, the Ecole Polytechnique, one of the main Business schools. Thereafter they might study at the Institut d'Etudes Politiques before taking the stiff entrance exam for the ENA about the age of 23 or 24.
Note a University degree is not essential by this route except for those who go to the Ecole Normale Supérieur.

(*b*) After spending 3 to 5 years at a University taking a degree (often in law which includes economics) the candidate spends one or two years at the IEP as in (*a*) above.
The average age of external entrants to the ENA is 24. At this stage the students become salaried Civil Servants. Out of the 100 entrants, who have to be under 25 years of age, 20 have been to the other Grandes Ecoles (4 or 5 of whom are engineers) and 80 have University degrees plus an IEP diploma.

Internal Entrants

There are 45-60 entrants a year from inside the Civil Service. They have to have been in the service for 5 years and be under 30 years of age. About 150 people are allowed to enter for the examination which they are prepared—on full pay at 4 centres, 2 in Paris, 1 in Grenoble and 1 in Bordeaux for one or two years according to the level of their former education. While no academic qualifications are required in practice many of these candidates have been to the Grandes Ecoles (eg ex-Normaliens or Polytechniciens who want to change their careers) or have worked at the Ministry of Finance which is particularly skilled in preparing its staff for the ENA entrance examination.

The entrance exam comprises searching written and oral tests in public law, Economics, International and Social Affairs and modern languages. Great stress is laid on the ability to write good clear French. While there is no fixed proportion between the sexes, in practice women make up 10 per cent of the total.

The ENA course

The first year is spent working in a Prefect's office or in a French Embassy abroad changing over from one to the other towards the end of the year. The students are given as much responsibility as possible and are reported on by the Prefects and Ambassadors to whom they are attached.

The second year ends with a 10 weeks attachment to a firm or bank either in the public or private sector.

In between these two stages there is a series of courses at ENA mostly given by visiting Civil Servants, Industrialists and University teachers. The subjects taught, often informally in small groups, include Mathematics, Accountancy, Computers, Management Theory as well as Law, Economics, International and Social Affairs.

In the third year students work in syndicates on two subjects chosen collectively on which they in effect write theses. The subjects tend to be broad such as Defence strategy or Financial Management, broadly divided between general administration and economics. Leading public figures sometimes take charge The students are expected to do their own research and travel round the country or go abroad in pursuit of their studies.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Students are marked on their performance throughout their three years, and according to their place in the order of merit, can select their postings either to the Grands Corps de l'Etat if in about the first 30, or as Administrateurs Civils in the various Government Departments if lower down the list. M Blanc answering questions about the elitist nature of the present system said these were important although slow changes taking place:—

(*a*) Although the numbers were still very small, more sons of unskilled workers were entering ENA—now about 2 or 3 a year from external candidates and up to 10 from candidates already in the Civil Service.

(*b*) The gap between the careers of those who entered the Grands Corps (The Conseil d'Etat, the Cour des Comptes, the Inspection des Finances) and those who became Administrateurs Civils was gradually closing. It was getting easier for the latter to get to the top eg the present Directeur du Budget was an Administrateur Civil and not an Inspecteur des Finances as had in the past been the case.

Other points of interest were:

(*a*) ENA had only 4 permanent directing staff two of which were professors. All the other teaching staff combined lecturing with their ordinary jobs—often in the Civil Service. This kept down the total cost of ENA.

(*b*) The students recruited from existing Civil Servants tended not to get the highest marks—perhaps because they were a bit older and already had family responsibilities.

(*c*) Of the 2,500 ENA graduates still working, 10 per cent were in the private sector, 10 per cent in nationalised industry, state banks etc, and the remaining 80 per cent still in the Civil Service.

3.30–5.0 p.m. Meeting with M Desiré Arnaud, Premier President at the Cour des Comptes

M Arnaud explained the responsibilities of the Cour des Comptes in checking the income and expenditure of Government Departments, Local Authorities and (from 1 January 1977) Nationalised Industries. There were 220 qualified members of the Cour (magistrates) mostly graduates of ENA, of whom 180 worked on the business of the Cour des Comptes, the other 40 being seconded to a variety of senior postings in Government Departments—such as members of Ministerial Cabinets and Directors.

The Cour has a wider scope that the Financial Controllers out posted by the Ministry of Finance in Government Departments. While the Controllers check that money spent has been duly authorised, the Cour judge also checks whether the money has been well spent. A recent case was the apparent waste revealed by an investigation into the construction of La Villette slaughter house, the manager of which had been sent for trial on the charge that his expenditure could not be justified. The Cour's Jurisdiction does not run, however, if a Minister has taken, or subsequently takes, responsibility.

The Cour also investigates standards of management in the public sector—both in terms of financial control and numbers of staff employed. They pay particular attention to tendering procedure for major Government contracts.

If necessary the Cour can undertake a full scale management review employing outside experts such as Ingenieurs des Ponts et Chaussees and Ingenieurs des Mines to augment the Cour's expertise.

The Cour des Comptes' annual Report of its investigations is presented both to the President of the Republic and to the National Assembly. It also produces for Parliament a report on the out-turn of expenditure authorised by the Budget. This particular report deals with matters of form rather than substance. In addition the Commissions des Finances of the National Assembly and Senate can ask the Cour to investigate certain particular issues eg "para fiscal taxes". The Cour also present individual reports on aspects of a Department's activities to the Minister concerned (these reports are not published).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Additional Discussions

On both the Tuesday and Wednesday evenings Members of the Sub-Committee had separate informal talks with a number of Deputies, Civil Servants, University Professors and Journalists.

D F Hubback
Special Adviser

24 *November* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Appendix 33

Memorandum submitted by the Association of Government Supervisors and Radio Officers

Introduction

1. This document should be regarded as containing supplementary evidence to the Memorandum of Evidence submitted by the National Staff Side of the Civil Service National Whitley Council and, as such, the issues raised should be reviewed on the understanding that the views expressed by the National Staff Side on the fundamental issues affecting the conditions of service of Civil Servants are fully supported by this Association.

2. Where, on the surface, it would appear that AGSRO is expressing a contrary view to that adopted by the National Staff Side, it is emphasised that the differences are on the detailed application of the policies and not the fundamental philosophy underlying the policies themselves.

Pay of the Non-Industrial Civil Service

3. The Civil Service Pay Agreement 1974, which is currently in suspension is, as the National Staff Side has pointed out, primarily based on the dictum contained in the Priestley Report of "fair comparison" and in common with every other negotiating interest in the Civil Service, AGSRO accepts completely that this principle of "fair comparison" is fair both to the interests of the Civil Servant on the one hand and the public (Taxpayer) on the other.

4. However, it is in the field of secondary principles of internal relativity that the attention of the Select Committee is drawn. These secondary principles can be summarised as covering both the "horizontal" and "vertical" relativities within the Non-Industrial Civil Service and to the extent that they present problems from within a particular round of negotiations, solutions can often be found.

5. The possibility of achieving solutions in "horizontal" relativities is fundamentally no greater than is the possibility of finding a solution to the "vertical" relativity problem, despite the fact that invariably the issues are centred within the Non-Industrial field of the Civil Service. Moreover, the Priestley Report drew attention to the fact that the principle of "fair comparison" would inevitably produce disturbance in the "horizontal" relativities between groups of Civil Servants from time to time. Nevertheless, experience shows that since 1956 the disturbances in the "horizontal" relativities have been contained to a degree which could be regarded as acceptable to the various groups or classes of Non-Industrial Civil Servants and although there has been some resentment resulting from various settlements based on "fair comparison", the unacceptable anomalies arising therefrom have often resulted in structural changes within the Civil Service which in many cases were long overdue in any event.

6. Unfortunately, the situation as it exists in regard to the secondary principle of "vertical" relativities is far less acceptable. Whereas those questions of "vertical" relativities which fall completely within the Non-Industrial field can be and are reviewed within the ambit of the "fair comparison" negotiations, in order that completely unacceptable anomalies are not introduced in pay settlements, a third dimension in this area of negotiation is provided by the Non-Industrial/Industrial interface of the Civil Service over which the parties to the negotiations in the Non-Industrial field have no control. It is in this area that a large group of the AGSRO membership finds itself in a completely unacceptable and illogical position, with the result that the National Executive Council of AGSRO is subject to pressures from the membership which it is unable to alleviate.

7. Briefly, the situation which exists is that many of the members of this Association are involved in the task of supervising Industrial Workers in Civil Service Establishments, including Royal Naval Dockyards, Royal Ordnance Factories, Ordnance Depots and similar Organisations, where the supervisory tasks involve thousands of Industrial Workers, whilst the associated materials involved in the management processes are valued in millions of pounds. The pay of the Association's Line Management members employed in the basic Non-Industrial Grade is, in the majority of cases, less than the pay of the Industrial staff supervised by them.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

8. Although the position has been exacerbated to some extent by the current voluntary Pay Policy enshrined in the Social Contracts 1975 and 1976 and will continue until at least April 1978, it is not a temporary phenomenon by any means. Attempts to redress the imbalance by the method of restructuring exercises have been rendered abortive by subsequent agreements reached in respect of Industrials with the Unions concerned.

9. It is not part of the Association's case that the Industrial Agreements on pay and grading are wrong, but the Government as Employers cannot expect to participate in separate sets of negotiations which collectively produce as an end result an anomalous position affecting the Supervisory Staff and the Industrial Staff supervised by them.

10. Assuming that the separate Pay Agreements for Non-Industrial and Industrial staff are soundly based on the principle of " fair comparison ", then the movements in pay scales could be expected to move relatively evenly and the pay leads of the Line Management staff over the Industrial Grades supervised by them remain reasonably stable over the years either in cash or percentage terms. A survey of the comparative rates will reveal that this has not been achieved.

11. Reproduced at Appendix A is a table showing the fluctuations in the pay rates of typical Key Grades in the Non-Industrial and Industrial fields. The datum points taken are 1 July 1969 and 1 January 1976 and includes the date on which AGSRO, in association with the Institution of Professional Civil Servants, was compelled to proceed to arbitration in order that a situation similar to that which exists today was put right. The Civil Service Arbitration Tribunal, after hearing the arguments and examining the statistical evidence produced by both sides, awarded increases of £200 pa to the staff in the basic Non-Industrial Grades in order to restore a lead over the Industrial Grades. The Association is entitled to assume that the Civil Service Arbitration Tribunal accepted the impossibility of the situation whereby Supervisors of Industrial staff should receive pay which is less than the staff they supervised.

The Application of Productivity Bonus Schemes Within the Civil Service

12. The Association is satisfied that the biggest single factor in the disturbance in the pattern of relativities in pay rates at the Non-Industrial/Industrial interface is caused by the limitations placed on the scope of the Productivity Agreements at present in force in the Industrial Civil Service. The majority of these Schemes were introduced in the second half of the 1960s period and although it might be expected that a Productivity Bonus Scheme would be applied consistently throughout the Industrial Civil Service, the Schemes have a wide variation and even in the Ministry of Defence there is a number of different Schemes at present in operation. Indeed, in the Chief Executive Dockyards area of that Department investigations are taking place to introduce a completely different system of pay enhancement based on the introduction of a flat high rate payment which will replace all forms of Bonus and Incentive Payment Schemes in that area. In Appendix A a sample of the effect on the pay of Industrial Workers by the application of this pilot Scheme is reproduced.

13. It has already been indicated that although there are wide differences in the application of these Bonus Schemes, in one factor there is consistency of practice on the part of the Official Side, ie no Non-Industrial Grades, however closely they are affected, participate in the benefits of the Schemes and this is the cause for considerable discontent amongst the Non-Industrial staff employed at Establishments where Industrial Productivity Schemes are in force. Were the position to be alleviated by the payment of an offsetting Bonus to the Non-Industrial staff involved in the Schemes, the present anomalous position would be eased somewhat, but the Association accepts that a further problem could be created by varying payments within the same Class or Grade of Non-Industrial Civil Servants. However, this type of differential has been introduced in Departments, for example, the Department of Health and Social Security.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The Effect of the Present Non-Industrial/Industrial Pay Situation on the Filling of Line Management Vacancies

14. Probably the most serious effect on the long term effective viability of the various working structures is the reluctance of the Industrial Staff to accept promotion into the Non-Industrial field, with the inevitable loss in pay that is involved. There is an abundance of evidence to show that vacancies which have occurred over the past 5 years have had to be re-trawled due to lack of applications.

15. It would be wrong to suggest that the pay differentials are the sole cause. The geographical location involving the possibility of transfer and the high cost to the individual of finding a new home at the new location has a bearing on the problem. Nevertheless, there is the clearest possible evidence that there has been an increasing reluctance of individuals to apply for promotion to existing vacancies and enquiries have established that this is in the main due to pay loss. This evidence is supplemented by the fact that where temporary promotions have to be made to fill short term vacancies in the managerial hierarchy, Management has experienced the utmost difficulty in filling the vacancies even on the basis of a week or so and in practically every case the staff have stated that they are not prepared to accept the loss of pay involved.

16. It follows from this that unless this trend is properly arrested, then the effect on the quality of Line Management will become worse. Instead of the Official Side being able to select the best potential for future junior managerial positions, they are being compelled to accept a lower standard from amongst the Industrial Grades.

Variations in Grading Standards

17. Although the Fulton Report was concerned mainly with the higher and middle Grades of the Civil Service, there can be no doubt that certain of its philosophies are equally applicable to the lower levels of the management hierarchy. In particular, the recommendation on the need to rationalise structures has considerable emphasis in that grey area of the Civil Service which covers the lower management levels and the Non-Industrial/Industrial interface. Indeed, it is true to say that despite the exhortation of the Fulton Committee to rationalise and integrate in order to improve the ability of the Civil Service to discharge its primary tasks, no attempt whatever has been made by the Official Side to carry out any restructuring exercises in this area of work which were designed to provide for a consistency of pattern of Line Management in areas of virtually identical work. The patterns change from Department to Department and, again, within Departments. The reason for this is that there has been a reluctance on the part of Official Sides to disturb long term arrangements in order not to upset Industrial interests both on the Management and the Trade Union side.

18. The Association has on many occasions sought to persuade the Official Side to rationalise its working arrangements in a number of areas, without success. It can only be assumed that the philsophy applied to the problem by the Official Side that "if the system appears to work, then why disturb it?" If this is the reason for the lack of motivation on the part of the Official Side, then it is both irresponsible and, indeed, tragic, for quite apart from the cost involved in this fragmentation of effort, the numbers of staff affected by the failure to rationalise, due in the main to the pay differentials, have become frustrated and disillusioned over the years. This of itself creates a waste of effort, loss of efficiency and an increase in the cost factor.

19. A typical example of this lies in the Barrack Services area of the Ministry of Defence. The main task in this field is to provide a satisfactory standard of accommodation and welfare for Service personnel in the 3 Services stationed within the United Kingdom.

20. A single Service Agency catering for all 3 Services and based on a regionalised pattern is, in the view of the Association, the most efficient and least costly method of providing this service. There are at present 8 separate Agencies involved in the management of this single project and the grading pattern of the staffs employed within these Agencies vary from Service to Service, for no apparent reason. None

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

of these Agencies have any inter-linked administrative or functional connection apart from that which MOD (Air) and the Public Services Agency of the Department of the Environment provide for the single services; MOD (Air) supplying the furniture for the Barracks and Quarters affected to each Service Agency, whilst the PSA remains responsible for the upkeep of the fabric of all the Service Quarters. An examination of this area will reveal a completely unacceptable waste of effort and public funds. Supply lines are triplicated in single localities according to the individual Service involved, whilst there is a duplication of practically every effort involved in the comparatively simple and straightforward task of maintaining a Serviceman and his family in a good standard of accommodation and providing the associated services. AGSRO has submitted memoranda over the years on this particular issue and despite the fact that the problem was reviewed at Ministerial level, no change in the patterns has been undertaken.

Training Problems and Career Opportunities

21. It would be wrong of the Association not to acknowledge the impetus that the Fulton Report has had on the problem of Civil Service Training both in the qualitative and quantitative senses. It would be idle to advance any arguments against the achievements made generally throughout the Civil Service. However, the main effect has been directed to the higher administrative area of the Service and to the Specialist training required in the administrative areas. This has probably been due to the fact that the major impact on Civil Service Training would be made by concentrating in these sectors. It is the Association's view, however, that there are vast areas of neglect in respect of the provision of training for the lower grades in the Specialist areas of the Civil Service where the bulk of the Line Management Staff is centred. Less than 5 per cent of existing Line Managers employed in the basic grade have received any form of Management training designed to improve the performance of the individual and thus develop positive attitudes on the part of the staff concerned to the contributions which could be made towards both efficiency and economy within the field of activity in which they are employed. Moreover, it is pointed out that in the majority of cases this Management Training is limited to In-house Courses of one or two weeks' duration.

22. It is understood that programmes are designed on a basis of equivalent grades completely unrelated to the tasks required and that because Clerical Officers are provided with Courses of Instruction based on the job requirement, limited to one or two weeks' duration, First Line Managers who occupy a similar place in structural arrangements of the Department are allocated a course of similar duration.

23. No attempt to reach a basis of understanding on the training needs of the staff concerned has been made by the Training Authorities, presumably on the ground that they know what is best for the overall needs of the Department. By the same token there is no evidence to show that there is any recognition of the vast responsibility placed upon individual Line Managers at all levels on the cost/effective basis of the many enterprises in which they are involved. If it is accepted that an average of one Line Manager for every 12 Industrial Workers represents a broad average of supervisory responsibility, then the individual Supervisor at First Line level is responsible for the exploitation of a labour force, the cost/effectiveness of which is well in excess of £1·5 million. If a similar amount is added for the cost of materials involved, then the responsibility of the individual Line Manager in maintaining maximum efficiency is immense and a marginal percentage drop of 10 per cent could produce an effective loss of £300,000 in any individual project. Such a prospect is unthinkable, but it remains a fact that the number of staff provided with up-to-date training in Line Management techniques in those Line Management areas outside the Administration Class is minimal. What is more, there is no tangible evidence to show that realistic provision in the Staff Costs allocation for training of this type is made at the current time.

24. Associated with the problem of Training is that of the Career Values offered within the Civil Service in these "Specialist" areas with which this memorandum is concerned. It can be claimed without any ground for contradiction that the promotion avenues provided within the Specialist Civil Service fields are seriously circumscribed by the impact of the promotion prospects of the Administrative Classes and the occupation by members of that field of posts which could be

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

filled with equal facility and efficiency by members of the Specialist Classes involved For example, in the Stores Officer Class the activities of the members concerned are confined solely to the " physical " aspects of the Supplies Organisation, whereas the closely related logistic aspect of provisioning, allocation and distribution, is undertaken by the Executive Class. It cannot be claimed that there is any background or training exclusive to either group which produces this situation. It is the view of the Association that the separation of tasks is both wasteful in manpower, inefficient and costly and at a period of time when the provisioning and stockholding requirements are, to all intents and purposes, completely computerised, there is no basis for this separation and the staffing hierarchies involved with them.

25. A further source of limitation of career prospects in this field within Ministry of Defence is the employment of Service personnel on tasks which are wholly Civilian in character involving no Military requirement whatever. This is sustained in the main by the Ministry of Defence policy of retaining three separate Service Organisations, which apart from their limited areas of rationalisation, pursue completely separate policies in providing the essential support functions for the three respective Services. However, the use of Service personnel in identical fields is strikingly different within the three Services. In MOD (Navy) the Supplies Organisation is wholly Civilian in character and controlled by the Director General of Transport and Supplies, who is a Civilian. In MOD (Army) the use of Service personnel in the Career posts at Officer level is unnecessarily high, with the two top posts being occupied by a Major General and a Brigadier in RAOC.

26. By far the greatest user of Service personnel in posts which could by no stretch of imagination be regarded as having any Service requirement is MOD (Air), where attempts to persuade the Royal Air Force to convert posts to Civilian have been to all intents and purposes abortive in the Supplies Organisation.

27. It is 12 years since the Parliamentary Select Committee on Estimates (Sub-Committee D) produced the 8th Report, 2nd 1964–65 " Non-Warlike Stores of the Services ", in which it is stated that a unified Stores Service would produce a more rationalised and hence a more economical Supply system for the 3 Services. The arguments on efficiency must inevitably be based on judgment and the Association accepts that conclusions on this consideration could be the subject of endless debate.

28. However, the question of relative costs does not fall to be considered within these broad parameters, for the case for civilianisation on economic grounds is unanswerable on any basis. Thus, the staff employed within the Supplies Organisation feel that they are being cheated out of their rightful progression by the preservation of the current systems.

29. Finally, within this field there are Grades of Civil Servants who have no promotion prospects whatever. They are employed in single Grade Departmental Classes and attempts to bring them within the ambit of existing fields of promotion have been resisted on the grounds that to do anything for these unfortunate members of the Civil Service could only be at the cost of other groups of Civil Servants who would be required to give up certain of their existing promotion prospects in order to accommodate them. The logic of this argument escapes both the Association and the staff concerned, for the Civil Service as a meritocracy must provide for equality of opportunity for the staff it employs.

Conclusion

30. In submitting the comments contained in this memorandum to the Select Committee on Expenditure the Association has been concerned to draw attention to those points which not only have a direct concern for its members, but which have associated problems affecting the Civil Service on a wider basis. It appreciates that in drawing attention to the problems created by sectional interests, the attitude of the representative Organisations in other fields might well be different in certain of the issues raised by the Association. Nevertheless, the Association feels bound to bring these points to the attention of the Select Committee and is pepared to enlarge in greater detail on any of the aspects of evidence contained within this paper.

July 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

COMPARISON OF AVERAGE EARNINGS BETWEEN TYPICAL INDUSTRIAL STAFF AND THEIR NON-INDUSTRIAL SUPERVISORS IN MOD SAMPLE AREAS AT GIVEN DATUM POINTS

	Craft I industrial £ pa	Technical III Supervisor age 26 £ pa	Per cent of technical differential	Band 12 Industrial £ pa	SSG V Supervisor £ pa	Per cent of SSG differential	Band 4 Industrial 1 pa	P & GS V Supervisor £ pa	Per cent of PGS differential
1 July 1969	1,086	1,169	+ 7·6	840	1,003	+19·4	717	1,003	+39·8
1 July 1970	1,344	1,357	+ ·96	1,151	1,152	+ ·08	1,031	1,185	+14·9
1 July 1970	1,344	1,557	+15·8	1,151	1,352	+17·4	1,031	1,385	+34·3
With Non-Industrial Allowances from CSAT 493									
1 January 1976 ...	3,766	3,365	−11·9	3,033	2,614	−16	2,921	2,581	−13·1

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 34

Memorandum submitted by the Association of First Division Civil Servants

Background

1.1. The Association of First Division Civil Servants represents the most senior grades in the Civil Service. As now constituted the FDA has some 9,000 members in the following skill categories:

Administrators
Economists
HM Inspectors (Schools)
HM Inspectors (Taxes)
Lawyers
Museum Keepers
Statisticians

The Diplomatic Service Association, the Northern Ireland Senior Officers Association and the Procurators Fiscal Society, who represent analogous grades in other parts of the British Civil Service are affiliated to the FDA.

1.2 The Association has not taken this occasion to submit evidence covering such a wide field as have other Civil Service trade unions. It agrees with the evidence submitted by the Staff Side of the Civil Service National Whitley Council, but wishes to take this opportunity to emphasise two points of relevance to its members in particular. The paper is not addressed to the special problems of the organisations affiliated to the FDA.

1.3. First, we comment on the view expressed by the Fulton Committee that the senior Civil Service, and in particular senior grades within the Administration Group and the Open Structure (Under Secretary and grades above) is still staffed by what they termed "gifted amateurs" or "generalists". Secondly, we re-state our conviction of the need for a politically neutral and independent career Civil Service.

The work of FDA Members

2.1. The Association believes that any analysis of the skills and experience required by civil servants must start from an appreciation of the work to be done. This approach shows how wide a range of skills is needed. Public administration is a skill in its own right and is applied throughout the public sector including the Civil Service.

2.2. The Administration Group in particular has to apply the skills and techniques called for in a very wide variety of functions covering the processes of parliamentary government, including the preparation of legislation, and advising and briefing Ministers. Unlike many other senior administrators in the public sector they have to understand and operate within a highly sensitive and complex political machine. In addition many senior administrators have specialised in fields such as financial control, accounting, contract work, personnel management and computer operation. They are also having increasingly to acquire the skills necessary to conduct negotiations at international level, especially those arising from membership of the European Community. These functions are not of course exclusive to the Administration Group and they are shared with senior staff in other skill categories of the Civil Service eg the economists, statisticians, lawyers etc who are becoming increasingly involved in the policy aspects of official advice to Ministers.

2.3. Within the higher Civil Service the recruitment and career management of these grades are designed to ensure that the Civil Service has the skills and breadth of experience to carry out the tasks imposed by government. It is probably only those administrators who are considered to have the potential to progress to the most senior levels (the grades of Deputy Secretary and Permanent Secretary) whose careers may now seem to be managed on "generalist principles". To prepare for these most senior appointments a wide range of tasks, and experience in more than one department, is arranged to provide a broader background for the senior administrator.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

2.4. Each skill category as listed in paragraph 1 needs recruitment and career management policies and a grading structure which meet current and future demand for that skill within the Civil Service, and which also takes account of the career expectations of civil servants recruited and trained to provide it. The actual career structure of any particular category represents a balance between these (sometimes potentially conflicting) objectives and this Association does not regard the present balance as it applies to certain skill categories as satisfactory.

The Open Structure

3.1. Since the Fulton Committee reported, posts in the Open Structure have continued to be filled by promotees from the Administration Group more often than would otherwise be the case if the filling of these posts reflected on a proportional basis the numbers at levels just below in other skill categories. Other skill categories represented by the FDA ie economists, HM Inspectors of Schools, HM Inspectors of Taxes, lawyers and statisticians are affected in this way as well as those in the Professional and Technical Category and the Science Category. These posts should be filled by those with the experience and skills particularly required, and if it were intended to deliberately alter the balance between administrators and other skill categories among promotees to the Open Structure, a long term policy would be needed to provide more equal opportunities for all to acquire these. But in essence the individual scientist, lawyer, economist or statistician has to decide whether to concentrate on keeping up-to-date his professional skills and hence his contribution to that area of the Service or to concentrate on the acquisition of additional skills and experience. There has always been some progression of this kind and providing there are opportunities for those who want to move, and who have the right potential to obtain the administrative experience and the skills needed at more senior levels, the Open Structure may, in time, reflect more nearly the balance of numbers in the levels just below it.

A Career Civil Service

4.1. It can be seen from the grades from which the FDA members are drawn, that this Association represents the core of the senior career Civil Service and for this reason the Association is best able to state the case for a non-political career Civil Service. Recent events abroad have shown the difficulties that can arise if the public service is not organised, particularly at these levels, on strictly non-political lines. The principle of political neutrality has ensured that Ministers are able to obtain unbiased advice from officials, that a Civil Service career is open to the talents and that promotion is based upon criteria related to performance and potential ability and not party political considerations.

4.2. The Association is not opposed to the political appointee being employed as a personal adviser to the Minister since he performs a quite distinct and separate function from that of civil servants. Neither is the Association opposed to the short term apointment of specialists with particular expertise not immediately available in the Service.

Summary and Conclusion

5.1. To sum up, we believe that the generalist/specialist argument is barren, at least at the levels this Association represents. We believe that the case for a non-political independent career Civil Service is as strong today as it always has been since the Northcote-Trevelyan Report.

5.2. The brevity of this paper is in no way indicative of complacency on the part of the Association. It recognises that there are many complex issues to be considered in a comprehensive review of the Civil Service. No doubt the Committee will be looking at these and should it wish to have our views on any of them we would, of course, be willing to deal with them either orally or in writing.

11 *October* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 35

Memorandum submitted by the Civil Service Union

Introduction

1. In the course of oral evidence on behalf of the National Staff Side it appeared to the Union that the Sub-Committee were interested in the individual views of the main Civil Service unions as well as the collective views of the National Staff Side. For this reason the Union is submitting written evidence which will be brief but can be expanded if required in oral evidence.

The National Staff Side Evidence

2. The Civil Service Union gives whole hearted support to the National Staff Side evidence and is mainly restricting its own evidence to the questions which the National Staff Side has not sought to cover. However, the next Section amplifies the description of the Civil Service Union contained in Paragraph 5 of the National Staff Side evidence.

The Civil Service Union

3. The figure given in the National Staff Side evidence related to June 1975. The Union's membership at the end of 1975 was 46,784 of whom 44,703 were in Civil Service or " near fringe " departments. Of the total membership 29,108 were men and 17,676 women. The membership outside Civil Service or " near fringe " bodies includes Atomic Energy Authority, British Nuclear Fuels, British Airports Authority, Civil Aviation Authority, Medical Research Council, Royal Household, Contract Cleaning and Committee Run Canteens. The Union therefore has membership in the private as well as the public sector. It will be seen that the Civil Service Union is unusual in spanning a very wide range of occupations and is organised in 15 Occupational Sections as follows:—

1. Instructional Officers	5,214
2. Stores and Supervisory Grades	1,141
3. Museums and Galleries Grades	3,199
4. Security Grades	1,275
5. Messengers, Paperkeepers and Supervisory Grades	12,876
7. Cleaners	5,487
8. Reproduction Grades	2,912
9. HM Customs and Excise Departmental Grades	1,564
10. Telecommunications Grades	2,990
11. Industrials in Fringe Bodies	2,581
12. HM Coastguards	528
13. State Foresters	922
15. Royal Household	252
16. Telephonists	2,042
17. Traffic Wardens	1,730
Small Group not in Sections	2,049
TOTAL	46,784

As will be immediately apparent the Union's membership is different from the traditional image of " office grade " civil servants in the Administrative, Executive and Clerical Classes. The salary levels range from above Higher Executive Officer level to part time Cleaners and Canteen Assistants. Thus the Union represents members from around £6,000 pa (inclusive of Pay Supplement) to 86·9p per hour (inclusive of Pay Settlement) for part time Cleaners.

Finally, of 44,703 in Civil Service or " near fringe " departments which apply Civil Service pay and conditions but are not involved in the business of government, examples include Agriculture Research Service, Forestry Commission, Metropolitan Police, British Council and Trustee Museums. The Union does not, however, organise in the Post Office.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Age of Entry

4. An unusual feature of the Union's membership is that only a tiny minority enter the Civil Service or "fringe bodies" from school. The actual age of entry in the overwhelming majority of cases is over 21 and in some cases markedly so. As well as the obvious effect on pensions, the point to which we wish to draw attention, is that the more mature entrant is at a disadvantage in promotion in comparison with those of similar ability in the AEC classes entering the Civil Service between 16 and 21.

Taking the CSU Occupational Sections, the picture is as follows:

1. *Instructional Officers*
   Highest Age Point for basic grades 28 (Grade 3) and 30 (Grade 4).
2. *Stores Supervisors (Old Scale)*
   HAP for basic grades 4 and 5 was 27.
3. *Library Assistants and Museum Technicians*
   HAP for basic grade Library Assistant 2 is 23 and for Museum Technician 4, 24.
4. *Security Grades*
   Preference given to former Service and Police personnel results in mature entrants.
5. *Messengers*
   Minimum age of entry is 30.
7. *Cleaners*
   They are normally mature married women.
8. *Photoprinters and Reproduction B*
   Basic grade Photoprinter 2 and Reproduction B3 have HAP of 21.
9. *Revenue Assistants, Land Preventive Men and Coast Preventive Men*
   Preference given to former service personnel results in more mature entrants.
10. *Telecommunications Grades*
    The following have HAP of 25:
    Radio Officers, Radio Technicians, Communications Officers.
11. *Industrial Grades in Fringe Bodies*
    Craftsmen tend to be 21 or over.
12. *Coastguards*
    Preference given to former Regular Naval Personnel results in mature entrants.
13. *Foresters*
    There is a three year scale for "Foresters in Training" before entering the Forester grade.
15. *Royal Household*
    Not applicable.
16. *Telphonists*
    Basic grade have HAP of 22 and Supervisors have HAP of 24.
17. *Traffic Wardens*
    Age of entry 18 to 59. Many are married women returning to work after bringing up families.

The Union's Evidence to the Fulton Committee

5. In its evidence the Civil Service Union said "In the Civil Service as at present constituted there are separate Administrative, Executive and Clerical structures but it is considerably easier for a Clerical to be an Executive and for an Executive to be a member of the Administrative Class than it is for a non-Clerical to be a Clerical or an Executive". Eight years after the Fulton Report this is just as true of CSU grades, perhaps even more so. The Union also said "There is a substantial scope for an extension of specialised management carried out by supervisory grades of existing specialised classes". In the CSU field little or nothing has been done in this respect.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Career Prospects

6. It is recognised in all fields of employment that an adequate career structure is one of the most effective and economical incentives available to an employer. The CSU grades do not enjoy the advantages which Fulton has quite rightly provided for the AEC grades. First of all, as pointed out in Section 4, the later age of entry of CSU grades handicaps them on the ladder of promotion. Secondly, the majority are in small classes with few promotion prospects. Some have no supervisory structure at all (eg Laboratory Attendants) or have only supervisory allowances without substantive supervisory grades (eg Cleaners) and other again have very few supervisors (eg Telephonists). In others again, several promotions are required to secure the pay increase available to the AEC grades and, of course, the number of promotion opportunities decreases sharply in advancing up the pyramid. Thus comparing the career of a Clerical Assistant (represented by the CPSA) and a Paperkeeper (represented by the CSU), both have the same maximum (£37·30 plus pay supplement). The CAs first promotion is to Clerical Officer, the difference between the two maxima being £593 pa, the second promotion is to Executive Officer, the difference at the maximnum being a further £1,130 pa, making a total of £1,723 pa. On the other hand a Paperkeeper has to progress through Senior Paperkeeper (£42 plus pay supplement), and Chief Paperkeeper (£45·22 plus pay supplement) to reach the peak in the form of Principal Paperkeeper (£2,613 pa plus pay supplement). Thus of two grades with similar duties and identical maxima the Paperkeeper takes three promotions to reach a level only a little higher than that reached by the CA in one promotion.

Since Fulton there has been a considerable liberalisation of training opportunities for management for non-AEC grades. This should be matched by equal promotion opportunities for management.

What has been Achieved in Structure?

7. The creation of the General, Science and Professional Technology Categories with their occupational groups have done much to provide advantages for those who are members of them, which do not include members of the Civil Service Union. Of the other four categories only one (the Training category) is based on CSU members and that is restricted to the Instruction Group which is, in fact, the old Instructional Officer Class re-named.

The Union agreed with the National Whitley Council Joint Committee (see Paragraph 99 of the CSD evidence) that the introduction of a new structure was "far too great an undertaking to be completed in a single heave" and accepted the strategy of categories and occupational groups. We did not, however, accept the CSD's restriction of the "open structure" to Under Secretary and above. If it is accepted that Senior Management begins at Principal level then Senior Executive Officer equivalent (£5,900 plus pay settlement) is the logical place for the leading grade in the specialised category.

The Present need for Restructuring

8. Our main criticism of the Civil Service Department has been their failure to implement the principles contained in Paragraphs 106 and 107 of their evidence "The Response to the Fulton Report". Like other constituents of the National Staff Side we totally reject the alibi that this inactivity has been due to incomes policy and we grealy fear that we shall soon be told that it is due to cuts in Civil Service manpower. At the time when the Cabinet's decision on Civil Service cuts was announced it was stated that the savings in the Civil Service Department involved "general retrenchment of Fulton".

The CSU is involved in a number of structural reviews in at least three of which reports of the CSD Staff Inspection and Evaluation Branch or its equivalent have been withheld despite National Staff Side representations. The Union believes that progress on restructuring need not be held up by incomes policy (since the Civil Service unions accept that increased pay could only operate at the termination of incomes policy) and we believe it would be totally wrong and uneconomic for it to be held up by the manpower cuts.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The Fulton Committee and the Future

9. As previously stated the Union believes that the National Whitley Council strategy of categories and occupational groups is sound but is critical of the failure of the Civil Service Department to bring the "open structure" down below Under Secretary level. In addition, we are extremely critical of the "law of diminishing returns" philosophy expounded by the Civil Service Department in Paragraph 101 of "The Response to the Fulton Report" and believe that it is a euphemism for disregard of the lower paid and less glamorous occupations, many of which we represent. Our attitude on structure, as previously explained, is one of preferring half a loaf to the whole one advocated by Fulton. At present, however, this half loaf is not being provided by the CSD. On the other hand, we fully support the transfer of responsibility from the Treasury to the Civil Service Department. The numerous improvements in different aspects of management and training by both the CSD and the National Staff Side would have been impossible under Treasury control and any return of power to that quarter would be bitterly resented by the Civil Service Union whose members found the Treasury particularly unsympathetic to the lower paid. We would, of course, wish to see the extension of the improvements introduced on the lines proposed by the National Staff Side and with special emphasis on the needs of the lower paid and those with inadequate career and promotion prospects.

The Priestley Principle and the Future

10. Finally, at the risk of repeating views already presented by the National Staff Side, we would urge the maintenance of the Priestley principles. An examination of the only two previous principles show that there is really no alternative. The Anderson Committee in 1923 took as their principle that "The Employer should pay what is necessary to recruit and retain an efficient staff". Now that civil servants like other employees can leave their employment without jeopardizing the pensions they have earned, this "principle" would not be viable. The Tomlin Commission in 1929–31 spoke of "The long term trend". This was misnamed the "Tomlin Formula" but far from being a formula it is open to such contrasting interpretations that it is best described as a recipe for continuous disagreement. This may have seemed unimportant in the 1930s at a time when trade unions as a whole were weak and those in the Civil Service particularly so. With the current Civil Service trade union movement around 90 per cent organised and with all the main unions affiliated to the TUC, the continuous disagreement which would arise from a return to Tomlin would take the form of continuous industrial action, coupled with increasing politicisation of the type which Priestley was concerned to prevent.

Responsible Civil Service trade union leaders have always recognised that civil servants cannot expect to opt out of a comprehensive national incomes policy. What is required is for the National Whitley Council to be able to be allowed to reconcile the National Pay Agreement and National Incomes Policy as has happened with several previous national incomes policies.

Conclusion

11. The Union, like the National Staff Side, believes that the Civil Service has been set on the right lines by the Priestley Commission in respect of pay and conditions. We also believe that it has been set on the right lines by the Fulton Committee in respect of the setting up of the Civil Service Department, management, training and superannuation (including premature retirement). The decision to operate a "half-way house" structure was controversial at the time but the Union believes that the present National Whitley Council policy of categories and groups should be extended rather than reversed. What the Civil Service now requires is not to be "dug up in order to see if it is growing correctly" but to be given a period of stability during which both sides of the National Whitley Council can devote themselves to the unfinished business described in Section 7 of the CSD's "Response to the Fulton Report".

11 *October* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 36

CASH LIMITS AND INFLATION

Paper by the Society of Civil and Public Servants

£800 million Cuts

When the cash limits for 1976–77 were set, they allowed " for increases in prices and incomes consistent with the policy in the White Paper 'The Attack on Inflation'" (Cmnd 6440, page 4). This policy aimed to reduce the annual rate of inflation to single figures by the end of 1976 (Cmnd 6151). We assume, therefore, that the overall allowance made for the total of cash limits was that inflation during the financial year 1976–77 would be around 9 per cent per annum.(1)

For the sake of simplicity, we assume that the cash limit was worked out by taking the volume of planned expenditure at prices prevailing in March 1976,(2) and uprating it by the *average* inflation projected over the next 12 months: as this would be zero at the start of the year, and 9 per cent at the end (see above), we assume that the overall cash limit was 4·5 per cent above the planned expenditure at March 1976 prices.

No-one expects the rate of inflation to fall to 9 per cent by March 1977: the expectation of most observers is that it will be around 15 per cent for most of 1977. If this is the case, then the cash needed during 1976–77 to maintain the real value of expenditure plans will be 7·5 per cent above March 1976 prices, rather than 4·5 per cent.

If the cash limits are held at their original level, then the effect would be a cut, in real terms, of some 2·8 per cent off planned expenditure.(3) According to Cmnd 6440 (Appendix 1, page 15), the total volume of public expenditure subject to cash limits was £28,577·8 million at 1975 survey prices. On this basis, the cut resulting from enforcing the original cash limit would be about £800 million (at 1975 prices) in the current year.(4)

Need for Public Debate

Cuts of this scale, if made in the current year on an ad hoc basis, must be a matter for the gravest concern.

One of the worst features of cash limits is that it is very difficult to tell what is being cut to comply with them. One clear example we are aware of is that the Department of the Environment cancelled a course arranged at Bristol University to train staff in the operation of the Community Land Act. It may seem a small example, but it raises the question of whether the Government and Parliament would wish money to be saved in this way: and whether MPs will realise this if they have any criticisms of the workings of the Act.

It is therefore a matter of some urgency that the Treasury publish the facts for open discussion. Information on departments' spending profiles and their actual spending should be made public. There should also be publication of departments' estimated shortfall this year below what is needed for their commitment. The Treasury and departments should also state what cuts they have made, or are considering making, in order to keep within cash limits; and whether, and on what basis, ministers are considering raising the cash limits.

Implications for Pay Bargaining

We commented in our earlier evidence that the feasibility of setting cash limits " is based on the continuation of incomes policy and interference in Civil Service collective bargaining: an interference which we would seek to challenge."

Discussions will soon be commencing between the Government and the TUC about the planned return to free collective bargaining next year. As far as the Civil Service is concerned, this must mean a return to the 1974 Pay Agreement, based on the principles of Pay Research, to which we are strongly committed. Settling pay on the basis of fair comparisons must mean that any cash limits set simply reflect the results of pay negotiations and are not used as an arbitrary constraint on them.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Such restrictions are in any case unnecessary. The pay research system limits the rate of increase in Civil Service salaries to that prevailing for comparative work in outside industry, and thus itself provides an effective mechanism for monetary control of the price which has to be paid for manpower.

We are, however, faced with a statement by the present Chancellor on 1 July 1975, that the government proposed " to fix cash limits *for wage bills* in the public sector" (our emphasis), before going on to state that they would be used more generally in controlling public expenditure; and the recent Conservative Party policy statement envisages that, apart from using general monetary restraint as a substitute for incomes policy, " in the public sector this must be supplemented by the use of cash limits." It appears, therefore, that a major attraction of cash limits, for both parties, is its potential for limiting wages.

Such a use of cash limits would be totally unacceptable to us. A return to free collective bargaining must mean a return to free collective bargaining for all, without a hidden incomes policy for the public sector.

Conclusion

Our earlier warnings about the effects of cash limits are being confirmed, and the continued operation of cash limits cannot be justified in view of the likely damage. We therefore hope that the Expenditure Committee will consider obtaining evidence on how cash limits are working this year, and reconsider the desirability of continuing the system for future years.

Notes

(1) The Treasury did not, of course, publish a precise figure. Since some of the cash limits include unspecified amounts of transfers within the public sector, it is not possible to calculate their uprating factor from the data in Cmnd 6440.]

(2) This figure ignores the fact that the PESC White Paper (Cmnd 6393) was expressed in terms of 1975 survey prices: a further uprating would be necessary to obtain base figures for 1976–77.

(3) The calculation is to divide the uprating factor needed to keep pace with actual inflation (1·075) into the assumed factor used for the cash limits (1·045): the shortfall below unity, expressed as a percentage, gives a reduction of 2·79 per cent.

(4) This calculation is inevitably very crude, given the lack of precise information. It is based on the RPI and not on price indices of goods and services actually purchased by government. Neither does it allow for the fact that the cost of labour will probably show little variation from that forecast, due to the operation of the incomes policy. Some allowance can be made for this in respect of central government expenditure, by excluding rate support grants and finance for the NHS from cash limits. The residual total of cash limits is approximately £16,000 million of which about £10,000 million covers non-wage items. Allowing for extra inflation solely on this sum would mean a cash shortfall of nearly £290 million this year.

2 *November* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 37

THE INDUSTRIAL CIVIL SERVICE

Background Note by the Civil Service Department

1. Most industrial Civil Servants are employed on manual work which in outside industry is usually done by chargehands, craftsmen, semi-skilled workers and unskilled workers. There are, however, some areas such as messengerial or cleaning duties which can be done by either non-industrial or industrial staff depending on whether an establishment is an office or manual environment.

Numbers

2. There are about 180,000 industrial Civil Servants. Of these, about 173,000 are on common rates of pay and conditions of service negotiated on the Joint Co-ordinating Committee for Government Industrial Establishments (JCC) and its four associated Trade Joint Councils (Engineering, Shipbuilding, Works Services and Miscellaneous Trades). The remainder, about 7,000, have their pay and in some cases their conditions of service determined by a relationship with a specific trade analogue in outside industry.

3. Of the 173,000 on JCC pay and conditions, about 77 per cent (134,300) are employed by the Ministry of Defence and 15 per cent (26,300) by the Department of the Environment (PSA). The 12,400 remaining are distributed between the other Government Departments with the Home Office (3,080), the Training Services Agency (1,870) and the Royal Mint (1,080) being the next largest employers.

4. Of the remainder, about 3,600 are employed by HMSO on various house agreements which are linked to the printing trade. The Ministry of Defence employ another 2,000 with almost 1,000 of these on Local Authorities Firemen's rates and 700 linked to the rates for National Health Service Ancillary Workers.

Location

5. Industrial Civil Servants are employed through the United Kingdom in groups which may consist of a few individuals or of several thousand. The largest concentrations are in the four dockyards at Portsmouth, Devonport, Chatham and Rosyth which in all employ about 31,000 industrial staff. The 13 Royal Ordnance Factories located between Bridgwater and Glasgow employ over 14,000 in total.

Pay

6. Industrial pay is based on the principle of fair comparison with that for broadly similar work outside the Civil Service, which has evolved from the 1891 Fair Wages Resolution of the House of Commons. Pay structures have changed through the years but that which at present applies to the JCC group is derived from the recommendations made in the National Board for Prices and Incomes Report No. 146 in 1970. It consists of a national basic rate for craftsmen, 11 rates/pay bands of semi-skilled employees and one for unskilled employees. Craftsmen's work calling for additional skills attracts additional allowances ; juveniles and apprentice ratss are proprtionate to adult rates: and about 19,500 employees receive London Weighting, which is calculated on the same basis as for non-industrial staff. Additionally, all industrials have the opportunity to enhance their earnings by participating in efficiency schemes. These are negotiated locally and the resulting bonus payments range from £2 to over £15 per week.

National Negotiating Machinery

7. The CSD chairs the Joint Coordinating Committee on which are negotiated centrally items such as pay, hours and pensions. The Official Side also has representations from the Ministry of Defence, the Department of the Environment and the Department of Employment. The Trade Union Side consists of representatives from 12 Unions, including the AUEW, the EETPU, the GMWU, and the TGWU.

8. The Official Sides and Trade Union Sides of the Trades Joint Councils include many of the same individuals who attend the JCC. Those for Engineering, Shipbuilding and Miscellaneous Trades are chaired by the Ministry of Defence, while

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

that for Works Services is chaired by the Department of the Environment. In all cases, however, the CSD is an important member. With the implementation of national pay rates and the progress made in the alignment of industrial and non-industrial conditions, the role of the JCC has grown at the expense of that of the TJC's which once settled major pay matters but now only deal with items such as specific environmental allowances and the grading of jobs.

9. In view of criticisms that the industrial Whitley system makes inordinate demands on the time of both Trade Union and Official Side members a JCC sub-committee was set up in 1973 to see whether the negotiating arrangements could be improved. Its conclusion in December 1973 was that no change could be justified despite the criticisms, and the system has remained substantially unaltered since then.

Departmental Negotiating Machinery

10. Departmental Whitley machinery exists in the bigger employing Departments to deal with matters which are purely of Departmental concern. The Ministry of Defence Joint Industrial Whitley Council, for example, deals with matters relevant to MOD as a whole. It is chaired by a Minister of State and the Trade Union representatives are national officers, many of whom attend the JCC. At the functional level there are several committees such as the Royal Ordnance Factories Production Committee, which are concerned with the overall working strategy in their particular area, and national officers often attend on the Trade Union Side. Below this level there are committees dealing with local matters on which both the Official and Trade Union representatives consist of local people.

Industrial Trade Union Representation

11. There are significant differences in the ways in which industrial and non-industrial Civil Servants' interests are represented by their organisations. Non-industrials are represented by the staff associations and the National Staff Side, both of which evolved primarily as Civil Service organisations, though some staff associations have over the course of years come to represent the staff of other public sector organisations closely related to the Civil Service. Industrial Civil Servants are represented by national Trade Unions which developed to look after the interests of all those engaged in particular trades or using particular skills, no matter who the employer.

June 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 38

THE CIVIL SERVICE DEPARTMENT: FUNCTIONS, ORGANISATION AND RESOURCES

I. Origins and Development

1. Until 1968, the Treasury and its Ministers (including the Prime Minister) were responsible for central management of the Civil Service, along with their responsibilities for financial and economic affairs and taxation and budgeting policy. In 1968 the Fulton Committee recommended that central management of the Civil Service should be transferred from the Treasury to a new Department directly under the Prime Minister, which should also include the Civil Service Commission.

2. In June 1968 the Government published the Fulton Report and announced that it had accepted the recommendation for the creation of a new Department, and a further recommendation for the creation of a Civil Service College to run an expanded programme of central training.

3. The new Civil Service Department was formed in November 1968 from the Pay and Management Divisions of the Treasury and the Civil Service Commission. Various changes have since added to its tasks, and increased its size and complexity: mainly:

(*a*) the establishment and development of the Civil Service College;

(*b*) the establishment and development of the Central Computer Agency, with the functions previously spread between the Civil Service Department's Computer Divisions, the Technical Support Unit of the former Department of Trade & Industry, and procurement by HM Stationery Office;

(*c*) the establishment and development of the Civil Service Catering Organisation;

(*d*) the establishment and development of the Chessington Computer Centre to provide unified and improved payroll and staff record services to many Departments, to operate a centralised personnel records information system, and to provide a computer-based management accounting system to CSD.

II. Present Organisation

4. As recommended by Fulton, the Prime Minister has been Minister for the Civil Service since the CSD was formed, dealing directly with machinery of government, appointments and security and delegating day-to-day management to a Cabinet Minister without other Departmental responsibilities. For most of the Department's life this Minister has been the Lord Privy Seal, who has also been Leader of the House of Lords. The present Lord Privy Seal is assisted in carrying out his CSD responsibilities by a Minister of State who is the Department's spokesman in the House of Commons.

5. The Department's senior officers are the Permanent Secretary, who is also Head of the Home Civil Service, and the Second Permanent Secretary. Beneath them the CSD is organised into 5 main blocks of work, 4 of which are headed by Deputy Secretaries and the other by the Principal Establishment Officer. The rest of this paper describes the work of the organisational units shown, with an indication of the manpower resources allocated to each for 31 March 1978 in accordance with current public expenditure plans.

III. Management Group

6. (*a*) *Manpower*

Staff: 100, including one Under Secretary (US) and 3 Assistant Secretaries (AS) (37, graded at Principal (P) and Senior Executive Officer (SEO) level, are Staff Inspectors).

Responsible for policy on the control of Civil Service manpower; control of complementing and manpower budgets in Departments; coordination of requirements for Supply Estimates and PESC; grading policy and staff inspections; control of the general administrative expenses of Departments.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*b*) *Management Services and Machinery of Government*

Staff: 100, including one US, 6 AS, one Chief Scientific Officer 'B'.

Responsible for developing management techniques and providing a consultancy service in them to other Departments; undertaking management reviews and other studies; carrying out operational research studies within the CSD, co-ordinating inter-departmental operational research and providing operational research assistance to other Departments; providing a consultancy service to Departments in management accounting and internal audit; advising on the organisation of government administration, public sector institutional changes, the relationship between government and Parliament and procedures for redress of individual grievances.

(*c*) *Central Computer Agency*

Staff: 700, including 1 US, 5 AS and one Deputy Chief Scientific Officer.

Responsible for policy, planning, operational support, technical support, purchasing contracts and bureau aspects of computing in government; and for the co-ordination of policy and practice in the use of telecommunications in Home Civil Departments.

IV. PERSONNEL MANAGEMENT GROUP

7. (*a*) *Personnel Management and Statistics*

Staff: 150, including 2 US, 6 AS and one Chief Statistician.

Responsible for general management questions affecting all groups of staff; personnel management questions and interdepartmental postings affecting staff in the Open Structure and above SEO in the Administration Group, or arising from eg dispersal or manpower economics; the interchange of staff with other employments; the development of personnel management policy; staff appraisal; job satisfaction studies; flexible working hours; conduct, discipline and retirement rules and policy; security and emergencies; status and non-financial conditions of service; health and safety at work; financial and other policies on catering; advice on welfare matters; the CSD interest in accommodation and the location of government offices; manpower planning, forecasting manpower requirements; general Civil Service manpower statistics; manpower model development; computer applications in statistical analysis.

(*b*) *Civil Service Catering Organisation (CISCO)*

Staff: 400 non-industrial and 1,750 industrial, including one Chief Executive and one AS (100 in the headquarters in Basingstoke, the rest in directly-managed staff restaurants throughout the country).

Responsible for running some 250 catering retail outlets on a trading basis, and for advising the management and staff of staff restaurants run by committees.

(*c*) *Training Division and Civil Service College*

Staff: 280 non-industrial and 65 industrial, including one US and 8 AS.

Responsible for training policy, and for the general oversight of central and departmental training; and in the Civil Service College, for carrying out the central training of civil servants, providing a centre of academic knowledge and study in subjects of developing importance in government administration.

(*d*) *Medical Advisory Service*

Staff: 40, including one Medical Adviser, one Principal Medical Officer, 10 Senior Medical Officers (5 of the Senior Medical Officers are based outside London).

Responsible for medical examinations for the Service; advising Departments on sick absence, possible medical retirement, occupational health problems and fitness for overseas service; organising health surveys of groups of civil servants.

V. PAY GROUP

8. (*a*) *Pay*

Staff: 90, including one US, 4 AS.

Responsible for advising on, negotiating, determining and controlling the pay, hours and leave of all civil servants, and of public board members; advising on

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

and controlling pay in certain other bodies (including grant-aided fringe bodies, the Armed Services and the judiciary); general co-ordinating responsibilities covering pay in the public services and the pay of Ministers, MPs and Parliamentary staff; advising on pay in the European Communities' institutions; the principles and practice of industrial relations in the Civil Service, including arbitraton; industrial conditions of service, and general questions arising in the management of industrial staff.

(*b*) *Superannuation*

Staff: 60, including one US (who is also responsible for Home and Overseas Allowances and some aspects of the work of the Pay Divisions) and one AS.

Responsible for managing Civil Service superannuation arrangements, and coordinating policy for public sector superannuation schemes.

(*c*) *Home and Overseas Allowances*

Staff: 30, including one AS.

Responsible for determining various non-industrial conditions of service for the Home Civil and Diplomatic Services and the Armed Forces.

VI. RECRUITMENT GROUP

9. (*a*) *Civil Service Commission/Civil Service Selection Board*

Staff: 350, including 4½ US and 4 AS.

Responsible for recruitment policy, recruitment and selection. In the selection of candidates for appointment the Commissioners are independent of Ministerial control.

(*b*) *Regional Organisation*

Staff: 30.

Responsible for providing a careers information service to schools and education authorities; for assisting departments with local recruitment schemes; and for promoting and coordinating further education throughout the Civil Service.

VII. CENTRAL GROUP

10. (*a*) *Central Division*

Staff: 20, including one AS.

Responsible for providing a central secretariat for CSD and for domestic and inter-departmental management groups; coordination of CSD activity and resource planning; domestic manpower control and management services; and general communications between CSD and Departments.

(*b*) *Personnel Services*

Staff: 100.

Responsible for personnel management and training of CSD staff.

(*c*) *Finance*

Staff: 80.

Responsible for forecasting and controlling CSD expenditure, for internal audit and for operating the management accounting system.

(*d*) *Office Services*

Staff: 425.

Responsible for providing a full range of office services, including accommodation and most registry work, for all parts of the Department and in all its locations.

(*e*) *Information*

Staff: 12, including one Chief Information Officer 'A'.

Responsible for the CSD's press and public relations activities, except where they are directly related to recruitment.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*f*) *Chessington Computer Centre*

Staff: 525.

Responsible for providing a payroll and personnel records service to more than 60 Departments; for operating the central personnel record information system; and for providing a management accounting service for CSD.

VIII. OTHER WORK

11. The CSD also contains groups of staff not directly concerned with the central management of the Civil Service, but organised into the Department for convenience.

February 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 39

Supplementary Notes by the Department of Health and Social Security

(i) POST OFFICE CHARGES

Introduction

1.1. During the oral hearing on 18 October, the Sub-Committee asked for a note to say whether the Department was satisfied that the Post Office charges are the right ones.

1.2. We are satisfied, having regard to the provisions of the Post Office Act 1969, Section 12, which lays on the Post Office the duty of supplying the necessary facilities to undertake Government work and to receive payment for it, that the basis of the Post Office charges is reasonable.

Volume of Business

2. Over the years the proportion of the Department's administrative costs expended as Post Office counter facilities has remained fairly stable as the following figures illustrate:—

	1970–71 £m	1973–74 £m	(Estimate) 1976–77 £m
Social Security Administrative costs	152	210	426
Post Office counter charges for the year	31·2	43·7	87·6
Post Office costs as a percentage of total costs...	20·5%	20·8%	20·5%

Counter Service Agency Agreement

3.1. The remuneration of the Post Office for all Government business, including that for DHSS, is governed by a counter services agency agreement made between the Post Office and HM Treasury on behalf of all Government Departments who require the Post Office to do work for them. The present agreement commenced in April 1974 and is for a period of four years with option for renewal. The Government services provide about half the total counter business (DHSS accounts for 30 per cent of total counter time). The cost of running the Post Office counters is shared proportionately between the Post Office and the Government having regard to the use that each make of Post Office facilities. The Post Office has a direct interest in promoting efficiency and economy in the counter services because they are themselves responsible for meeting approximately half the cost. The financial arrangements (described below) with the Government provide additional incentives for the Post Office and in particular they do permit the Post Office to make a small profit.

3.2. The principal feature of the financial arrangement is the establishment of a unit charge per transaction for each type of business based upon the time taken by the Post Office to undertake the transaction, which is established by regular surveys in which Departments may join. For Crown Offices this is directly related to time taken to carry out the transactions and for sub-Postmasters it has regard to the contract price which the Post Office itself has negotiated for the work. The charge for any year is based on actual costs established for an earlier year (two years before the year of the account) after making allowance for increases in prices and earnings through the operation of various cost variation indices. The level of business assumed for the purpose of assessing charges is on the basis of an average of the number of transactions during the current and previous financial years. This "smoothing arrangement" recognises that the nature of the Post Office organisational commitments and expenditure is such that in the short term the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Post Office cannot easily adjust costs pro rata to fluctuations in the aggregate level of traffic. The Post Office are allowed to add a service fee of 4 per cent. This 4 per cent is made up of 2½ per cent for profit and risks and 1½ per cent for cash losses which the Post Office bears. Any special jobs required by the Department, eg bonus payments, issue of coupons etc, are charged to the Department on the basis of the additional cost incurred by the Post Office in carrying out these specific requirements. When final accounts of the Post Office for the year have been prepared a comparison is made between the actual cost incurred on the counter services and the amounts that have been charged. Any profit or loss outside the range of 0–4 per cent is shared equally between the Post Office and the user Department.

3.3 The agreement provides for the Post Office's external auditors to provide an annual certificate that the Post Office costs have been allocated to services in accordance with the agency agreement. The Department relies on this certificate to ensure that it has met only its fair share of the costs, that is those costs reflecting not only the volume and content of DHSS business but also the proportion that business bears to total counter business. The charges made for each type of transaction are kept under constant review in the Department. A study is made not only of increases in transaction costs, as the cost rises, but also the relationship between each type of transaction. Fluctuations in cost which cannot be explained in terms of reasonable price and earnings increases or in changes made by the Department in the requirements placed on the Post Office are jointly investigated. The Post Office are required to, and do, give every facility to enable us to be satisfied that the costs are reasonable, having regard to their expenditure.

Alternative Systems

4. The Department has undertaken a number of enquiries into alternative methods of payment, eg through the national Giro system, but no acceptable alternative which meets the Department's operation requirements at a more economical cost has been found. Currently the joint stock banks and the Department are examining the possibility of payment of some social security benefits by direct credit to bank accounts. The Department already pays half a million retirement pensions monthly through the joint stock banks where the pensioner has requested this method of payment and is prepared to meet the cost of any bank charges arising, but this is very small compared with the business undertaken on our behalf by the Post Office of about 800 million transactions a year of which well over half (460 million) is in respect of national insurance retirement and widows pensions. If any substantial part of this work were hived off from the Post Office, the unit cost of carrying out the remaining business would almost certainly go up.

(ii) CONTRACTING WITH A COMMERCIAL ORGANISATION TO ADMINISTER THE PAYMENT OF NATIONAL INSURANCE PENSIONS AND OTHER LONG-TERM BENEFITS

Introduction

1.1. This note is submitted, as requested by the Sub-Committee during the giving of oral evidence on 18 October, to explain the implications of inviting tenders from private operators for administering the payment of national insurance pensions and other long-term benefits.

1.2. The work which, under such an arrangement, would be put out to tender is at present carried out by the Department's Central Office at Newcastle upon Tyne and its associated offices. They are concerned, in particular, with the payment of retirement and widows' pensions and of benefits in respect of children (family allowances until April 1977 and child benefit thereafter).

Nature and Scale of Operations

2.1. By way of background, it may be helpful to refer briefly to the general administrative structure under which instruments of payment on account of benefits

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

are issued (ordinarily for encashment at post offices), and the scale of operations. An application for pension is dealt with initially at one of the Department's 568 local offices and, in all but the more difficult cases (about 5 per cent), the assessment of the pension is made there. The local office depends on records kept at the Newcastle Central Office to identify people approaching pension age, to provide a contribution record from which the rate of pension can be calculated, and to help prevent duplicate claims. A central record of pension awards is also held at the Central Office and is used to trigger the automatic production of order books or payment cheques.

2.2. Applications for child benefit are similarly dealt with at local offices but the Newcastle Central Office is responsible for both the award and payment of the benefit. For child benefit, reference to the contribution record is unnecessary, but an important Central Office function is the maintenance of indexes of claimants and of children to help avoid duplicate payments.

2.3. The scale of operations is vast. At the end of 1975, around 6 million retirement (and widows' benefit or widows' retirement) pensions were paid direct from Newcastle. About 4½ million family allowances were being paid; and when the child benefit scheme is introduced in April 1977 the number of payments will grow by about two-thirds because families with only one child will come within scope. The annual cost of retirement and widows' retirement pensions was running at about £5,200 million at the end of 1975 and with the 15 per cent increase in benefit rates in mid-November 1976 the cost will be brought to over £6,100 million. In mid-1977 child benefit payments will be running at a rate of some £900 million a year, and this figure will increase very substantially as the child tax allowances for children under 11 are subsumed under the plans announced by the Government on 23 September 1976.

2.4. Allowing for the fact that some 1½ million pensioners receive their pensions in combined order books from local offices dealing with supplementary pensions, the Newcastle payments provide the main means of livelihood for most of the 6 million pensioner households. Only about one-third of the pensioners have other taxed income, and for most of these their pension is at least an important contributory factor in determining their standard of living. The child benefit payments serve to provide an essential addition to the wages and to the non-means tested benefits of families, including one-parent families.

Considerations Affecting the employment of an Outside Contractor

3.1. A general difficulty which would result from assigning to an outside contractor responsibility for issuing instruments of payment would be the separation between the payment and the award of benefits. Difficulties of this sort would arise at whatever point the present integrated system were split. The coherent nature of this system is illustrated by the present arrangements under which the Newcastle Central Office authorises the retirement pension element in a combined order book issued by a local office on account both of retirement pension and of supplementary pension (which is means-tested).

3.2. Whether paid by the Newcastle Central Office or not, the rate of pension, and also the rate of child benefit, is subject to periodic change. General changes of rate are not necessarily at regular intervals, but the Secretary of State is required by statute to review both pension and child benefit rates each year, and in the cases of pensions to make good any loss in value by reference to the movement of earnings or prices whichever is more favourable to the pensioner. Authority to increase pensions and other benefits is provided by an Uprating Order which is subject to affirmative resolution in both Houses of Parliament. For a pensioner not more than five years beyond minimum pension age, the rate of pension may also vary from week to week according to his earnings.

3.3. Ministers are answerable to Parliament for the effectiveness of the benefit payments system, including its ability to respond quickly to relevant changes of circumstance (affecting individuals or groups of beneficiaries) and to provide safeguards against fraud and against the unauthorised disclosure of personal information. It seems most unlikely that any Government would be willing to allow out of its

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

own direct control an operation of such crucial importance to the administration of its social policies. No outside organisation could take on the work without devoting specialised and extensive facilities to it; and once the Department's own capacity had been run down it would no longer be feasible to revert to the previous arrangement, or to employ a different operator, except after preparations which would take some years. Commercial pressures on the operator to perform efficiently and economically would therefore be virtually absent.

3.4. The Department believes that these objections by themselves effectively rule out any possibility of employing an outside contractor to take over from the Department's Central Office responsibility for issuing instruments of payment for pensions and other benefits. This must not be taken to imply, however, that had there been a possibility of handing over the responsibility to an outside organisation a cheaper payment system would have resulted. There are a number of considerations which lead to a contrary conclusion. For convenience they are set out primarily in terms of the pensions payment systems. Putting this work out to contract would have the following disadvantages:

(*a*) There would inevitably be a loss of flexibility because each change in requirements would become the subject of price negotiation and contractual activity. Some *ad hoc* changes and improvements of a kind which can at present be made as running adjustments would be effectively precluded. The time taken to implement changes of benefit rate would pass out of direct Ministerial control. Similar disadvantages would attend the introduction of any later variations in the child benefit scheme, such as age relation, which the Government might wish to consider at some time after their initial phasing-in programme for child benefit is complete in April 1979.

(*b*) There is substantial flow of information between the contribution records, the pension records and the payment machinery. As already indicated this is an integrated system, and considerable delay and complication would be likely to result from any attempt to take a part of it outside the Department's direct control.

(*c*) There would be a loss of the fund of experience built up in the Department over the years on pension payment systems and programming. Thus, as already explained, should an outside contractor withdraw from the work the Department would have no resources of its own to fall back on. The computer operations at the Newcastle Central Office represent a massive piece of work quite beyond the scale that British computer contractors are accustomed to.

(*d*) It would be very difficult to decide what would be an acceptable quotation from a contractor, even if there were more than one tender. In any event, whatever quotation was made initially would be liable to be affected by changes in requirements and costs, and once the Department was committed to a particular contractor, his charges would be very difficult to control. Even if an initial tender price were low, it would be unrealistic to suppose that the company could be compelled to adhere to it if there were any danger of thereby driving the firm into bankruptcy with consequent serious dislocation of much of the social security system.

(*e*) By making comparisons with outside bureau costs, the Department has reason to believe that its own computer costs compare favourably with the generality of outside charges. The payments system itself is extremely complex but the computer costs for pensions payment represent only a small proportion of the payments cost. Over the past 12 months some 27 million pension order books and 4½ million payable orders have been issued at a cost of some £6·8 million; the postage alone for these instruments of payment cost £2·1 million and the post office and other encashment costs amount to £40·5 million.

(*f*) The Department is already committed to substantial expenditure for the next generation of computers and to the accommodation for these, their supporting staff, supplies and so on. In this situation, it is inconceivable that operational savings could be shown which would outweigh the loss that would be sustained through disposing of the Department's present investment.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Conclusion

4.1. Taking into account the scale and integrated nature of the operations relating to the award and payment of benefit, there seems to be no prospect that a part of the system could be separated out for private operation, under contract, without an unacceptable loss of efficiency and flexibility. There would have to be a long period of preparation before assigning the task to any different operator, or for resumption of responsibility by the Department itself; and in those circumstances, any arrangement under which a private company took over responsibility for benefit payments could mean that the private company concerned became, in effect, the monopoly supplier of services crucial to any Government's social policies.

(iii) COMPLEMENTING

Introduction

1.1. During the Department's oral evidence on 18 October 1976, the Sub-Committee requested further information on the Department's complementing procedures with reference to the role of CSD and to the relationship with the Government's decision to reduce the administration costs of the Civil Service.

1.2. The processes involved in calculating the Department's manpower requirements were described in general terms in paragraph 1B.3 of the Supplementary Memoranda submitted to the Select Committee on 4 October. There is little to add to what was said in that paragraph about the methods used in estimating the staffing needs of the Department's London Headquarters and of the Central Offices at Newcastle and Blackpool. What follows in paragraph 2 of this note explains in more detail the methods adopted for assessing the needs of the Regional Directorate—that is, the network of local and Regional Offices concerned with supplying the public with the immediate services provided for under the various Social Security schemes.

Regional Directorate

2.1. A system of work measurement has been developed over the years which allows for loads of widely differing types of work dealt with in local offices at Executive Officer level and below to be "weighted" in terms of a common unit. The system depends upon periodic Activity Sampling, to measure the time which is being given to the disposal of items of every type of work. The times produced for items of all types are then ranged against each other so that comparative "weights" may be given to each. (For instance, if the time given to dispose of an item of one particular type of work is twice as much as that given to an item of a different type, "weight" allowed for the first item would be twice that allowed for the second.)

2.2. The time taken to dispose of even similar types of work can vary widely, eg one sickness benefit claim could involve more complications than another, and staff experience and calibre and local working conditions can vary both within and between offices. Therefore the Activity Sampling is based on a selection of offices determined by the Department's Statistics Division to give a cross section of the Department's local offices in order to produce measured times which may be taken as reasonable averages.

2.3. When annual manpower estimates are being prepared, forecasts are made of the total loads of work of all types which it may be expected will arise nationally in the following financial year. These forecasts are based on a combination of known facts about past workloads and their trends, together with assumptions about the probable impact of future changes in legislation on policy, and external influences on workloads generally, for example, Department of Employment forecast variations in the level of unemployment.

2.4. These predicted loads are then expressed in terms of the units described in paragraph 2.1 above by applying the weightings produced during the most recent Activity Sampling exercise. (This will normally have taken place within the preceding 12 months.) A comparison can then be drawn between the weight of work

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

expected in the forthcoming year and that for which the local offices are currently staffed. Proportionate staff increases or decreases are then negotiated with CSD.

2.5. It will be seen that the system provides for the total weight of work in a year and, thus, of the total manpower requirements for the year as a whole, to be forecast. It has, in recent years, been accepted as appropriate to express the total manpower required in terms of man-years rather than in terms of the number of staff to be engaged at any given time. When the total resource, expressed in these terms, has been agreed with CSD, it represents the manpower budget available to the Regional Director, whose responsibility it becomes to distribute it equitably between the 12 Regions. Distribution to local offices within any Region becomes the responsibility of the appropriate Regional Controller (an agreed formula is used to determine the number of posts to be filled by officers at Higher Executive level and above). Distribution down this chain, while allowing for relatively minor adjustments to be made to meet particular local circumstances, follows a pattern which broadly makes available to each local office a share of the national total commensurate with the share of work expected to fall upon it.

2.6. The actual workload arising nationally during any financial year may vary from that forecast when the Estimates were prepared, some six months in advance of the beginning of the year. Provision is therefore made for forecasts to be reviewed at quarterly intervals—that is, at what have become known as the "Flexible Manning Reviews". A recast is made of the total work to be expected in the year under study, taking account of actual workloads nationally over the immediately preceding period and of any changes which have taken place since the previous Review, which would be likely further to affect the expcted weight of work (eg a change in the level of unemployment being forecast). Variations in manpower resources required for the year, or for the balance of the year, are then calculated.

2.7. Consumption of man-years is monitored by the Director of Establishments (Departmental) against the total man-years made available at the beginning of the year. Where a Flexible Manning Review indicates that there had been an over-provision of resources, the overprovision is withdrawn from the account. Under-provision indicated by a Flexible Manning Review is provided for either from any balance existing in the manpower budget or by seeking authority from CSD for extra resources, as described in the two following paragraphs.

2.8. Although a Flexible Manning Review may indicate that an increase in staff resources is justified it does not necessarily follow that additional financial resources have to be sought from CSD, because less than the average rate of manpower resources provided for the whole year may have been used in the earlier part of a year, and a balance is then available to meet increased demands on the manpower budget later in that year.

2.9. Such a balance can arise from a number of causes. Since staff are recruited only when the need for them is clear a balance can build up if work does not in fact arise at the average annual rate provided for over the year. Similarly it may not prove possible to recruit staff when we need them. In the current year, a particular factor was that industrial unrest within the Department arose partly from disagreement with arrangements being made for the distribution of additional manpower authorised for the current year. This led to distribution being delayed in some areas and, as a result, the national consumption rate during the earlier part of the year was lower than it might otherwise have been (and work fell into arrear).

2.10. On the other hand, should we establish that we need more staff during a financial year than any balance in our budget which may be available, negotiation with CSD for authorisation of additional resources would be necessary. This situation has not arisen during the limited period in which man-year accounting has been operating.

2.11. In October this year, the Flexible Manning Review indicated that local office complements would need to be increased by a little short of 1,000 or about

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

1·5 per cent. The introduction of these posts in the latter half of a financial year increases consumption, in practice, by something less than 500 man-years. At the same time the Regional Director authorised the recruitment of a further 400 staff. This consisted of 200 posts held back from the initial distribution at the beginning of the year, and another 200 put in to meet an uncovenanted surge of references from Newcastle Central Office to local offices following the computer processing of the first year's national insurance contributions under the revised scheme. Because of a combination of the circumstances described in paragraph 2.9, sufficient resources existed within the manpower account to enable this added consumption to be covered within the provision already made.

2.12. Controlling the use of manpower within the Department by means of man-year accounting has been developed only within the last year or so. This method was used experimentally in 1975–76 alongside the traditional method of comparing staff in post with authorised ceilings. It has been formally adopted for 1976–77. It provides management with a degree of flexibility missing from the more traditional method but necessary in a Department where much of the work is subjected to considerable fluctuations. It also provides a much more effective method of measuring outturn against authorised spendings for Cash Limit purposes.

Relationship with CSD

3.1. All manpower estimates have to be approved by CSD before financial provision is sanctioned by Treasury. They are subjected to the examination described in paragraph 1B 1 of the Supplementary Memoranda. In the case of Headquarters and the Central Offices this is largely a matter of scrutinising the measurement of resources to be added or withdrawn on account of known changes in work falling within the respective commands. While it is not unknown for CSD to press for modification of these figures to the "disadvantage" of the unit concerned, it may generally be said that all but the most minor modifications will have been anticipated by adjustments made at the stage where estimates are subjected to scrutiny by the Director of Establishments (Departmental).

3.2. In the case of the Regional Directorate there is little room for disagreement in the major area—that is, where the resources needed are related to the loads of work expected and are calculated by the application of the formula described above. The CSD has been a party to the development and, as necessary, modification of this formula. Negotiation normally takes place therefore only in relation to resources being sought to undertake work of a new character, such as the introduction of a new benefit which cannot have been subjected to the "weighting" processes involved in an Activity Sampling exercise, for ephemeral tasks due to arise in the course of the year, for instance, a general up-rating of benefits and for any improvements envisaged in standards of service. In the current atmosphere of economic stringency CSD's resistance to such additions particularly for improvements in the standards of service has markedly increased.

Administration Economies required in the future

4. As indicated by paragraph 1.6 of the Supplementary Memoranda administration economies required of the department during 1977–78 and 1978–79 are some £5 million and £14·4 million respectively—both figures at 1975 prices. Although attention is being directed to the possibility of reducing expenditure on administration costs other than salaries and wages, it has been recognised that the greater part of the savings will have to be found from the wages bill because of the large proportion these costs bear to the whole. If the total savings were to be found from salaries and wages, there would need to be reductions in manpower resources of some 2,000 and 5,300 man-years below the number forecast in 1975 as being necessary in 1977–78 and 1978–79 respectively. There is no reason at present to suppose that CSD will provide room for negotiation on Estimates for the years in question outside the limitations which such requirements impose.

November 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 40

Letter and Memorandum from the Association of Chief Administrators of Health Authorities

Further to your letter of 15 November, I have pleasure in enclosing this Association's evidence prepared for consideration by the General Sub-Committee of the Expenditure Committee.

In submitting the report we would just like to add that if, in the future, there were to emerge a smaller central authority, there might well arise an opportunity for some of its senior officers to be merged into suitable posts in Health Service authorities.

GEOFFREY A ROBINSON,
National Secretary.
7 December 1976

Memorandum submitted by the Association of Chief Administrators of Health Authorities

Introduction

The Association represents 310 officers who act as chief administrators at either district, area or regional health authority level in the National Health Service as reorganised in 1974. The Association was formed in March 1974 with the primary object of promoting consideration of matters relating to the health service, and in particular the administrative aspects of the service. It has promoted studies of various aspects of the service, of which this submission is one.

Summary

The Association wishes to offer evidence on the following recommendations:

(*a*) that there should be an exchange of staff between the national health service and the central government department (an abbreviation for the Department of Health and Social Security);

(*b*) that the training of potential senior NHS administrators should reflect the possibility of future and freer interchange between administrators and civil servants at local and national government levels.

Exchange of staff between NHS and central department

The NHS has, over the past twenty-eight years, developed a considerable expertise in administration and management. Since 1955 a cadre of graduate entrants have been selected for special training and in the post-reorganisation structure of the service very many of the new top posts have been filled by people with such backgrounds. The service has also been heavily orientated toward management in its new structure, as devised and promulgated by the Department of Health in 1973.[1] The graduate cadre referred to naturally constitute, in the main, people not yet in middle age and a recent (unpublished) survey has shown that 47 per cent of the service's chief administrators are aged less than 50, and only about 10 per cent are aged over 60. Of the second-in-line managers, from whom future promotions to chief posts will come, 29 per cent are less than 40 years old and 59 per cent less than 50 years. Effectively, therefore, many of the present chief administrators have some twenty or thirty years in the NHS before retirement at the current age of 65. From this we would suggest that the moment is opportune to consider exchanges between the service at operational level and the central department because there is time to develop it, making such exchanges either part of normal career development or the culmination of a career. In the past there have been a limited number of secondments, often of short duration, often in advisory and not executive positions, rarely at the most senior departmental level and perhaps reflecting a " sideways " move, rather than promotion. They have not been a success.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

It is not our intention to advocate such exchanges in an effort to avoid a bottle-neck of legitimate career aspirations within the NHS. Rather it is that we see a number of tangible benefits arising from the inter-change of personnel. In brief they are:

(i) that mutual understanding and confidence would be furthered between the centrally organised service and the direct agents of the Secretary of State for Social Services in the field. All government departments run the risk of such a "credibility gap" and this is emphasised in the field of health management by an almost total absence of experienced health administrative personnel;

(ii) such presence, within the Department, at all levels would have the effect of substantially improving the quality of experienced advice being offered to Ministers;

(iii) such presence would also make more effective the Department's ability to state clearly its policies, and to monitor subsequent progress. At present, it is possible to argue, the Department of Health is handicapped in its capacity to do either;

(iv) it would overcome the weakness illustrated in a 1976 review of the Department[2]:

> "The present arrangements for administrative staffing in both the Department and the Service are such that there is no established and regular practice by which a civil servant can obtain practical experience in the field, or for a NHS administrator to obtain experience of central government. Indeed the enquiry team has been told that it is only the doctors and nurses within the Department that people can be found with experience and knowledge of the Service—knowledge lacked by the administrators (civil servants) because of their career pattern, and without which practical answers to problems might well be missed." And later . . . "it is clear that a quantum of NHS administrative experience within the Department, would be invaluable".

Method of achievement

To achieve this desirable aim has been the subject of debate on and off since the NHS began in 1948, stimulated again in 1963 by the publication of a report by a Ministry of Health Committee chaired by Sir Stephen Lycett-Green[3] which commented "it is clear that both the Ministry and the hospital service accept the desirability of movement of staff between the two services to broaden their experience, to gain an insight into their own service from a different aspect and to promote mutual understanding and confidence". The main impediments have been the reported opposition of civil service trade unions; the difficulty of identifying officers at the appropriate level who can be released from the health service to take up an excange post and who may also then jeopardise his own health career by moving out of the mainstream. In order to try and overcome these problems the "secondment" of senior officers has been tried, by which the officer remains a health service and not a civil service employee and does not block promotion prospects within the central government service. A different solution has been canvassed arising out of consideration of the Regional Chairman's enquiry[2] mentioned above and this was outlined in a letter from the Secretary of State to one of the Regional Chairmen, Sir Sydney King, in a letter dated 22 June 1976. After discussing the idea of creating an NHS Standing Committee to advise Ministers, Mr Ennals went on:

> "It may be that at a later stage, subject to the widest consultation with representatives of the staff of the NHS and of the Department, this partnership could develop to a point at which the Standing Committee might need to employ NHS staff itself (to work at the Departmental and Regional level); in which case it might be constituted a special health authority for the purpose (under Section 5(6) of the NHS Reorganisation Act 1973). But this would need a lot of thought and I am not myself committed to the idea."

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

While the Secretary of State himself has reservations there has been support for the idea from the previous Minister of State for Health, Dr David Owen, MP, who spoke of health staff of all professions being among the "advisers to the Secretary of State"[4] and the respected medical journal *The Lancet* in an editorial on 21 August 1976*; as well as qualified approval of the magazine of the Institute of Health Service Administrators[5].

Problems of achievement

There are, we appreciate, problems in the practical achievement of this proposal. In part the adoption of the Fulton Committee[6] recommendations about short term appointments for fixed periods at middle and higher levels would overcome them. There are, conversely, practical problems about the civil servant who joins the health service in a senior post. We do not think them beyond resolution and would suggest that a working group from the Department and possibly also the Civil Service Department join with this Association and possibly also the professional Institute of Health Service Administrators to bring forward positive proposals. A statement of intent of support from the Sub-Committee would clearly be of considerable importance and help to ensure that this aspect of the civil service's work in advising Ministers, and monitoring the health service on their behalf, would be enhanced.

Training of Potential Senior NHS Administrators

As a by-product of a commitment within the health service that some posts at the most senior levels at the DHSS were filled by personnel drawn from successful backgrounds in the field, would be changes in the training of future graduate entrants and those with demonstrable success in a line management job and who have potential for further development. Training would need to be adjusted so as to allow for general techniques appropriate to allow for work undertaken either in the central department, or local government—with whom the health service has developed, and is still developing, much closer links in terms of joint planning and collaboration in the field of social services and environmental health. The political processes which occur at both national and local government levels have not hitherto been a marked feature of the health service at local level, but with the reorganised and reconstituted service this is beginning to be part of the administrator's experience and a greater understanding would be beneficial. Secondment at middle management levels between health and local government staffs, in order to broaden experience, should not be ruled out.

J W Owen, St Thomas' Health District
N D W Weaver, South Hammersmith Health District
on behalf of the Association of Chief Administrators of Health Authorities.

December 1976

References:

[1] Management Arrangements for the Reorganised NHS. HMSO 1972.
[2] Regional Chairmen's Enquiry into the Working of the DHSS in relation to the Regional Health Authorities, May 1976. Reproduced by the DHSS and made available August 1976.
[3] Report of the Committee of Inquiry into the Recruitment, Training and Promotion of Administrative and Clerical Staff in the Hospital Service. HMSO 1963.
[4] In Sickness and in Health. Dr D Owen, Quartet Books 1976.
[5] Hospital and Health Services Review. October 1976.
[6] Report of the Committee on the Civil Service. HMSO 1968.

* attached

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 41

ESTIMATES ON MANPOWER INVOLVED IN IMPLEMENTING LEGISLATION

Letter from the Civil Service Department

You asked about figures of actual Civil Service manpower involved in implementing particular legislation, by comparison with the estimates presented in the Financial and Explanatory Memoranda accompanying the relevant Bills.

Background

Each Memorandum is prepared by the responsible department. When approached by a department about the Civil Service manpower consequences of a proposed Bill, the CSD Manpower Branch concerned satisfy themselves that the department's estimate is a reasonable assessment of the requirement in the light of whatever information is then available about the work involved. They also examine the costing of the manpower involved to satisfy themselves that adequate allowance has been made in the statement of the expenditure implications of the Bill.

The CSD does not normally make direct use of the figures given in these Memoranda when agreeing department's manpower forecasts, but Branches refer to them when making a judgment of the extent to which it may prove possible to reduce departments' bids.

The figures are of limited value for control purposes because:

(*a*) they are produced at a very early stage, when information about the work involved is often very limited;

(*b*) amendments to the Bill may radically alter the manpower requirement;

(*c*) detailed examination, by a department's complementers, of their overall manpower requirement can lead to savings through improved work allocation, reorganisation, etc.: it is therefore better for the CSD to look at departments' bids as a whole.

Experience during 1975

The table annexed to this paper shows those Bills passed in 1975 during the 1974–75 and 1975–76 Sessions which involved forecast changes of more than 100 in the strength of the Civil Service. It shows (columns 3 and 4) in the forecasts contained in the appropriate Financial and Explanatory Memoranda and (columns 5 and 6) the departments' latest assessment of the actual manpower implications. Three Bills are excluded from this table, since they were money Bills for which no Financial and Explanatory Memorandum was required. These are:

The Development Land Tax Bill 1975 (150 staff on 1 April 1976 with a further 216 forecast for 1 April 1977).

The Finance Bill 1975 (150 staff on 1 April 1976 with the same number forecast for 1 April 1977);

and The Finance Bill (No 2) 1975 (740 staff on 1 April 1976 and the same number forecast for 1 April 1977).

The table shows that the number of staff employed on the work may differ from the number in the original forecasts in the Financial and Explanatory Memoranda. Discrepancies may be in either direction and, while the size of the sample for which information is available does not permit deep analysis, they do not appear to be unreasonable given the early stage at which the original estimate is made.

B M Thimont

15 *December* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX

EFFECTS OF GOVERNMENT LEGISLATION ON CIVIL SERVICE MANPOWER

Statute or policy	Departments affected	Forecasts (from Financial and Explanatory Memoranda)		Actual numbers on 1 April 1976	Current forecast for 1 April 1977 and beyond (increase over 1 April 1976)
		1 April 1976	1 April 1977 (increase over 1 April 1976)		
1	2	3	4	5	6
Child Benefit Act 1975 ...	DHSS	500	+3,060 (+1,300 by 1979–80)	500	+2,735 (+1,500 by 1979–80)
	Inland Revenue... ...	None specified (see Note 1)		800	+240
Industry Act 1975	Dept Industry	+250 within 3–5 years		43	+57 (+190 within 2–5 years)
Insolvency Act 1976	Dept Trade	Nil	Saving of 100–150	Nil	Saving of 100
District Courts Act 1975 ...	Crown Office (Scotland)	200	+0	191	+0
General Rate Act 1975 ...	Inland Revenue... ...	Saving of 800	Some increase on 1 April 1976	Saving of 311	(Saving of 500 overall by 1 April 1978)
Employment Protection Act 1975...	Dept Employment ...	704	+0	700	+0
Remuneration, Charges and Grants Act 1975	Dept Employment ...	100	+0	120	+0
Community Land Act 1975 ...	Dept Environment ...	Not specified	1,400 by 1980 (see Note 2)	100	+200 (+600 overall by 1980)
	Welsh Office			Saving of 11	+0
	Inland Revenue... ...			Nil	+27 (+83 by 1 April 1979)

Notes.

1. The need for additional staff in the Inland Revenue arose as a result of changes after the Financial and Explanatory Memorandum to the Child Benefit Bill had been published.

2. It was subsequently decided that 750 staff should be allocated to the Welsh Local Authorities. The forecast is therefore equivalent to an increase of 650 in the Civil Service.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 42

MANAGEMENT ACCOUNTING IN GOVERNMENT

Supplementary Memorandum submitted on behalf of the Councils of the constituen members of the Consultative Committee of Accountancy Bodies, namely:

The Institute of Chartered Accountants in England and Wales

The Institute of Chartered Accountants of Scotland

The Institute of Chartered Accountants in Ireland

The Association of Certified Accountants

The Institute of Cost and Management Accountants

The Chartered Institute of Public Finance and Accountancy

INTRODUCTION

1. This memorandum has been prepared at the request of the General Sub-Committee of the House of Commons Expenditure Committee to supplement the oral and written evidence already given to the Committee and to deal specifically with accountancy in Government rather than the use of accountants, the main subject of the original paper.

2. There are many aspects of accountancy which can make important contributions to Government, including internal audit and appraisal of new projects. However, this paper is limited to discussing management accounting and in particular that aspect of management accounting which could contribute to making the internal administration of the Civil Service more effective. The use of management accounting in Government is a much wider topic than this because much of the management reporting and public accounting prepared by the Civil Service deals with public spending on programme objectives which are considerably wider and greater than the Service's internal administration. However, we have thought it right to restrict our brush to the smaller canvas for three reasons:

(*a*) The accounting for public expenditure in its totality is a major current topic to which this rapidly prepared paper could not easily contribute.

(*b*) There are so many diverse requirements in the larger picture that our inevitable need to generalise could mislead. There are too many exceptions to any easily stated rules.

(*c*) We believe there to be merits in the general proposition that if government departments use the best available management accounting techniques to control their own administration and effectiveness they will be better equipped to apply them to wider programme expenditure.

3. Although the subject matter of this paper is limited to some aspects of internal administration we believe it is worthy of attention nonetheless. The spending of departments on their own personnel and facilities is often relatively small in comparison to the total of public expenditure on programmes for which they are responsible, but the amounts involved are not insignificant and accumulate to a large sum for the whole service. The cost of the Civil Service and the effectiveness of its use of personnel and facilities are undoubtedly matters of continuing public and parliamentary anxiety. If the techniques used by the Service to control its internal costs were excellent and above question, that anxiety might be assuaged. Comment and question might be reduced. The Civil Service would be freed from its defensive frame of mind on the subject and could release a small but important element of the attention of its senior people to matters which are in the end more important. This paper, therefore, concentrates on the use of management accounting as one of the sets of techniques which should be used to control the spending in an area which we label for simplicity as the administrative subheads of the votes. (Described more fully, the subheads we are concerned with are those for Manpower, General and Administrative Expenditure and the related elements of the votes of the Allied Service departments.)

4. Two of the main specialisms in the discipline of accountancy are:

(*a*) financial accounting, covering stewardship, historic records and cash control, and

(*b*) management accounting, covering forecasting, and the preparation and presentation of accounting information in such a way as to assist management in the formulation of internal policies and the planning and control of the operations of an organisation.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

5. In the most advanced areas of industry and public sector, both branches of accounting are closely integrated and the basic transactions form a common input for both financial and management accounting systems. In the administration of the Civil Service, however, there are relatively few integrated accounting systems of this type other than, for example, in the departments identified as candidates for trading fund status.

THE PRESENT STATUS OF ACCOUNTING AND REPORTING IN GOVERNMENT DEPARTMENTS

6. The form and content of Government Accounts, and therefore of the administrative subheads, derive from the Exchequer and Audit Acts 1866 and 1921 as modified by Treasury directives. (Government Accounting—A/cs GEN 18—A guide.)

7. Recording is normally based on cash expenditure—both forecast and historical. Most departmental systems were designed with this form of reporting in view and are not designed to take account of such matters as unpaid liabilities, capital assets employed (eg plant, machinery) and their depreciation over useful lives, items purchased for stock but not yet used, or receipts not yet collected, all of which are features of accrual accounting. Effectively, the result is often a form of payments and receipts account. It is therefore unusual for departmental reports properly to match expenditure incurred with the appropriations-in-aid generated by it.

8. Vote accounts are administered by Departmental Finance Branches, one of the main aims of which is to ensure that disbursements are in accordance with amounts voted. Since the basic form of record is limited to a cash history, many systems are incapable of producing management information where it is needed. There are many situations where such information may be essential to produce a statement of resources used in relation to achievements or outputs. In a manpower intensive organisation, for example, information is needed on:

(*a*) The amount of manpower effort and associated costs directly attributable to each activity, and

(*b*) The quantity and quality of output resulting from the activity.

Such a measure of effectiveness is a first step in developing an appropriate control system. We recognise the difficulty often encountered in measuring outputs in government work, but this can be no reason for failing to measure the cost of the activity.

9. The Public Expenditure Survey system (PESC) does improve upon some of the limitations of the supply estimating system by relating total estimated expenditure over programmes to a 5 year time span. Information relating to administrative subheads is not readily identifiable in PESC reporting and until recently no provision was made to reconcile it with the subsequent results reported by the normal accounting system. We understand that the Financial Information System (FIS) being introduced through all departments will maintain running reconciliations between PESC and vote accounts at a high level of aggregation. This information is unlikely to be in sufficient detail for departmental management purposes but departments should be able to develop the detail underlying the reconciliations for these purposes.

10. The present systems normally only provide statements of input costs. They are frequently not analysed on an " organisational responsibility " basis though this may be done in memorandum form. A typical memorandum system is the Ministry of Defence (MOD) 10 year Long Term Costing and Functional Costing. There is also a considerable body of management accounting information for internal use by MOD, but it is seldom possible to relate it to, and reconcile it with, information in the PESC, Estimates and Appropriation Accounting Systems.

11. Management accounting data is only of use if management is able to use it for decisions. We detect some tendencies in the management style and organisation of Government which limit the availability of information and also restrict the individual officer's ability to take decisions:

(*a*) *Finance Branches* which control the funds and accounts systems and are responsible for the regularity and propriety of expenditure are mainly concerned with the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

payments and receipts accounts. They are not primarily concerned with the economic usage of assets, the reduction of stockholding or achieving value for money in outputs although there are clearly some exceptions to this. There is in general, therefore, not enough financial input to routine management thinking.

(*b*) *Administrative and Operational Branches* are not always sufficiently involved in the financial process. Nor need they be since the data in the cash accounts is often irrelevant to their quest for operational and administrative efficiency. The requirement to produce management accounts would ensure that they were much more intimately involved in the financial process.

(*c*) *Manpower Control.* Many activities in Government are manpower intensive. As a consequence of the need for unitary negotiation of pay and conditions, control of establishments and postings tends to be centralised. The main result is that departmental or functional managers only have limited control over establishment size or staff grading. They can change them by a lengthy process of negotiation.

(*d*) *Buildings.* Matters relating to the purchase, leasing, renting, running and equipping of buildings are centralised as to decision making and control in the Department of the Environment. Again this leaves departmental managers in the position that they must negotiate any needed changes and have little automatic access to the cost information which ought to form a part of their decision making base.

(*e*) *Procurement.* Purchasing and stores functions are likewise often centralised into specialist departments who supply common services and carry attendant financial responsibilities. Amongst these are the allied service departments such as HMSO and the Property Services Agency (see paragraph 14 below).

12. Functional and departmental managers are therefore handicapped in their routine decision-making on internal matters because:

(*a*) They have no ready to hand management accounting data on much of their manpower and facilities costs, or if they have it, it may be on a memorandum basis and suspect (because it is difficult to reconcile to vote accounting data).

(*b*) They have limited control over their manpower and facilities—often the major items of expenditure.

It follows that their main discretion lies in deployment of the staff and resources provided to deal with their function—with limited or inadequate data to measure the cost of their activity and hence to make subjective assessments of its cost effectiveness

13. Control of manpower levels is carried out by a process of periodic staff inspections using work yardsticks and visual inspection. The staff inspectors seldom have comparative cost data to carry out any study of the cost-effectiveness of the operation.

14. The allied service departments have recognised the needs of user departments for information and have in a number of cases developed their systems to the point where they can, if necessary, provide it in fair detail. The main type of need often cited is for pre-estimated cost data needed by a user to make an operating decision (eg to move personnel to fresh premises at a new location, to replace manpower by automatic equipment, to introduce new forms). This information is provided and used, but there is little follow up to assess whether the results of the decision are in cost terms as predicted.

15. More importantly; there is no provision for allied service departments to provide continuing information to user departments as to the costs of the resources they consume. The information is often available. It is in some cases provided on request. In other cases it is provided annually but may not be used by the receiving department. It is sometimes incorporated on a memorandum basis in the functional costs information developed by the user. Being on a memorandum basis, it may not be adequately updated for significant changes. Most often its only final use is to prepare the allied service tables appended to appropriation accounts.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

SUMMARY OF PRESENT STATUS

16. The problems arising from the present status can be summarised as follows:

(*a*) Cash estimate and vote reporting does not provide adequate information about the internal management of government executive tasks.

(*b*) Finance departments are often unable to provide cost analyses suitable for routine internal management decisions because:

(i) Some aspects of the needed data are not collected;

(ii) The highly centralised accounting systems are not at present designed to process such data into report form;

(iii) The reporting emphasis is often on the pecuniary integrity of what is spent rather than on the economic management of resources which have been procured already.

(*c*) Management accounting information can often only be developed by additiona memorandum or supplementary analyses and the extra cost is often a deterrent to developing it.

(*d*) Government organisation (possibly well directed at policy objectives) does not facilitate cost-effective internal management.

(*e*) Centralisation of control and the provision of " free " allied services tend to restrict the powers of decision making on large areas of cost by the manager or department deploying the resources.

17. Managers in many departments do not have ready to hand information about the cost of operations and have no measures by which to assess and choose between different operating methods which might lead to more cost-effective working. In the absence of data about the cost of activities there is no incentive to develop measures of quantity or quality output from the activities. In turn there are few management ratios which enable higher level management to assess the cost-effectiveness of operations.

18. Managers often take decisions in partial ignorance and can therefore be neither motivated nor trained to consider them with the same financial management perspectives as their commercial counterparts. The Fulton " accountable management " concepts will be difficult to develop fully until line managers can be given access to the financial disciplines which are used in the internal administration of commercial or other public sector organisations.

19. One of the features of the present system is that a receipts and payments financial accounting system does not pinpoint the under-utilisation of resources, variances between planned and actual output, and the relative operating costs of different parts of the same organisation. Thus, while a Departmental Accounting Officer is held responsible for the financial efficiency of his department he often lacks the basic tools to undertake this task effectively.

20. Since overall measure of performance and internal cost-effectiveness are not reported to senior members of departmental management, *a fortiori* they cannot be made available to Ministers or Parliament.

THE REQUIREMENT FOR BETTER INFORMATION

21. Our purpose is to suggest in outline some of the steps by which more effective accounting systems might provide suitable and relevant information about internal management to all levels of management and eventually to Government and Parliament. The recent publication of a CSD handbook " Management Accounting in the Civil Service " (CSD Management Service Handbook—E136—1976) gives a lead to the development of management accountancy at departmental level. It provides case studies and guidance which could usefully be adopted by many other departments than those mentioned. It also provides useful evidence of the excellent progress that has been made by a number of departments and reassurance that management accounting has much to offer in government. It ought to be given wide publicity with an exhortation to departments to consider the benefits of such systems.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

22. The purpose of management accountancy is to provide a basis for management planning and decision. To be effective it must integrate the cash vote information (that is, input resource costs) with a minimum of two other presentations:

(*a*) Analysis of all resources consumed, related to organisational responsibility within the department.

(*b*) Analysis of the costs of activities which are worth measuring because they can be related to outputs (eg products or services).

23. Management accounting entails, first, forecasts of costs derived from management plans, and secondly, a follow up in the form of a comparison of actual results with forecasts. These reports must be supported by explanations of differences and lead to management decisions which will maintain progress towards objectives. Accounting and reporting systems are preferably designed to operate on an exception basis.

24. An important aspect of these analyses will be the way in which they identify the behaviour of costs in relation to changes in levels of activity and in relation to the deployment of differing resources to achieve a given end. Analyses and reports must be directed to the level of management able to take decisions or to influence in any other way the cost effectiveness of the operation.

25. Additionally, it would be desirable to show cost comparisons of units, activities or outputs either across different organisations over a similar time scale or within the same organisation over different periods. There are always difficulties in comparing like with like in such circumstances and these must not be under-rated. Despite such problems this type of comparison does at least direct management's attention to potentially worthwhile areas for savings and greater economy of operation.

26. In order to achieve these objectives it is suggested that the estimates and appropriation accounting systems for administrative subheads should be extended along the lines discussed in the following paragraphs. Because these systems are derived from what is in the end the parliamentary reporting system, it will be necessary to foster and encourage such developments from the top.

The accounting basis

27. The basic internal reporting should aim to reflect within each department the cost of the administrative resources actually used in the course of the department's activities In many cases the cash basis of accounting will reflect this with sufficient accuracy. Most aspects of manpower costs, for example, do not require accrual accounting: cash expenditure describes them adequately for most decision-making purposes. There are aspects of manpower cost which could be accrued and are accrued in the private sector, such as pensions costs. Accruing such costs in the service would add a layer of complexity to the accounting which would mean little for most practical purposes (such as comparisons between years, comparisons between units, etc). They should be recognised only where essential (for example, for pricing purposes or for comparisons with the private sector).

28. Accruals for other administrative costs should be made when the result would be significantly different from the cash basis—if for example the timing of the purchase of major items can significantly distort management information between periods.

29. It will also in some cases be important to reflect in the accounting the difference between stock purchase (the cash basis) and stock usage or consumption. Again the criterion should be significance. Management accounting for activity costs only requires to include stock on a consumption basis where stock levels are significant *and* fluctuate significantly. In other situations, though stock recording may be required for control and recording purposes, it need not automatically be integrated into the activity costing.

30. Depreciation should similarly be calculated and integrated into the accounting where it is a significant cost component. It would be valuable if the accounting principles used for investment and depreciation were to accord as closely as possible with those developing more generally.

31. Allied service costs are considered below.

32. A number of considerations will affect the judgments as to significance described above. Most important is the frequency of reporting, which will vary. Production

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

activities require reporting on a shift, daily or weekly frequency to provide management control over costs, and such high frequencies require a considerable degree of accrual accounting. Many Civil Service activities will require much less frequent reporting and a correspondingly lower degree of accrual accounting. Frequency of reporting is generally dictated by variability in the measurable outputs of an activity rather than by the nature of input costs, but significantly fluctuating costs may on occasion lead to a need for more frequent reporting.

Accounting for Allied Service Costs

33. Common service costs, at present brought to account by the allied service department, should be brought to account by the user department. This is often done at present on a memorandum basis, as noted in paragraph 15 above, but the memorandum basis can lead to inaccuracy and users tend to lack confidence in memorandum data.

34. Various methods of repayment have been canvassed as a means to ensure that this type of information is both transferred from common service to user department and incorporated meaningfully by the user department into its own records. It has often been suggested that the supply of services to the votes of user departments should be made at " transfer " price—that is, a price set at a level designed in some way to optimise the behaviour of user and supplier. The discussion has therefore extended to consider matters such as the use of current costs, the possibility of recognising opportunity costs, and the need for the supplying department to include in its charges the return on capital or amounts needed to fund future capital expenditure. While these are important subjects we do not believe that the initial objectives need be delayed by such debate. Users of resources need a better understanding of cost factors and cost behaviour in their own activities. What is needed is a simple method of transferring costs, whether historical costs or some other variety, between departments, in a similar manner to that applied between the cost centres of any other organisation. It is sometimes urged that:

(*a*) The amounts of such expenditure are not material enough to the sums of public expenditure controlled by user departments to justify the clerical costs of reallocation. We note that the total " spend " of allied service departments is a substantial part of the costs of the administration of central government. It must be preferable for some aspects of control to reside with the end users of the resources concerned.

(*b*) The transfer of common service costs to the accountability of the user Accounting Officer, it is said, would lay on him all the normal responsibilities of the accounting officer for expenditure, so that he would require additional staff to check matters of pricing, quality, value for money, etc. We do not believe this is necessary, and if it follows from the present terms of instruction to Accounting Officers, they should be modified. These matters should remain the responsibility of the Accounting Officer of the common service supplier as at present. The user responsibility should be restricted to ensuring that the resource is adequately controlled when it reaches the user department, is used economically for appropriate purposes and is justified by the programme objectives. These responsibilities should already be exercised by departments consuming allied service resources. If additional staff are needed to exercise them properly, that need is already present regardless of the introduction of cost allocation.

35. The means for bringing the costs to account should vary according to their significance to the user. At simplest a quarterly or annual transfer between the votes of departments could be made and the user would treat the amount as a component of central departmental overheads to be included in activity costs on the basis of an overall allocation. In situations where the common service cost is more significant or fluctuates significantly, a more frequent transfer of information to the user will be required and the supplying department should arrange to meet the requirement. The need of the user to operate stock accounting on an integrated basis and allocate cost to user activities will again depend on significance. We re-emphasise the point made above: the transfer of cost to the user should not extend his accountability beyond what it is today (though it may make him more conscious of it) and no additional work should be caused other than that implicit in existing user responsibilities for the proper use of allied service supply. This is a major topic, easily misunderstood, and we will expand on these brief comments if required.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Management Reporting

36. Accounting on the above bases should be developed within departments to provide analyses of expense and cost information by repsonsibility. This should reflect the organisation structure. " Responsibility accounting " in this sense is often misunderstood. We quote from a paper entitled " The management accounting process in government ":

> "Responsibility accounting is taken to imply that the person to whom costs are reported can control them, and a cost centre manager often objects that his reporting includes costs which he cannot control. By ' control ' he probably means that he cannot by diligent or aggressive action change the level of costs because they are fixed or are entailed by his given level of activity. In fact this is often not a useful sense of the word control. There may be some costs that he can so control. But more often ' control ', and ' responsibility ' should mean to the cost centre manager that:
>
> (*a*) He understands how level of activity and cost behaviour interrelate in his cost centre.
>
> (*b*) He can therefore plan the costs for his planned levels of activity (and these should underlie the departmental estimates).
>
> (*c*) He will monitor actual activity and costs by using his management reports.
>
> (*d*) He will detect departures from plan.
>
> (*e*) He must then consider his alternatives:
>
> (i) He may be able to alter or arrange for an alteration to his cost or activity levels.
>
> (ii) If he cannot, he must consider whether the departure from plan calls into question the need for his activity or the means of performing it.
>
> (iii) He must in either case revise his plan immediately so that the changed estimates of cost or activity levels are reflected in the broader plan for his department.
>
> When a management situation is described as being ' out of control ' it is generally because much of the above process is missing completely, seldom because the manager is unable to perform (*e*) (i)."

37. In using the word cost centre above it is important to recognise the definition:

> " A location, person, item or group of equipment (or an activity) in relation to which costs may be ascertained and related to units of product or service."

It follows that cost centres can in practice fail to correspond with organisational lines. This may indicate that the organisation is not well adapted for cost control; but many organisations properly have more important purposes to serve than cost control. As a general rule in the Service it will be important to identify costs to activities or services rather than to particular parts of the organisation. The effect is that the person who can accept control responsibility (for say an activity handled by several units) may be at a higer level than he might be in a commercial organisation.

38. The size of cost centres can vary greatly. Since the objective is to relate costs to the activity of output of the cost centre, cost centre structure must be developed on the criteria: " What activities or outputs are worth measuring in cost terms? What comparisons with other units, or with other period costs for the same unit are likely to lead to worthwhile judgments (about the performance of the unit or the worthwhileness of its activity) or decisions (to expand or contract the activity or change its methods)?"

39. The routine reporting described above for each cost centre should not be purely statistical. It must be accompanied by explanations, reasons, fresh forecasts and plans as appropriate.

40. Additional reporting will be needed for new activities, or where the means to achieve an activity is changed (eg by capital investment), in order to provide perspective and a post-audit view of the decision that was made.

Summaries for Higher Management

41. All these types of reporting are progressively summarised at higher levels of the organisation, preferably on an exception basis, so that the highest levels of management

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

are readily informed as to what, if any, problems over the internal administration of the department require special monitoring. It follows that brief but informative reports could be made available to Ministers and Parliament as to the overall cost-effectiveness of operations. Cost effectiveness may appear a tendentious term in those frequent cases where output cannot be measured quantitatively, but statements of cost change related to a qualitative (even subjective) assessment of activity will generally be more valuable than no report information at all.

Reinforcement of the Process

42. Such reporting on the internal operations of the departments of the Civil Service will be supplemented and strengthened by a number of procedures, described below, which are already developing or well established.

43. Parliamentary Bills are required where practicable to state the expected manpower and costs required to administer the legislation when in operation. Departmental reporting should focus on the subsequent results as implied by paragraph 40 above. Parliament will no doubt be interested in these results and could exercise its interest through the medium we suggest in paragraph 46 below.

44. Exchequer and Audit's role would be strengthened by more explicit reporting within departments.

45. The role of staff inspection and the overall responsibilities of the Civil Service Department (and Treasury) for manpower control and the general levels of administrative expenditure will be asissted. Departments should be able to focus more clearly on activity costs and the way they change and will be able to discuss them more meaningfully with the appropriate officials in CSD (who may be assisting on the manpower or the management services front) and the Expenditure division within the Treasury.

46. It was indicated in paragraph 41 above that reports could be made available to Parliament as a by-product of improved internal management accounting and reporting within departments. Little purpose would be served, we believe, by providing such information only as a part of the overall PESC/Estimates/Appropriation Accounts information. We stated at the outset that we were focusing our attention on a small but worthwhile part of government accounting which deals with the internal administration and operation of the Civil Service itself. While the cost of the Civil Service must continue to be treated as part of the whole of government expenditure on programmes, it can also be reported and considered separately. In such a process of consideration and examination there is a need for continuity. We suggest that a specific sub-committee of the Expenditure Committee might exercise such a function. Its role would be to monitor the development of such reporting to help ensure it was meaningful and to ascertain whether it was achieving the required effects in terms of motivation and improved cost-effectiveness. We expect that members of the sub-committee would understand the time scales needed to achieve worthwhile results. We hope they would encourage the process by commendation where valuable progress had been made. Their task would not be to supplant the responsibility of Ministers but to provide a continuity of expertise and a breadth of knowledge of developments across the service which Ministers cannot always provide given their identification at any one time with their own departments. The sub-committee would no doubt enlist such expertise as it felt necessary for its role, whether in the form of ad hoc evidence or advisory assistance on a more regular basis.

CONCLUSION

47. We have concentrated in this paper on ways in which departments of the Civil Service might in many cases use management accounting techniques in a more formal mode than at present to improve their knowledge, understanding and control of the administrative subheads of expenditure for which they are responsible. In some cases the systems required may be simple and easy to introduce. In other cases much of the ground work may already be covered on a memorandum basis so that formalisation will present little difficulty. In other cases the task will be more arduous and costly, with a requirement not only to develop new systems, but also to train the managers to use them.

48. We reiterate our belief that the effort will be worthwhile. We grant that the internal administration costs of a department will often be small in relation to the wider totals of public expenditure for which the department may be responsible. But management

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

accounting may be like charity. It may usefully begin at home, is certainly best learned on home ground and can then be extended more widely. Finally, though the cost components of administration may be small, they amount to large sums for the service as a whole and are worth greater control and attention. An over precise approach to control (the proverbial preoccupation with candle-ends) is counter productive and considerable skill and judgment will be required to set controls at levels where the benefits are worthwhile and are not exceeded by the costs of control.

49. There are many situations in the private sector, in other parts of the public sector, and in some government departments, where the benefits of well judged controls have been proved. The Civil Service has the advantage of middle and upper management levels well skilled in making carefully balanced judgements. We therefore believe it is an environment where much may be gained by the extended use of management accounting techniques applied in a well balanced and considered manner.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 43

THE DISTRIBUTION OF FUNCTIONS BETWEEN THE CIVIL SERVICE DEPARTMENT AND THE TREASURY

Memorandum by Nevil Johnson, Adviser to the Sub-Committee

Introduction

1. In the course of the present enquiry into the functions and role of the Civil Service Department the question has frequently been raised as to whether the distribution of responsibilities brought about by the establishment of the Civil Service Department in late 1968 has proved effective and should or should not be maintained. This question necessarily affects the functions of the Treasury, in part because the CSD was created by a transfer of functions from the Treasury, and in part because concern with efficiency of the Civil Service cannot be separated from the wider problem of control of public expenditure, the chief responsibility for which lies with the Treasury. Thus, consideration of the functions of the CSD cannot be taken very far without involving some consideration of those of the Treasury too and of the question whether the boundaries between the two departments are satisfactorily drawn.

2. This paper comments briefly on some major issues which have emerged from the evidence given to the sub-committee. It does not deal in detail with the distribution of functions within the two departments nor with operational relationships between them. By way of preface one other observation is called for. The sub-committee has been chiefly concerned with the Civil Service in general and the CSD in particular. Though these matters inevitably lead to questions affecting the Treasury, it is relevant to stress that the enquiry has not been focused principally on the organisation and functions of the Treasury. Thus any conclusions affecting the Treasury—and this applies to the suggestions made in this paper—need to be qualified by reference to the desirability of setting them in the context of a more direct treatment of the Treasury's complex pattern of responsibilites in the present structure of government than can be achieved via an examination of the Civil Service and the CSD.

Civil Service Department Functions

3. The CSD has basically three main functional responsibilities: to control the pay and conditions of service of the Civil Service; to formulate policy on major personnel management issues, to advise on the deployment of staff, including senior appointments, and to control certain specific personnel services, eg Civil Service College training; to provide management services and to exercise control over Civil Service manpower requirements including their cost. There are additionally a number of "common service" functions which can, however, be left out of account here. All three main functions were previously discharged by the Treasury, but the setting-up of the CSD provided an opportunity for substantial development of management services and for expanding a number of the tasks involved in personnel management (eg better training facilities, improved career planning information).

4. The establishment of the CSD inevitably implied an institutionalisation of certain Civil Service interests. The Fulton report had presented the argument for a CSD partly in such terms, ie the need for a separate agency to "look after" the Civil Service, and it has been referred to with approval by several witnesses who have given evidence to the sub-committee. On the other hand the institutionalisation in the CSD of functions directed ostensibly to improving Civil Service efficiency, but inevitably concerned also with safeguarding Civil Service interests (ie the Civil Service as a body of personnel with legitimate interests to protect) was bound to entail the risk that a somewhat different scale of priorities would emerge than existed when control of the Civil Service rested with the Treasury. This point is explained in the next paragraph.

5. The anxiety expressed by the sub-committee, particularly in the early stages of its enquiry, is that control of manpower costs may have been weakened as a result of the shift of responsibility for this from the Treasury to the CSD.* Though it was represented that this was not so, doubts persist. This is because the 1968 changes explicitly involved a change of perspective on the part of those concerned with manpower control. The Treasury, in virtue of its primary concern with overall expenditure control, was bound to see Civil Service manpower costs as a major element in

* Minutes of Evidence for 3 May and 24 May 1976 bear on these points.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

expenditure commitments and one which should be subject to constant scrutiny. The setting-up of the CSD meant that to a large extent the assessment and critical scrutiny of manpower costs passed to an agency which has no direct responsibility for public expenditure control as such and which, by its very terms of reference, was likely to attach enhanced importance to other factors involved in the use and disposition of Civil Service manpower, some of which would not always coincide with maximum economy in the scale and cost of staffing. The implication of this diagnosis is that the transfer of responsibility for Civil Service expenditure to the CSD entailed the risk that control of numbers and costs might take second place to what can loosely be called the management of personnel functions.

6. It is impossible to determine with any reliability the effects of the present distribution of functions between the Treasury and the CSD on (*a*) staff costs, and (*b*) Civil Service efficiency, as compared with those of some alternative arrangement (probably retention of the pre-1968 position). There is some evidence that control of manpower costs has weakened in the years since the transfer of responsibility from the Treasury to the CSD. On the other hand in explaining this it would be misleading to attribute too much significance to the particular departmental allocation of responsibility for the control of staff costs decided on in 1968, or even to the additional complications which may have arisen out of the need to secure co-ordination between two departments (Treasury and CSD) as compared with the previous concentration of responsibility for staff numbers and expenditure within the confines of one department. More generally it is obvious that policy decisions taken by successive governments both as to services to be provided and levels of pay have had a major impact on the Civil Service manpower element in public expenditure. Additionally, the upward drift in Civil Service costs in recent years has to be seen in relation to a general failure to control expenditure effectively and to the fact that manpower costs (and numbers, of course) have risen faster in some parts of the public service *outside* the administration of central government than in the Civil Service. Thus the key problems concern methods of public expenditure management and control across the board and there is little positive evidence to show that retention of Civil Service manpower control by the Treasury would have made much difference to trends in public service costs as a whole.* As far as efficiency in the use of staff goes the problem of assessment of results is even harder. In theory any slackening in the control of staff numbers and costs might be offset by gains stemming from improved efficiency consequent on the development of more effective management services. The CSD has certainly done more work on the management services side than the Treasury used to do (or could reasonably have done within its present spread of responsibilities). Yet the effects of much of this remain uncertain and it has to be remembered that the major departments have in any case the chief responsibility for improving the efficiency of their own organisation. Furthermore the CSD remains in an ambiguous position in relation to its management functions. To a large extent it has an advisory role only and has to proceed by suggestion and persuasion. It is very doubtful whether this position can be otherwise: departments ought in general to carry the responsibility themselves for achieving efficiency in their operations. But it is not uncharitable to suggest that the very limitations on the CSD's role in this regard have tended to encourage a certain expansion of what can only be called speculative activities: as the department with a general Civil Service responsibility it feels that it should be showing the way towards new techniques of management, despite its lack of authority to impose these and its separation from many of the operational problems of administration.

Treasury Functions and their relationship to the role of the CSD

7. The preceding paragraphs have approached the problem of control of the Civil Service, and particularly of costs, chiefly from the standpoint of the CSD and in the context of the role it is expected to perform. But the matter has also to be looked at from the Treasury angle. The principal task of the Treasury is, of course, to determine on behalf of ministers the general pattern of economic policy and to take responsibility for overall economic and financial management on the basis of such policies as are approved

* It has to be remembered too that little more than 1/7th of central government expenditure is claimed by civil and military staff costs. From the Treasury point of view total public expenditure is plainly a major variable in the management of the economy, but the staff costs for which the CSD vouches are far less significant.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

by ministers. More specifically this entails a functional division within the department between overseas finance, control of the domestic economy (sub-divided again into home finance, including fiscal policy, and industrial policy), and control of public expenditure (the public services side of the Treasury). It is only within the latter functional sector that Civil Service expenditure arises, and that is in any event only a relatively small part of the total public expenditure for the control of which the Treasury is in some degree responsible.

8. Two points are suggested by even a superficial examination of the current organisation and functions of the Treasury. The first is that a fairly clear conceptual distinction can be drawn between the functions of those parts of the Treasury which deal essentially with economic policy and provision of the analysis required for all aspects of that (ie the work of the Overseas Finance and Domestic Economy sectors and of the Chief Economic Adviser), and those of the parts which handle the public expenditure programme (ie the Public Services Sector). The distinction basically is between on the one hand activities directed to assessing the environment of economic activity (eg the behaviour of foreign holders of sterling, foreign trade policies etc.) and to determining the terms on which a British government may seek to affect the behaviour of the domestic economy (eg monetary measures, tax changes, investment incentives etc), and on the other activities directed to the channelling of resources into public services. The latter include *inter alia* analysis of the overall cost in resource terms of such programmes and of their pattern of growth over time. This, of course, means that there is a substantial interdependence between the two major sides of the Treasury in the formulation of policy options. Nevertheless it does not invalidate the argument that in principle economic and financial policy can be differentiated from public expenditure decisions: the latter need in total to be made within the framework and constraints set by the former. This implies that the level of public expenditure overall, viewed as expressing a limit on the public sector's resource demands, has to be set by reference to a pattern of economic objectives and forecasts, even though individual programmes will continue to be justified extensively by reference to non-economic factors.

9. In reality things are much more complicated, both organisationally and conceptually. But in particular, as the sub-committee is well aware, there has for a long time been a major theoretical objection to the argument sketched out in paragraph 8. This is simply that public expenditure management is itself a major tool of economic policy-making, and that anyway the contemporary scale of expenditure affects very directly what can be done under the economic and financial policy heading. This has, of course, been the chief post-1945 (and especially post-1961) justification for uniting in the Treasury the economic policy functions and the control of expenditure. Obviously there is force in this argument: the scale and spread of public expenditure must have major implications for the development of the economy, and in practical terms public expenditure decisions have often to be tied back closely to specific elements in the pattern of economic and financial policies being pursued. In addition it has been pointed out by several people with close knowledge of the Treasury that many expenditure decisions can and should be treated as alternatives to other economic or fiscal measures, and for this reason responsibility for them should not be separated organisationally from the central finance and economics department. Nevertheless, there can be little doubt that a certain doctrinal shift is now taking place. There is less certainty about the ability of Governments to steer the economy chiefly through public expenditure manipulation; there is more sensitivity to the dangers inherent in trying to do so; there is greater concern for achieving as stable a definition as is practicable of the conditions within which economic and financial decisions generally should be taken (ie by private and public sectors); and there is some acknowledgement of the disappointing record of expenditure control under the PESC system. These factors, along with others, lend some support to the case for recognising that, despite the importance of public expenditure as a factor influencing the behaviour of the economy, there may be postitive advantages in separating the determination and control of expenditure programmes from the handling of economic policy-making and the implementation of the measures attendant on that function. *Pari passu* it might be held that the supervision and control of spending programmes within agreed financial limits requires reinforced attention, but that this necessarily involves activities and management methods which differ substantially from those applicable to the determination of the economic and financial policy framework.

10. The second point signalled in paragraph 8 follows on too from the preceding paragraph. This is that expenditure control has anyway proved unsatisfactory in

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

operation. This is not the place to argue why this has been so, nor to discuss what might be called the "policy weakness" explanation versus the "failure of methods" explanation.* It suffices to point out that the introduction of cash limits and then of FIS (Financial Information System) to operate as control devices alongside the PESC system suggests that it is accepted that additional measures are held to be necessary if the annual spending of public authorities is to be kept within limits consistent with the assumptions on which a wide range of economic and financial decisions (including the decisions taken on the basis of the PESC projections themselves) are based. But in this context it is doubtful whether assignment of the main responsibility for the control of Civil Service expenditure to the CSD as opposed to the Treasury has made or will make much difference. Without cash limits both the CSD and the Treasury have been exposed to the upward push in expenditures inherent in the PESC system operating in a context of heavy political pressure to underwrite whatever demands on public resources are made. Though cash limits may not be a panacea, they can just as well be applied by the CSD (and by the spending departments) as directly by the Treasury. And in any event it is the Treasury to which the information must finally flow indicating whether cash limits are being held in those sectors of expenditure to which they apply.

11. There is another matter which it is worth underlining before passing to some tentative conclusions. This is that regardless of where the responsibility for putting together and overseeing the public expenditure programme is located in the departmental structure, the direct control which the Government can exert over many items of expenditure is limited. Some commitments are demand-determined, notably in the area of social security payments; others are undertaken by agencies which enjoy substantial autonomy in the decisions they take and the financial consequences of these are thus only in a rough and ready way subject to central government intervention, at least in the short-term; and there are others which fluctuate in volume under the influence of the often unpredictable consequences of economic and financial policy decisions not directly related to any particular expenditure programme. Such considerations suggest that "control of expenditure" is a term which in relation to the contemporary spending and resource transfer activities of public authorities tends to encourage unrealistic expectations. It was applied historically to the detailed checking of inputs and to the limitation of their total volume. To achieve even this latter objective has become much more difficult, though it is hoped to secure an improvement by going back to cash limits. But it seems unlikely that any widening of the Treasury's public expenditure responsibilities could signal a reversion to the detailed scrutiny of inputs: that seems to be impracticable. What is more promising is to continue to work on the elaboration of methods for evaluating output and performance, which is, however, not something which could satisfactorily be accommodated within the present pattern of Treasury functions. The requirement in this respect seems to be for a separate agency able to concentrate on this matter, though this is not to suggest that progress is likely to be fast.

Organisational Options

12. The remainder of this paper is concerned with trying to bring together what has so far been said about the control of expenditure function from the perspectives of the two departments chiefly concerned, the CSD and the Treasury, in order to suggest what options might be available for the allocation of functions and the drawing of organisational boundaries between them.

13. It would be a mistake to claim that there is a single functionally "correct" solution to the problem of allocating responsibilities as between the Treasury and the CSD, or as between such other agencies as might be established for the overall purpose

* Broadly speaking it can be argued that the PESC system as it was developed in the 1960s was inherently unsuitable as a basis for controlling current expenditure as opposed to providing an analytic tool for assessing and adjusting policy commitments in the medium term. As a result annual financial commitments tended to depart more and more from what ministers thought they were confirming in PESC-based decisions. This is the "weakness of method" argument. The other and in some respects more powerful argument is that the weakening of control over expenditure has stemmed chiefly from the unwillingness of Governments to take politically painful decisions: the PESC system provided many opportunities for rationalising this tendency. These and related points are developed in great detail by Dr Maurice Wright of the University of Manchester in an article on *Public Expenditure in Britain* 1972–76: *the Crisis of Control,* to be published in the Summer 1977 issue of *Public Administration.* I would like to record my indebtedness to him.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

of controlling economic policy-making, the management of public expenditure and the support of the Cabinet and Prime Minister in their political functions with regard to these matters. Experience and theoretical analysis can suggest a small number of options, but which is preferred has to depend chiefly on a judgment of which inter-connections in the public policy-making process it is desirable to emphasise most strongly and for what purposes. In the earlier period of balanced budgets the emphasis was on linking revenue-raising with expenditure commitments in cash terms and this reflected a particular view of the Government's role in economic policy-making. In the years after 1945 the emphasis had come to rest on relating expenditure commitments to a range of other instruments of macro-economic adjustment and in the 1960s this led to a close integration of public expenditure forecasts in resource demand terms with the projection of other variables in the economy. There was at this time also a half-hearted attempt to identify longer-term economic policy as something requiring emphasis and separable from the shorter-term factors, and this was expressed in the Department of Economic Affairs experiment (1964–69). The decisions following the Fulton report reflected a desire to emphasise two things at once: the interconnections between all the main economic variables including public expenditure (thus pointing to a strengthened Treasury and abolition of DEA), and the links between all aspects of staff management including costs and efficiency in operation (thus pointing to the creation of a CSD). Now we are in a situation in which the choice seems to be between (A) a renewed emphasis on the interconnection between economic and financial policy measures *and* personnel costs as an element in them, or (B) an emphasis on securing coherence in economic policy as such, leaving determination of public expenditure and its management as a separate and distinct set of interlocking activities to be carried on subject to the overriding limits set by the framework of economic and financial policies decided on. Depending on which pattern of interconnections is treated as of primary importance, different organisational solutions present themselves.

14. If these lines of thought are now applied to organisation at least four possibilities emerge. These are:

(*a*) The " big Treasury " solution, involving the reversion of at least the control of manpower scales and costs and of Civil Service pay, conditions of service etc to the Treasury. This is indicated by the priority given to the functional linkages outlined under 13A.

(*b*) The Ministry of Finance and Economics and Ministry of the Budget solution, involving the concentration of responsibilities for economic and financial policy in the [former] Treasury and amalgamation in a Ministry of the Budget of the present public expenditure functions of the Treasury with the management of the Civil Service functions of the CSD. This is indicated by linkage priorities under 13B.

(*c*) The Ministry of Economics and Ministry of the Budget solution, involving changes as under (*b*), but with the revenue-raising functions of the Treasury also taken over by a Ministry of the Budget or of public expenditure management. This could be justified only in part by reference to the linkage priorities under 13B. (See also points against in paragraph 15 below.)

(*d*) Leaving the present allocation of functions and organisation undisturbed, but subject to increased attention to co-ordination between the Treasury and CSD in respect of Civil Service expenditure.

15. The solution at 14(*a*) plainly puts the emphasis on the connections between all measures of financial and economic policy *and* the determination of public expenditure commitments. It would probably entail a down-grading of the attention currently given by CSD to management services and might be held to call in question the need for retaining a separate CSD, at any rate as a conventional department. The pattern outlined under (*b*) reflects an emphasis on the coherence of economic and financial policy as providing the framework within which public expenditure can be separately determined and controlled. The Treasury (or Ministry of Finance) would remain a strong department and indeed its role as ' economic overlord ' would probably be reinforced. But alongside it there would be a department of the budget (in the expenditure sense*)

* It should be noted that this does involve an unfamiliar use of the term " Budget ". In the popular view Budget still means tax measures and not (as in very many countries) an expenditure programme.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

which would co-ordinate and control all expenditure programmes, including within that the management of the civil service. The solution at (*c*) treats the economic and financial functions as divisible and puts the revenue-raising component of these along with public expenditure control. It thus implies a rather different view of economic functions which has not been developed in this paper, though its connection with the DEA experiment should be apparent. This solution does maintain the traditional link between revenue raising and expenditure, but in a way very different from (*a*). An allocation of functions on this basis is not unknown elsewhere, though it is rare in the form presented above. It is exposed to the objection that it takes from the Finance and Economics ministry responsibility for a major tool of economic policy, ie taxation changes. This suggests that it could be justified only if directed to achieving a more effective version of the 1964–69 Treasury-DEA split, ie a Ministry of Finance including revenue-raising and expenditure rather than a department of the budget, and a Ministry of Economics taking charge of most other aspects of economic policy. It implies no place for a CSD of the post-1968 kind. (*d*) needs no further comment at this stage other than the obvious one that it is the only proposal which leaves intact a Civil Service Department of the post-Fulton kind: all the other solutions require or promise its disappearance.

16. It is worth noting that whatever changes are made and even if none is made, there are certain difficulties in the position and role of the CSD. Reference has already been made to the risks involved in identifying a department with a Civil Service ' interest ', though it is fair to point out that there are risks nowadays in appearing to deny this interest's claim to special attention. But there are other problems. The CSD performs a number of common service functions which do not of themselves give the department much weight. It is responsible for other functions (eg training) which in principle could well be located outside the departmental structure altogether. It has important responsibilities for management services guidance, but cannot generally impose its recommendations. Substantial and sensitive responsibilties for senior appointments both inside and outside the Civil Service rest with the department, but again in principle other ways of handling these could be devised. Though the department has the Prime Minister as its political head, in practice this cannot mean a great deal, for no Prime Minister can afford to devote much time to the work done by the department. The conclusion suggested by these points is that as the Fulton implementation phase recedes into the past, the CSD will increasingly have difficulty in identifying its role and this means that in all probability the influence it exerts will, at any rate in many fields, decline. Thus it is doubtful whether the CSD can be regarded as an organisation which is so far firmly grounded in functional and political terms: there is a case for maintaining it, but equally much of its work could be dealt with in different ways not requiring a central personnel department. It should be remembered too that very few countries do go in for this kind of department: central public service units tend to be very small and in some cases many CSD functions are discharged by Public Service Commissions. With regard to the CSD-Treasury problem, these remarks can however point in opposite directions. They could support a return of Civil Service expenditure control to the Treasury, followed ultimately by dispersal of the CSD, with the assignment of some of its work closely linked with prime ministerial responsibilities to the Cabinet Office or PM's Office; but they could also support the transfer of Treasury public expenditure responsibilities to a department of the budget, or a department of programmes and their management. In that event too the current type of CSD would be transformed and indeed could not reasonably be regarded any longer as a department concerned in the first place with the Civil Service.

Concluding remarks

17. It would be misleading to draw over-definite conclusions on the basis of what has been a very general analysis of a number of problems affecting the roles of the Treasury and the CSD. Prudence and a respect for institutional continuities point either to ' no change ' or to a reinforcement of the Treasury in the manner indicated at paragraph 14(*a*). It might be noted that the latter pattern is that followed in France, though the French Ministry of Finance and Economic Affairs has means of scrutinising expenditure operations in detail which have never been known in this country. It would be a radical step to separate expenditure determination and control from the remaining functions of the Treasury by establishing what has been called a department of the budget (the proposal at 14(*b*), with a more extended version at 14(*c*) which is not recommended).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Such a development would present major political problems, at least for a time. The The traditional peace-time pre-eminence of the Chancellor of the Exchequer would be modified as a result of the narrowing of his responsibilities. The minister for the budget (or for public expenditure or programmes) would have to be different in status from the minister now put in day-to-day charge of the CSD. But no doubt his position could be established over a period of time, though he would remain highly dependent on co-ordinating arrangements in Cabinet (this fact reflecting the extent to which under any system expenditure decisions have to be taken collectively). To these political problems would be added many problems in administrative and operational relationships between the two departments. No doubt they too could be solved, but in the process there would be difficulties and perhaps a temptation to unscramble the organisational omelette. But as against these negative prospects it is necessary to refer again to the salience of functions argument. If it is considered to be a major priority to establish the coherence of economic and financial policies in order to maintain an overriding framework for, *inter alia*, expenditure decisions, then there is a case for relieving the Chancellor of the Exchequer and the Treasury of part of the burden now carried. This would mean taking out of the Treasury the greater part of the block of work falling to the present Public Services Sector, ie medium-term expenditure projections (PESC), scrutiny of sectoral and departmental programmes and the operation of cash limits as now applied. There would undoubtedly need to be careful arrangements to ensure an adequate feed-back of information on the execution of expenditure programmes to the Treasury (Ministry of Finance). But the latter would be relieved of a substantial operational responsibility and might be less exposed to some of the pressures affecting the maintenance of a given framework of economic and fiscal policy which derive from being responsible too for overall control of public expenditure. Notwithstanding the qualifications expressed in paragraph 9, considerations of the kind outlined here would point to the paragraph 14(*b*) option.

4 *April* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 44

COST ESCALATION IN THE UK*

Memorandum submitted by Keith Hartley and Janet Cubitt of the University of York

Introduction

Cost escalation on Government work is frequently a source of controversy. The impression is sometimes created that escalation is characteristic only of defence work and state-financed advanced technology projects such as Concorde. This paper examines two questions. First, what is the evidence on development cost escalation in the UK? Is it confined to weapons and to certain types of state-financed projects or does it exist on private-sector commercial projects. Secondly, why does escalation occur? Empirical results are presented based on escalation in both the public and private-sectors.

Cost escalation on project development is the relationship between original cost estimates and actual outlays, both expressed in constant prices. For example, if actual expenditure is twice the initial estimate, the escalation ratio is 2. Escalation, slippages or overruns also apply to time-scales and the quality or performance of projects.† The terminology is not meant to imply that all escalation is undesirable: modifications, for example, might be worthwhile. Empirical work in this area encounters difficulties. Without information on the total production, any sample might be biased towards projects where escalation has occurred. Nor are initial estimates and final outcomes necessarily comparable between projects. Even where appropriate deflators exist to convert expenditures to constant prices, it is not always possible to know how far initial estimates include an allowance for expected inflation.

The Evidence

Cost escalation is not a modern phenomenon. It occurred, for example, on new technology (first in the field) transport projects in the nineteenth century. From a survey of British and American projects embracing canals, railways, tunnels and bridges each started between 1767 and 1893, cost escalation in current prices varied between 1.02 and 120 with an average of 2.0.‡ A regression analysis of the data was relatively unsuccessful. There appeared to be no relationship between cost escalation and the duration of projects, their costs and the date of start. There is, however, some tentative evidence that wars contributed to escalation, probably through a combination of inflation and technical advance.§

Table 1 shows published evidence on cost escalation for post–1945 British defence projects. For some projects only current price data are available, although this is not a serious deficiency for work undertaken up to 1965 when prices were relatively stable. Median escalation is about 2.7. In view of the advances in technology in relation to the

*This paper is the result of research into time-cost trade-offs, undertaken between 1973-76 and sponsored by the SSRC as part of the Public Sector Studies Programme at York. Many individuals in central and local government and in industry, together with colleagues at York, kindly assisted. Comments on various drafts were obtained from Professor Alan Peacock, W. Boyd, Bill Corcoran, J Dainty, I Fletcher, N Gardner, H Knutton, R Waterman, M Withers, and the SSRC Industrial Economics Study Group. Ken Norris, UMIST, kindly provided data on private sector projects and offered comments. Christine and Les Godfrey helped and advised on the computational work. The usual disclaimers apply. Janet Cubitt's contribution was undertaken whilst working at ISER, York and does not reflect the views of HM Treasury.

†In this paper, slippages and overruns are synonymous with escalation.

‡*R Summers, Cost Estimates as Predictors of Actual Weapons Costs*, Rand RM-3061, 1965; also M Kayton, *Cost Overruns on New Technology Projects in the Nineteenth Century* (Mimeo).

§This is tentative because the sample was dominated by one exceptional observation. Examples of the results are

(*a*) $E = 5.8 + 38.8*W \quad R^{-2} = 0.24$
(6.7) (15.9)

(*b*) $E = 138.9 + 0.6D + 29.9W - 0.08t \quad R^{-2} = 0.195$
(363.0) (0.6) (18.2) (0.19)

where E = cost escalation, current prices
W = dummy for wars: wars = 1.0
D = duration of project (years)
t = date of start, commencing 1767.
For remaining details, see Table 4.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

state of the art, it is not surprising that overruns are greatest on air force weapons, especially first generation missiles, and lowest on less complex army programmes. Escalation also involves considerable outlays. For example, the estimated costs of the Rapier and Seawolf missiles rose from an initial range of £10 million – 17 million to £25 million – 30 million each. The data for the army projects shows a long-run decline in escalation which might reflect improved management by the procurement agency. One study of these projects concluded that unforeseen technical problems accounted for about 40 per cent of escalation, with management deficiencies explaining a further 20 per cent whilst modifications and poor estimating each contributed an additional 10 per cent.* Finally, escalation is not specific to British weapons. A comparison of UK and US aircraft and missiles shows similar escalation ratios between the two nations.

Table 2 confirms that escalation is not confined to weapons and occurs on a variety of central and local government programmes and on commercial projects. Excluding Concorde, the median escalation ratios are similar between the UK public and private sectors, at 1.4 and 1.3, respectively. Defence work usually involves greater escalation, especially for advanced technology aerospace weapons.† Overruns on government civil programmes can also involve considerable sums. For example, the market at Nine Elms and Dungeness nuclear power station are each in the £35m+ category. Interestingly, a comparison of median time slippage shows that they are about 1.3 for weapons and usually greater at 1.7 for UK commercial work. This difference might reflect the greater valuation placed on time-savings (urgency) for weapons. Such conclusions can be no more than tentative and inevitably lead to questions about the causes of escalation.

*H Knutton, The Management of Army R and D Projects, *R and D Management*, 2, 3, 1972.

†In explaining the differences in cost escalation between defence and other sectors, it has to be remembered that weapons firms accumulate experience which is sometimes dissipated once a project is completed. Thus, experience and skills have to be re-acquired when a related project eventually appears.

TABLE 1 COST ESCALATION ON WEAPONS

Project		Cost Escalation Factor
UK 1958 Sample:	100 Projects	2.8
	Airframes	2.3
	Guided Weapons	17.4
	Munitions	1.9
UK 1965 Sample:	Aircraft and Missiles (n=16)	2.7
UK Army:	25 Projects	1.7
	Pre-1964	2.7
	1964-65	1.6
	Post-1965	1.4
Individual UK Projects		
Automatic Landing System for Belfast Aircraft		8.0
Rapier Guided Weapon (*e*)		3.4
Type 41 Frigate		1.7
Mk31 Torpedo		5.3
RN Dockyards: Major Refits (RN Ships)		1.4
HMS Tiger: Special Refit (*e*)		2.7
US Defence Projects: Aircraft and Missiles		
1962 Sample (n=12)		3.2
1965 Sample (n=15)		2.9

Notes: (1) Time escalation (actual duration ÷ estimated duration) was:
(*a*) UK 1965 Sample = 1.3
(*b*) UK Army (n=25) = 1.3
(*c*) US Projects (i) 1962 Sample = 1.36
(ii) 1965 Sample = 1.3

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(2) Cost escalation is actual costs divided by original estimate. The surveys do not always specify whether the factors have been corrected for inflation. Reports of the Public Accounts Committee are frequently in current prices. Constant price data are used in the 100 projects of the 1958 sample, the army projects and the Type 41 frigate.
(3) Latest published estimates are shown: (*e*)

Sources: i) Various Reports of the Public Accounts Committee 1962-76
ii) H Knutton, op cit; M Peck and F Scherer *The Weapons Acquisition Process*, Harvard University Press, Boston, 1962, (source for US 1962 sample).

TABLE 2 COST ESCALATION ON NON-DEFENCE PROJECTS

Project	Cost Escalation Factor
UK Government Civil Projects[1]	
Concorde (*e*)	6.8
New Headquarters for Metropolitan Police	4.4
Reconstruction at Downing Street and Treasury	2.0
Reconstruction at Woolwich Arsenal (*e*)	2.0
Dungeness B Nuclear Power Station	1.6
Hendon Urban Motorway	1.4
York local authority swimming pool (*e*)	1.4
Post Office Building, Durham	1.4
New Market at Nine Elms (*e*)	1.2
Erskine Bridge	1.2
Ninewells Hospital	1.2
Exeter Hospital	1.2
Hamilton College of Education	1.1
UK Private Commercial Projects[2]	
Norris (engineering, chemical, biological research): range of mean escalation ratios	0.97-1.5
Meadows (chemicals): range of mean escalation ratios	1.34-1.9
Thomas (instrument development projects)	2.1
US Private Projects	
Mansfield: ethical drugs	1.8
proprietary drugs	2.1

Notes: (1) These are typical of the projects reported by the Public Accounts Committee, 1962-76. The power station and swimming pool were from press reports. Frequently only current price data are reported. The Exeter Hospital is in constant prices.
(2) For the private projects, time escalation was: Norris 1.39-2.58; Thomas 1.21; Mansfield 1.6-2.95.

Sources: K Norris, The Accuracy of Project Cost and Duration Estimates in Industrial R and D, *R and D Management*, October 1971 (including references to Meadows and Thomas), E Mansfield, *et al*, *R and D in the Modern Corporation*, W Norton, 1971.

The Model

A development function of iso-quant form provides an analytical framework for explaining cost, time and quality escalation.* It postulates that the quality or performance of a project is an output with cost and calendar time as inputs. For a given quality of project, such as the development of a new combat aircraft, there will be a trade-off between time and cost: cheaper development requires more time whilst faster development

*K Hartley and W Corcoran, *Time-Cost Trade-offs for Airliners*, (mimeo)

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

is costlier. Similarly, a higher quality or improved performance requires greater inputs of time and/or cost.* This model suggests various causes of cost escalation. For a given quality, there might be a change in the valuation of time-savings as the work becomes more urgent. Alternatively, there can be unexpected changes in quality in the form of modifications and project improvements. Uncertainty about the exact location of the development function is a further source of cost overruns. However, uncertainty should be reflected in cost estimates which are about equally distributed above and below actual expenditures. On defence work it is significant that both contractors and the bureaucracy respond to uncertainty by submitting optimistic cost estimates, with studies showing that typically about 80% or more of estimates are less than actual costs.† Such behaviour suggests that the market structure involving both buyers and sellers is a further source of escalation. For example, in the UK's non-competitive military aircraft market with cost-based contracts, costs might be deliberately under-estimated. Contractors might aim to "buy into" an attractive new weapons programme by offering optimistic cost, time and quality estimates. Their optimism could be reinforced by a procurement agency which, if it acts as a budget-maximiser, has every incentive to under-estimate costs and over-estimate demand.‡ Such behaviour is less likely in private sector competitive markets and where there is competitive and fixed price bidding for government contracts. Thus, the model attributes cost escalation to modifications, greater urgency, uncertainty and market structure.† Inevitably, data problems limit empirical tests of this model.

The Data

Three sectors were chosen for empirical work, namely military aerospace, local and central government building and civil engineering work and private industry. In this way, the study embraced a high technology, non-competitive defence market where time savings are highly valued; a government sector where there are fewer technical uncertainties, and more competitive bidding for contracts and where time savings are less valuable; and privately-financed work which does not involve state support‖ and which, in terms of uncertainty and urgency, might be an intermediate case between defence and local authority business. A series of multiple regression equations were constructed. We had to work with whatever data could be obtained and these differed between sectors so that various defensible *ad hoc* modifications of the above model were required. In some cases, the lack of data meant that the estimated model could not be completely specified. For military aircraft, we acquired data on estimated and actual development costs in constant prices, duration, a technical rating and the date of start: priority (urgency) and market structure variables were absent. For local government work, there was information on actual and estimated costs and time scales, starting dates, the number of bidders and type of contract, so that we were able to construct a more complete estimating equation. On privately-financed work, we obtained statistics from one firm on cost and time escalation, date of start and organisational features such as the number of reviews and reports which acted as proxies for market structure.¶ In addition, further evidence was obtained from a small-scale questionnaire study of firms.

Some of the proxies used were frequently ambiguous in meaning and/or in expected sign. For example, costs and the duration of a project can each be used to reflect its scale and complexity and so represent both technical advance and modifications, with expected

*The model assumes profit-maximising firms and can be summarised: $Q = f(C, T)$
where Q = quality of project; C = cost; T = calendar time and technology is constant in any one period (although changing between periods).

$$\frac{\partial Q}{\partial C} > 0; \quad \frac{\partial Q}{\partial T} > ; \quad \frac{\partial C}{\partial T} < 0$$

†R Summers, *Cost Estimates as Predictors of Actual Weapon Costs*, Rand, RM-3061, March 1965. The bureaucracy is represented by the Ministry of Defence and the Procurement Executive.

‡W A Niskanen, *Bureaucracy and Representative Government*, Aldine-Atherton, New York, 1971.

§The general model is: $E = f(\Delta Q, P, A, M)$
where E = cost escalation; ΔQ = modifications; P = project priority; A = uncertainty – technical advance; M = market structure.

‖One person interviewed suggested that 'The good manager in a taut accountable organisation is . . . likely to produce less escalation than an average manager in a "loose" bureaucracy.'

¶In some instances, we were only given cost and time slippages so effectively disguising costs and time-scales: confidentiality was always a problem, especially for defence and privately-financed work. Ideally, a present value exercise is required but we were unable to obtain data on the time-distribution of project expenditures.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

positive effects on cost escalation. In addition, both measures might reflect market structure variables. For example, it has been hypothesised that cost control will improve on large projects because on such work, overruns lead to adverse publicity for an organisation: this predicts a negative relationship between cost and escalation.* Similarly, it has been asserted that as time-scales increase, there are more opportunities for managerial or contractor inefficiency which means that whilst duration continues to have a positive effect, its interpretation is ambigous. Where possible, we have tried to isolate the influence of uncertainty by using a technical rating dummy variable which classified the degree of technical advance on a project. For example, weapons were classified according to whether they involved high, medium or low technology. High technology work is likely to involve greater cost overruns.† Also included was a time-trend based on the date of start of each project and designed to test for learning effects in cost-estimating techniques (a market structure variable). However, time-trends are frequently used to represent technical progress, so creating further ambiguity. On local government and privately-financed work, technical advance is more likely to be evolutionary in which case escalation will tend to decline over time, although the opposite is possible on defence work. In some cases, data on time slippages are available. These could reflect either modifications or changes in project priority for a given quality in which case it is plausible to predict a positive or negative effect on escalation, respectively. Finally, cost escalation had to be measured with the available data. Within each sector, we could not know whether first estimates were made at a similar stage in each project's life cycle, nor was it always possible to obtain a first estimate. In the circumstances it is not an exaggeration to claim that the empirical results have limited validity. Nevertheless, in the absence of UK work by economists in this area the results provide an agenda for further research.‡

The Results

Some of the characteristics of the three sectors are shown in Table 3. Not surprisingly, the military aerospace projects involved considerably greater scale, duration and cost overruns. On local government work, time slippages exceeded cost overruns which might imply that for civil tasks the buyer places greater valuations on costs than on time-savings§ A cost escalation factor of under 1.0 and a range of variations between 0.7 and 1.1 indicates that, unlike military aerospace, the degree of technical advance and uncertainty is considerably less. This is not surprising since the sample consisted of relatively small expenditures ranging from £2,400 to £2 million, typical examples being the construction of new town halls, fire stations, swimming pools, road improvements and drainage schemes. Such a sample might be biased but without knowledge of the total population, a representative one caanot be constructed. A cost escalation factor of under 1.0 means that in at least one sector, the study is probably not biased towards overruns. Indeed, with such escalation factors it is likely that for a given quality, any time slippages will be negatively associated with cost overruns or, alternatively, a positive relationship would be consistent with modifications. On privately-financed tasks, median cost escalation on *all* projects whether completed or not is similar to local government. However, on completed work, cost overruns are greater, ranging from 0.14 to 3.6, which might reflect the technical uncertainties on private work.

*E Mansfield, *et al*, *Research and Development in the Modern Corporation*, W Norton, 1971, 92. Alternatively, managerial inefficiency might increase with larger, more complex projects.

†A Harman, *A Methodology for Cost Factor Comparisons*, Rand RM 6269, 1970. A US study estimated that technical uncertainty accounted for abour 33 per cent of cost escalation, with modifications and imprecision in cost estimating accounting for a further 50 per cent and 17 per cent, respectively; R Perry, *European and US Aircraft Strategies*, Rand P 4748, 1971, p 1.

‡For example, we generally restricted the research to available and measurable variables. Further work might develop measures of qualitative variables which the time-cost-quality model simply describes as project priority and market structure. A limited example of this approach is shown in Table 7.

§Alternatively, it might be less costly to control expenditure than time-slippages on civil engineering work. Such projects involve uncertainties about the weather which are specific to "open air" work. One local authority engineer stated: 'Whilst costs are very important the time element is also important and one is constantly striving to get contracts completed on time. The additional point is, of course, that any time slippages delaying a project will inevitably result in a financial loss although sometimes it is difficult to quantify'. Furthermore, it is possible that a contractor with private and public sector work may, at the margin, favour the former if it is relatively more profitable.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 3 THE SAMPLE

Project Characteristics	UK Military Aerospace Projects (n=13)	Local Government Building & Civil Engineering Works (n=26)	Private Sector		
			All Projects (n=213)	Completed Projects (n=215)	Questionnaire Study (n=9)
Average estimated cost (£m)	22.7	0.4	0.006	n.a	n.a
Average duration (years) ..	8.3	1.2	0.6	n.a	n.a
Cost escalation	2.34	0.94	0.92	1.03	1.2
Time escalation	n.a	1.3	1.09	1.3	1.25

Notes: (i) All cost and time escalations are medians.
(ii) For aerospace projects estimated costs are in 1963 prices; actual costs for these projects averaged £41.7 million (1963 prices)
(iii) For the private sector, all and completed projects are for one firm; the questionnaire study was based on 9 firms.
(iv) In some cases, data were not available: na.

(a) Military Aerospace

To explain variations in cost escalation for UK military aerospace projects a series of regression equations were estimated and examples of the log-linear results are presented in Table 4*. Few coefficients were significant, the exceptions being duration and the time-trend. There was some tentative evidence that lengthier development periods have the expected positive effect on cost overruns, with an elasticity of about 0.6. It also seems that over the period studied, escalation has been declining, so supporting the learning hypothesis of a long-run improvement in the accuracy of the estimating techniques used by the procurement authorities. None of the coefficients for the remaining variables, namely technical rating and cost, were statistically significant.† This was surprising since it had been expected that uncertainty would be a major contributor to escalation. The results could reflect the limitations of the dummy variable for technical rating and the absence of a cardinal ranking of technological advance. In total, the estimating equations only "explained" about one half of the variations in overruns, although this amount of explanation is similar to that obtained in some US studies‡

(b) Building and Civil Engineering

A group of building and civil engineering projects undertaken by local and central governments in the period 1960–74 was analysed. For a number of projects initial cost estimates, accepted tender prices and final contract prices were obtained, so that alternative measures of escalation were used. In fact, the definition which gave the most successful estimating equations was the relationship between final contract price and accepted tender

*The linear equations did not result in any significant coefficients. For example (see table 4 for definitions):

$$E = \underset{(2.77)}{2.65} + \underset{(0.014)}{0.004Ca} + \underset{(0.19)}{0.13D} - \underset{(1.34)}{0.87TR} - \underset{(0.11)}{0.12t}$$

$R^2 = 0.28$ (R^{-2} was negative)

†The technical rating was undertaken by a defence expert who was asked to classify projects into 3 groups, namely, high, medium and low technology work in relation to the state of knowledge at the start of the project. Our results might show that technical advance is less important than the absence of contingency margins within the programme. For example, the initial estimate for a project involving a major technical advance might include large technical and financial margins.

‡E Mansfield *et al, op cit;* A Harman, *op cit* also K Hartley and J Cubitt, *Costs and Escalation on UK Aerospace Projects* (mimeo).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 4 MILITARY AEROSPACE

Dependent Variable	Coefficients of:					R^{-2}
	log Ce	log Ca	log D	TR	t	
1. log E	0.059 (0.104)		0.544 (0.344)	−0.213 (0.304)	−0.057 (0.028)	0.409
2. log E		0.123 (0.086)	0.408 (0.328)	−0.298 (0.265)	−0.059* (0.023)	0.511
3. log E			0.599* (0.316)	−0.122 (0.248)	−0.050 (0.024)	0.454
4. log E		0.122 (0.072)			−0.075** (0.022)	0.462
5. log E					−0.066* (0.023)	0.426

Notes: (i) E = cost escalation, Ce = estimated costs and Ca = actual costs (£m, 1963 prices); D = duration (years); TR = technical rating dummy with 1.0 = advanced/high technology projects and 0.0 = medium/low technology projects defined in relation to the state of the art at the time the project was undertaken; t = date of start 1953-70 with t = 1 for 1953.

(ii) R^{-2} is adjusted for degrees of freedom, n = 13. Standard errors shown in brackets.

(iii) **Significant at 1% level; *significant at 5% level. A one-tail test was used for D where a positive coefficient was predicted. In equations 1 and 3, t is almost significant at the 5% level.

price.* As shown in table 3, this definition gave a typical escalation ratio of under unity, so that the estimating equations are explaining underruns. Data were obtained on 26 projects. In addition, for a sub-set of 20 local authority projects, it was possible to obtain information on the number of bidders for each contract, so allowing the inclusion of a market structure variable. Two sets of estimating equations were constructed (I and II), based on the larger and smaller samples, respectively. For set I, equations were estimated in which escalation was dependent on estimated costs, duration, starting dates, together with dummy variables distinguishing between contracts, type of work and whether the project was undertaken by local or central government. Positive relationships were expected for contracts other than fixed price, for "local" work undertaken by the central government and for building tasks. Examples of the linear regressions for tests I are shown in table 5.

The equations "explained" over 60% of the variations in escalation, with significant and stable coefficients for duration and the date of start, together with tentative support for each of the remaining variables. The signs of the estimated coefficients were generally consistent with the predictions, a possible exception being estimated costs which showed a negative relationship. It has already been suggested that such a result might be due to both the buyer and the contractor exercising greater cost control and "policing" over larger projects, especially where the work does not involve major technical advances. Elsewhere the dummies suggest that escalation is likely to be lower on fixed price contracts and on local government projects and greater on building work. Evidence that a distinction between local and central government contracts might be relevant could reflect the latter's relatively greater transactions costs in administering and "policing" geographically-dispersed projects. Alternatively, if our equations are not sufficiently accurate at measuring the quality of projects the results could reflect central government involvement in more complex tasks. Whatever the interpretation, it must be stressed that collinearity between the dummies and some of the other variables means that only limited confidence can be placed in the hypotheses about contracts, local and central government and the type of work. The equations in table 5 also use costs in current prices, a procedure which can be

*Escalation measured as accepted tender price divided by original cost estimate gave a lower average escalation ratio. None of the estimating equations which used this definition gave any significant coefficients for the variables.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 5 BUILDING AND CIVIL ENGINEERING (I)

Dependent Variable	Coefficients of:						R^{-2}
	Ce	D	DV Contract	DV Government	DV Work	t	
1. E	0.002 (0.024)			−0.114** (0.035)		−0.003** (0.001)	0.605
2. E		0.004** (0.001)				−0.002** (0.001)	0.561
3. E	−0.081* (0.038)	0.008** (0.002)				−0.002* (0.001)	0.619
4. E	−0.076 (0.037)	0.006* (0.003)	0.057 (0.037)			−0.001 (0.001)	0.640
5. E	−0.006 (0.027)		0.098* (0.037)			−0.002* (0.001)	0.558
6. E	0.003 (0.026)				0.087* (0.035)	−0.002* (0.001)	0.547
7. E	−0.065 (0.037)	0.006* (0.002)		−0.075* (0.036)		−0.002** (0.001)	0.669

Notes: (i) E = cost escalation defined as final costs divided by initial contract price (£million, current prices); Ce = estimated cost (£million, current prices); D = duration (months); DV Contract = dummy variable with 0.0 = fixed price contracts and 1.0 = other contracts; DV Government = dummy where 1.0 = local government project and 0.0 = central government project; DV Work = dummy where 1.0 = building work and 0.0 = others (eg civil engineering); t = time-trend based on date of start (months), January 1960 = 1.
(ii) n = 26 consisting of both local and central government work. All equations are linear; the log-linear versions resulted in fewer significant coefficients.
(iii) In equation 4, Ce and t are significant at about the 7 per cent level.
(iv) Remaining details as in previous tables.

defended on the basis of the relatively short duration and fixed prices for many of the contracts. Moreover, when they were re-estimated using constant prices, the equations and the statistical significance of the coefficients were unchanged.*

For some contracts, data were obtained on the number of bidders and time slippages. The number of bidders varied between one and seven, with an average of five to six.† A second set of equations were estimated including these variables and examples of the linear regressions for tests II are shown in table 6. Once again, the starting date was usually significant with a stable coefficient. The negative trend could reflect either evolutionary technical advance or long-run improvements in cost control. However, technical advance is unlikely to have been substantial in this sector, especially since the sample contains relatively small-scale projects. In which case, the negative relationship is more likely to reflect better cost control. The remaining variables, namely costs, time slippages and the number of bidders did not produce any statistically significant relationships, the equations "explaining" under 40% of variations in escalation ratios.

There was no support for the view that the model might perform better as an explanation for time slippages (equation 5 in table 6). For example, time escalation does not appear to increase on larger projects. In addition, one of the more interesting findings was that market structure in the form of the numbers of bidders appeared to have no significant

*Using the RPI with January 1963 = 100.

†The formulation for the number of bidders (B = 1,2, . . . , 7) in table 6 is equivalent to using dummy variables and placing restrictions on their coefficients. This differs from the formulation in table 7 where the number of reports was estimated by using dummy variables to allow for changes in the marginal effect.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 6 BUILDING AND CIVIL ENGINEERING (II)

Dependent Variable	Coefficients of: Ce	Ta/Te	B	t	R^2
1. E	0.104 (0.075)		−0.007 (0.009)	−0.003** (0.001)	0.355
2. E	0.106 (0.078)	0.020 (0.044)		−0.003** (0.001)	0.337
3. E	0.115 (0.080)	0.023 (0.045)		−0.002** (0.001)	0.324
4. E				−0.003** (0.001)	0.377
5. Ta/Te	−0.447 (0.428)		0.019 (0.053)	−0.004 (0.004)	0.120

Notes: (i) E = cost escalation defined as final costs divided by initial contract price; Ta/Te = time slippages (months); B = number of bidders for contract.
(ii) All equations are linear; the log-linear versions resulted in fewer significant coefficients; n = 20, all local government projects for which data were available on the number of bidders.
(iii) Remaining details as in previous tables.

effect on cost and time slippages. Nor did the number of bidders have any significant effects on the price *levels* of contracts.* The results could reflect the limited forms of the estimating equations as well as existing policy constraints. Local authorities frequently use a selective tendering policy whereby a restricted number of firms from a selected list are invited to bid for a contract. Such policy "rules" do not necessarily create the conditions of the competitive model!†

The cost escalation equation for local government might be criticised because they appear to ignore both quantity and quality. This is not a totally valid criticism since we have used costs, duration and a dummy for the type of work as proxies for scale and quality. However, we have not been able to include a contractor's previous experience and his current output of a given product. Nor are we confident that the equations allow for the possibility that in some building and civil engineering work, quality improvements may take the form of a substitution of more fashionable and costlier fittings for less fashionable and cheaper ones. It is also possible that variations in the pressure of demand and the effects of "stop-go" on the construction industry have contributed to escalation. Clearly, there are opportunities for further work at the micro-level. Nevertheless, tests I and II have produced some useful findings. On the negative side, cost and time slippages do not appear to be greater on larger projects as measured by outlays, nor are they influenced by the number of bidders. On the other hand, duration and the starting date cannot be ignored in any models of escalation.

(c) The Private Sector

For privately-financed projects, both interview-questionnaire and regression techniques were used to explain cost overruns. The questionnaire was based on a survey of nine firms in the chemicals, computer, electronics, engineering and textiles industries.‡ All the firms reported that they had experienced cost and time overruns on both past and current projects. Cost escalation in constant prices varied between 1.05 and 1.5, whilst time slippages ranged from 1.2 to 1.5, both sets of figures being similar to those found in other studies (eg Table 2). Quality escalation was less evident, which is a major contrast with

*An example is: $Ce = \underset{(0.35)}{-0.03} + \underset{(0.03)}{0.01B} + \underset{(0.002)}{0.0009t}$
$R^2 = 0.02$
where Ce = cost estimate (£million), based on accepted tender price (n = 20).

†Keith Hartley, *Problems of Economic Policy*, Allen and Unwin, London, 1977, chp. 11.
‡The survey was undertaken in 1974 using postal questionnaires and/or interviews.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

studies of weapons projects.* Five of the firms stated that performance estimates for new projects were not always realised, with actual quality usually falling short of original estimates. Uncertainty was given as the most important single cause of cost and time slippages and it was believed to explain more than 25% of both types of escalation. Modifications, poor initial estimates and the relative urgencies of projects were listed as further contributory factors.† Mention was also made of delays in supply of material and of the inability of sub-contractors to meet technical specifications for advanced projects. These are all factors which are believed to contribute to escalation on weapons and other technically-advanced projects. However, compared with defence work, no commercial firm in the interview study felt that deliberate under-estimating was a source of escalation. Some further insights were obtained from the regression analysis.

Data were obtained on over 200 chemical and biographical research undertaken by a large commercial organisation between 1967 and 1970.‡ The typical project was of relatively low average cost, under £6,000 and a duration of 7 months. A distinction was made between all projects, whether completed, stopped, suspended or withdrawn, and completed work. The data allowed us to test hypotheses about the effects of organisation on escalation, especially the internal "policing" arrangements in the form of the number of reviews and reports. Using the available data, escalation was assumed to depend on time slippages, date of start, technical advance, the number of reviews of, and reports on, each project, the quality of plans and the project manager. The number of reviews was expected to give a positive or negative relationship, depending on whether reviews lead to modifications or increased cost control, respectively. Escalation was predicted to decrease as the number of reports rise and the quality of plans improve. Individual managers were also expected to differ in their estimating and cost control abilities. Examples of the linear regression equations are shown in table 7.§

Table 7 shows that at the firm-level there were differences between all projects and completed ones. For the former, time escalation and technical advance significantly affected cost escalation. The signs of the coefficients suggest project modifications and the effects of uncertainty. There was no evidence of any learning effects in the estimating process. Similarly, attempts to classify the quality of project plans according to whether they are regarded as useless, fair, good or excellent did not produce any significant coefficients. Elsewhere, the number of reviews and reports on each project had some impact on variations in escalation, but the signs were positive. There appeared to be no support for the hypothesis that cost control improves with more reports and reviews. On the other hand, the possibility of two-way causation could mean that it is the escalating projects which are subject to reviews and reports. Escalation also appears to differ between managers and we identified one or two individuals where, *ceteris paribus*, overruns were below those of their colleagues. In total, the equations 'explained' some 35 per cent of the variations in escalation on all projects, but considerably less for the completed work. With the latter, few variables gave statistically significant coefficients, the exception being time slippages.

Conclusion

It has been shown that cost overruns are not confined to weapons. They occur in both the public and private sectors and on a variety of projects. The estimating equations were less conclusive. Varying degrees of support were obtained for duration, the date of start, time slippages and technical advance on private sector work. In terms of the time-cost-quality model, such results are at least consistent with modifications, uncertainty and learning in cost-estimating as causes of escalation. There was also an indication that close

*M Peck and F Scherer, *The Weapons Acquisition Process*, Harvard, Boston, 1962.

†With interview studies, it is possible that overruns are attributed to uncertainty when they are compared with the interviewers own initial estimates and to poor initial estimates when they are another person's!

‡The data were kindly supplied by Ken Norris, who previously worked with the R and D Unit, Manchester Business School, and is currently at UMIST.

§The general form was:

$$E = a_0 + a_1 \frac{Ta}{Te} + a_2 S + a_3 DB + a_4 DR + a_5 DRP + a_6 DQ + a_7 DM$$

where DQ = dummy for quality of plans, classified by project managers into useless, fair, good and excellent.

DM = dummy for each project manager, showing their relative performance. For definitions of other variables, see table 7.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 7 PRIVATE SECTOR

Dependent Variable	Coefficients of: Ta/Te	S	DB	DR 3	DR 4	DR 5	DR 6	DR 7	DRP 1	DRP 2	DRP 3	R^{-2}
1. E	0.381** (0.047)	−0.004 (0.023)										0.236
2. E	0.301** (0.047)	−0.003 (0.023)	−0.252** (0.090)	0.184* (0.075)	0.071 (0.099)	0.423** (0.136)	0.248 (0.169)	1.033** (0.234)				0.333
3. E	0.377** (0.056)	0.001 (0.032)	−0.201* (0.116)						0.186* (0.085)	0.139 (0.104)	0.198 (0.126)	0.209
4. E	0.115* (0.058)	−0.029 (0.029)	−0.102 (0.122)	0.118 (0.099)	0.172 (0.121)	−0.123 (0.169)	0.273 (0.236)	0.778** (0.258)				0.086
5. E	0.192 (0.072)	−0.034 (0.041)							−0.059 (0.114)	−0.016 (0.138)	0.057 (0.195)	0.029

Notes: (1) E = cost escalation in current prices; Ta/Te = time slippages; S = date of start, using 6 monthly intervals with S = 1, . . . , 6, beginning with S = 1 for July-December 1967 and S = 6 for January-June 1970; DB = dummy for degree of technical advance with 1.0 = less basic and 0.0 = more basic; DR = dummy for number of reviews (between 2 and 7) with DR3 = 1.0 for 3 reviews and 0 elsewhere; similarly for DR4-6 with DR7 = 1.0 for 7 reviews and 0 elsewhere; DRP = dummy for number of reports on each project (up to 3 or more) where DRP1 = 1.0 and 1 report and 0.0 elsewhere; DRP2 = 1.0 for 2 reports and 0 elsewhere.

(2) In the case of DR and DRP, a member of each set (DR2 and DRPO) was excluded to avoid perfect multicollinearity. For each set, the estimated coefficients of the dummies measure the relative changes in the intercept. The intercepts (all highly significant) for equations 1-5, respectively, were 0.5; 0.7; 0.6; 1.04; 0.96.

(3) Equations 1 and 2 are based on all projects, n = 213; equation 3 refers to all projects, n = 172; equations 4 and 5 are for completed projects with n = 151 and n = 119, respectively.

(4) In equation 3 a one tail test is used for DB.

(5) Remaining details as in previous tables.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

monitoring of a project might not reduce overruns. Nor was there evidence of any effect from the number of bidders for a contract. The findings, though, are no more than a beginning and show both the difficulties of, and opportunities for, further work.

Keith Hartley and Janet Cubitt,
Economics Department,
University of York, 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 45

Summary of informal discussions held in Washington from 18th-22nd April 1977 on Budgetary Control by the Executive and Congress and on certain aspects of the Federal Civil Service

The Sub-Committee visited Washington to learn how the President's annual Budget was evolved and presented and how the new Congressional budget process, in accordance with the Congressional Budget and Impoundment Act of 1974, was working. They also took the opportunity to inquire into certain aspects of the Federal Civil Service which were relevant to their study of developments in the British Civil Service since the Fulton Report, in particular pay, pensions and efficiency.

They were most grateful to all those members of Congress, and their staffs, to the senior executives in Federal Agencies, to the Comptroller General of the United States, to the Vice Chairman of the Federal Reserve Board and to the Fellows of the Brookings Institution and many others in Washington who gave so much of their time and helped the Sub-Committee so generously. The Sub-Committee would also like to record their thanks to HM Embassy for the most efficient arrangements they made to enable the Members of the Sub-Committee to learn so much in a short time.

Monday 18th April 9.30—2 *pm*

Visit to the Brookings Institution for discussions with Mr. W. Held and Mr. Robert Hartman on the way the Executive Branch of Government was evolving and on the US Budgetary processes, followed by further discussions with the Fellows of Brookings over lunch.

The Sub-Committee were given an interesting view of the functions of the 350 Bureau leaders (75 per cent career Civil Servants) who held the key positions at working level in Executive Government and the various pressures to which they had to respond. The central position of the Office of Management and the Budget was described with its duties of formulating the President's Budget, of controlling the rate at which the Agencies obligate funds, of co-ordinating legislative proposals put forward to Congress by the Executive and its oversight of Federal Civil Service numbers and organisations.

Discussion also turned on the functions of the various Congressional Committees concerned with expenditure and the part played by the Congressional Budget Office in helping to provide the Budget Committees and others with a view of alternative fiscal strategies and priorities in the main spending programmes. Experience would show whether the new budget process had become too complicated and whether one or more stages could be cut out or amalgamated.

The US Budget

The Sub-Committee was given an analysis of President Carter's original fiscal aims for 1981. It seemed that subsequent revisions in forecasts of growth in GNP and the President's decision not to go ahead with general tax rebates had altered the outlook in the direction of giving the Administration less scope for increases in expenditure, assuming no increase in current tax rates.

The very strict time table for Congressional action on the Budget was described, and the way in which a considerable shortfall of actual expenditure below authorisations had often occurred.

Federal expenditure as a proportion of GNP had not increased markedly. Broadly the rapid increase in social programmes had offset the relative decline in defence expenditure, and there continued to be pressure for more expenditure on health. But State and local expenditure had risen rapidly in recent years. Total public expenditure was now about 33 per cent of GNP.

2.15—4.30 *pm*

Visit to Office of Management and Budget for talks with Mr. Dale McOmber, Assistant-Director for Budget Review, Mr. Edward Preston, Assistant Director, Executive Development and Labour Relations and Mr. Peter Modlin, Deputy Assistant Director for Budget Review.

The Sub-Committee learnt that the OMB was responsible for:—

1. Preparation of the President's Budget.
2. Control of commitments (ie obligations) by the Executive Agencies.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

3. Major management policy in the Executive Branch, including machinery of government.
4. Control of Civil Service numbers and advice on Civil Service pay.
5. Career Development of senior Civil Servants.
6. Financial Relations between Federal Government and State and Local Governments.
7. Procurement policy.
8. Statistics policy.
9. Automatic Data Processing policy including (with Dept of Justice) effect on the privacy of the individual.

The OMB consider there should be no split between budgetary control and management. The 320 Budget examiners cover both these aspects of the Agencies for which they are responsible. The OMB do not have management consultants who carry out management reviews, but Budget examiners can press for staff cuts on efficiency grounds.

The OMB is, however, responsible for introducing new concepts such as, currently, Zero Based Budgeting and, in the past, Programme Budgeting and Management by Objectives. In general the result of these initiatives has been to improve the analytical capability of both the OMB and some Agencies. There is still no comprehensive system for monitoring performance against objectives as so many objectives cannot be quantified. The PPBS system was not integrated with the Budget process, but the Agencies will have to make their Budget applications in ZBB terms which will help OMB to set out the options. In one sense ZBB is an attempt to systematise what has always been done in certain cases.

The OMB is also carrying out the review of the whole machinery of Government, with a specially recruited staff of 40 people, to enable the President to carry out his election pledge to reorganise the Executive Branch—for instance by greatly reducing the number of independent Agencies.

Civil Service Pay

The Director of the OMB and the Chairman of the Civil Service Commission are the Pay Agents who make recommendations to the President about Civil Service pay on the bases of comparability with equivalent work in the private sector, as shown in the Bureau of Labour Statistics sample survey, which is published. The Pay Agents make their recommendation to the President after consulting the Civil Service Trade Unions, but the OMB does not *negotiate* with the Unions. It may also modify the BLS findings. The President has normally in recent years made lower awards than recommended by the Pay Agents but his figure has been rejected by Congress in three years out of the last five in favour of the Pay Agents figure.

The Budget examiners play a big role in the budget process which begins about 18 months before the start of the relevant fiscal year. In recruiting examiners the OMB often goes direct to the Universities and Business Schools or to the Agencies to find young people with good analytical minds and capable of dealing with senior staff. They come from a great variety of academic disciplines.

Impoundment and Deferral

The OMB can recommend deferral of expenditure to the President and most deferrals are agreed by Congress. Since the 1974 Act however it has been difficult to get Congress to agree to rescissions of funds appropriated.

Economic Assessment and Financing of the Budget

The Director of the OMB joins with the Secretary of the Treasury and the Chairman of the Council of Economic Advisers is reaching a view on the country's economic prospects on the basis of forecasts prepared by the CEA, OMB and Treasury. (This now takes account of forecasts also made by the Departments of Commerce and Labour.) The OMB is therefore concerned with macro-economic policy.

In general fiscal policy does not give way to monetary policy which is the responsibility of the Federal Reserve Board. While the Fed acts independently of the Executive, there is regular contact between the Chairman of the Fed and the President and the Secretary of the Treasury. Dr Burns also appears before the Congressional Banking Committees every 3 months for consultations on monetary policies and makes occasional appearances

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

before other Congressional Committees, such as the Joint Economic Committee and the Budget Committee. The OMB can expect to get the Budget deficit financed, the management of the national debt being the responsibility of the Treasury.

Relations with Congress

While in the past the President could, by and large, expect to get his way with the Budget, in spite of difficulties in passing tax changes through Congress, the balance of power had now perhaps moved towards Congress. With the setting up of the Congressional Budget Office and the recruitment of large and high powered staffs by the Budget and other Committees, Congress now had a considerable say in the Budget, and this was reinforced by the investigations of the General Accounting Office (which reported to Congress) into the running of the Agencies.

Thanks to the CBO and other developments Congress now had an overall view of the Budget, which greatly affected the position of the Agencies. It was not always clear whether the Agencies should look to the OMB or to Congress. There were difficulties since exchanges between OMB and the Agencies are not made public, nor are the recommendations made by the OMB to the President about the Agencies budgets. However, relations between the OMB and the CBO were close and amicable.

Tuesday 19th April 9.30—11.45 *am*

Visit to the American Federation of Government Employees for discussions with Mr. Joseph Gleason Executive Vice President and Mr. Lou Pellerzi about the role of the Federation in the determination of Federal Civil Service Pay.

The Federation is concerned with pay both for the industrial Civil Service and GS white collar grades mainly below grade 15.

Industrial Civil Service pay is decided region by region as a result of a continuous series of surveys in which the Federation takes part covering 500,000 employees and reviewing local wage rates in the private sector. The spread between the lowest and highest paid regions is very high. For a typical grade (GS5) $4 an hour in Puerto Rico and $11 in Alaska. Comparative information is provided voluntarily by private firms and the findings are published.

As for the GS grades the Federation's main concern since inflation became serious is lest the President put a cap on pay increases which was significantly less than the rise in the consumer price index. In particular the President's Budget presented in January might allow for a lower rate of inflation than had actually occured with pay was fixed the following October. Hence the Federation had close relations with Congressional Budget and Civil Service Committees.

The Rockefeller Report had recommended that the unified grading system should be replaced by two separate service, one for non-mobile clerical and technical staff whose pay should be related to the different local rates obtaining in the United States; the other for mobile professional and managerial staff paid on a nation wide scale. The Federation had resisted this proposal on the ground that it was right to have a ladder from the bottom to the top. It would be wrong to try and depress the wages of people in the lower grades, many of whom were women or blacks, in a discriminatory way. The changes the Rockefeller report advocated would of course need a change in the law.

11.00 *am*—12.30 *pm*

Council of Economic Advisers for discussions with Mr. Lyle Gramley, Member of the Council.

The Sub-Committee were informed that the Council has a staff of 25 economists who for the most part rely for data and detailed analysis, when reviewing economic prospects, on other Agencies in particular the Treasury and the OMB. There was general agreement about the economic forecasts at present perhaps because the economy was moving gently upwards. On Budget matters the CEA was free to comment on OMB's views and if there was disagreement put in its own advice to the President.

The rest of the discussion was devoted to the CEA's current view of the US economy and the implications for fiscal policy.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

2.30—4.30 *pm*

Congressional Budget Office for talks with Dr. Alice Rivlin, Director, and Mr. Levine, Mr. Blum, Mr. de Leeuw and Mr. Greigg, Assistant Directors.

The cycle of Congressional Budget operations, which had worked well during the first two years of operations under the 1974 Act was explained. The First Concurrent Resolution for 1978 had just been prepared. Normally two such resolutions, the first in May setting provisional totals, the second in September setting out the final Congressional Budget, should suffice but last years forecasts proved to be too optimistic. As a result the Administration had asked for a Third Resolution designed to stimulate the economy.

The CBO with a staff of about 200 were non partisan. One of their main tasks was to analyse the Executive's programmes so as to set out the options in a neutral way without evaluating the programmes or making recommendations.

The CBO served the Budget Committees and Congress as a whole by setting out trends in total spending and making projections of both spending and revenue in relation to likely growth rates. Clearly the economic analysis carried out by CBO—which underlay all these projections, was a great importance. CBO did not have its own forecasting model but used those of the major commercial models. So far the main demand had been for CBO's economic analyses rather than for its work on programme options. However, it was probable that CBO option papers would become more influential as Congressmen became more aware of what was available to them. The Budget and other Committees might then seek more assistance from the CBO when considering specific options.

In carrying out its analytical work the CBO obtained most of its information from published sources and all its reports were published except where the information obtained —eg on Defence—was classified.

The CBO had good contacts with OMB but in one sense they were in competition and CBO always did its own assessments. Indeed the work of CBO was much more analogous to the work of analytical staffs in Departments such as HEW than to the OMB.

Of CBO's 200 staff 160 were professionals who had been recruited in part from those established in their careers in institutions such as Brookings and Rand, and from the OMB and other Agencies, and in part from young university graduates who served in CBO for a short time.

Some of the staff serving the Budget Committees and other Committees tended to be of a different type in that their work was sometimes more political than analytical. (This did *not* apply to the core staffs of the Budget and Appropriation Committees.) The CBO had to be ruthlessly neutral in putting forward a broad spectrum of options while of course the Agencies could only support the option chosen by the President. The CBO kept an open door to lobbyists and other special interests to make sure they presented a sufficiently broad range of options.

So far there was little evidence of an overlap between the CBO and other congressional staff concerned with the Budget, but it would be for the Appropriations Committee to reduce the cost of the CBO if they so decided. The Director could only be removed by the Budget Committee.

Wednesday 20th April 9.30—10.45 *am*

Meeting with the House Budget Committee, Chairman Representative Robert Giaimo and other members of the Committee *and* members of the Committee's staff.

The Sub-Committee learnt that the 1974 Act had meant that Congress now had a better view of the Budget as a whole and were able to act in a properly concerted way. Congress were now better placed to amend the President's budget more than just at the margin. For instance the First Concurrent Resolution as put forward by the House Budget Committee changed the thrust of President Carter's budget by switching $5 billion from defence to social welfare. There were also major changes in the Agricultural programmes.

The 1974 Budget Act had provided a discipline on those functional Committees which were inclined to increase total spending too much. Past Presidents had not only tended to over-estimate revenue by taking a too optimistic view of economic growth but had left it to Congress to provide adequately for social welfare and educational expenditure. The House Budget Committees staff considered an annual 5 per cent or 6 per cent growth in GNP was needed to reach the President economic targets from 1981. It was helpful to have the CBO macro-economic view to see what room there was for manoeuvre.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The minority group (ie Republican) in the Committee thought it important to concentrate more on the total amount of the budget deficit that was appropriate, rather than take whatever deficit emerged from the figures. But it was pointed out that the present House Committee did take a view on priorities by cutting down the requests of certain Committee—for instance the Agricultural Committee had been refused $2\frac{1}{2}$ billion price support. There was a general disposition for the Budget Committee to give functional Committees as little as possible, since if it gave way to one Committee all the others would press for similar treatment.

The House Budget Committee had a total staff of 60 of whom 25 were Budget analysts—some working to the majority members the other to the minority. The Senate Committee had about the same amount of backing. While the CBO might be too big, it supplied a lot of information and was particularly useful on five year projections. While the two staffs were in close contact, the main briefing work for the House Budget Committee was done by its own staff.

11.00 *am*—12.30 *pm*

Visit to the American Enterprise Institute for discussions with Mr. Thomas Johnson, Director of Economic Research, Dr. Penner, Dr. Silberman and Professor Fellner.

The discussion covered the present position of the OMB and the Federal Reserve Board and the role played by monetary policy. The view was expressed that if the OMB was merged with the Treasury the resulting body would be too powerful. There was considerable advantage in retaining the Fed's independent position. In general the Fed had done well in the past 4 years. The Executive and the Legislative had enough influence over the Fed as a result of the Chairman sitting on the President's Economic Council, and his appointment having to be renewed by the President every four years. Moreover Mr. Burns appeared before Congressional Committees every 3 months to explain the Fed's policies. In general there was a fair amount of agreement in the US that monetary policy should not be controlled by the Executive. This was another example of the principle of checks and balances.

In general US public opinion was more concerned with inflation than unemployment, the extent of which was exaggerated by the statistics. It would be helpful if the Executive moved as fast as possible towards balancing the Budget as may well be the President's intention. In this respect the proposed Sunset Legislation, by which existing expenditure programmes would have to be justified or cancelled every five years, would be of considerable help.

1.00—2.30 *pm*

Lunch at *the Federal Reserve Board* for a general discussion with Vice-Chairman Governor Stephen Gardner and his staff about the relations between the Fed and the Executive, and the growing functions of the Fed in consumer protection matters. While the Fed is at arms length from the Government, it is certainly not immune from political pressures or insensitive to them.

2.30—4 *pm*

Visit to House Post Office and Civil Service Committee to meet Representative Robert Nix, Chairman of the Committee, members of the Committee and the staff director Mr. Smiroldo.

In discussion with staff members the Sub-Committee were informed about the way Civil Service pay is determined each year on the basis of comparability with the private sector. The President sometimes provides a lower figure for the annual increase than that recommended by the two Pay Agents, the Civil Service Commission and the OMB, on the basis of the Bureau of Labour Statistics survey of wage movements in the private sector. The Committee must, within 30 days, either accept or reject the President's alternative plan. They had rejected it three years out of the last five because they did not consider that Civil Servants should by singled out for a reduction in real pay when other sections of the community were not suffering in the same way.

There was no real pressure for Federal Civil Servants or Post Office workers to have the right to strike.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Pensions

Pensions are inflation proofed, an increase being paid twice a year if the rise in the consumer price index warrants it. There used to be a system by which an additional 1 per cent "kicker" was awarded to ensure that pensioners shared to that extent in any increase in national out-put. The "kicker" has now been abolished. No account is taken of inflation proofed pensions when making pay comparisons with the private sector, which does not in general inflation proof pensions. The Rockefeller Committee proposed this should be done, but there does not seem to be much steam behind the proposal and it has not been pressed. It looks however, as if the funded pensions scheme is going to need amending since the 14 per cent of salary paid into the fund (7 per cent from employees and 7 per cent from employers) is not going to provide sufficient funds if the present cost of pensions—about 23 per cent of salary—continues.

The relevant functional Committees and the Appropriation Committees concern themselves with the numbers of Civil Servants in each Agency. Total Federal employment had remained fairly steady over the last 10 years. On the whole the OMB and the Agencies had controlled staff numbers effectively and there was no great need for Congress to intervene. There was however concern about over grading (grade creep) that had become prevalent in many Agencies.

The Civil Service Committee was currently considering legislation to codify standard of ethics in the Civil Service eg retirement jobs taken, and handling of contracts and licenses, by those Civil Servants who might have a financial interest in the result.

Thursday 21st April: 10 *am*—2.00 *pm*

Visit to the General Accounting Office for discussions and lunch with the Hon. Elmer B. Staats, Comptroller General of the United States and members of his staff.

The Sub-Committee learnt about the important role the General Accounting Office plays through providing Congress with a thorough check on the efficiency of the Executive. Moreover, although required by Congressional committees and individual Congressmen to undertake the enquiries Congress specified, the GAO initiates many of its own enquiries. Altogether some 1500 enquiries or audits are in progress at any one time. The GAO covers all Agencies except the CIA, the Federal Reserve Board and the Controller of the Currency.* They have even done some work on the management of the Judiciary. Furthermore, the GAO are responsible for keeping the Register of Interests of individual Congressmen and senior staff of Congressional committees. In its own words the primary purposes of GAO audits are:—

(*a*) Evaluate the efficiency, economy, legality and effectiveness with which Federal agencies carry out their financial management and programme responsibilities.

(*b*) Provide the Congress and Federal agency officials with significant and objective information, conclusions and recommendations that will aid them in carrying out their responsibilities.

The GAO have a total staff of about 5,200 of which 4,100 have professional qualifications. In the past about two thirds of these were accountants and the other third hold qualifications as economists, statisticians, engineers, systems analysts, psychologists etc. As the nature of the GAO changed 50 per cent only of new recruits were accountants, and many of the staff who entered the GAO as accountants have moved over to other specialisms such as automatic data processing and systems analysis.

Recruitment is mainly from business schools and the universities and is carried out by the GAO themselves. The Controller General is appointed for 15 years by the President, thus giving him a longer term of office than even the Governors of the Federal Reserve Board.

The GAO is well suited to look at problems which cross Agency lines. Staff therefore tend to specialise on general problems such as procurement, contracts, costing, management performance, etc. Of the GAO's total work only 10 per cent is now concerned with financial audit. 50 per cent relates to the effectiveness and efficiency of Agency and other Governmental operations, and 40 per cent to cost benefit studies.

* See Annex on p. 1074 giving extracts from the list of GAO reports issued in February 1977.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Up to 1950 the GAO did far more financial auditing but since then this has been largely delegated to Agencies though the GAO set standards and have some of their staff out posted to the Agencies.

Method of Work

A GAO team always discusses its tentative conclusions informally with the Agency concerned who often then take action. Whether that is done or not the GAO report is then sent formally to the Agency for written comment. The Agency's comments would be included in the report to Congress together with any further observations by the GAO. The report is then referred to the relevant Committee which informs the Appropriations Committee and the Government Operations Committee within 30 days what action they are taking.

All GAO reports are published and at the time they are sent to Congress, and GAO itself follows up to see what action the Agency have taken. The Agencies are also likely to be asked by the Appropriations Committee and perhaps by the Budget Committee whether they have introduced the necessary changes. The GAO also co-operate with the CBO in analysing Agency programmes.

Relations with OMB and CSC and Treasury

The GAO central position is shown by its close links with the Executive. For instance, it takes part with the Treasury and OMB, and Civil Service Commission in the Joint Financial Management Improvement Programme which has evolved a productivity index for Federal administration work. It also reviews work done by central Agencies such as the CSC. The GAO is now doing a study of the methods of establishing Federal pay comparability and of the various Federal pensions schemes.

The relation between GAO and the central Agencies is that the OMB are concerned with management efficiency generally, but in effect do not do much by way of detailed efficiency audits, since in the past this was to some extent done by the Agencies. Efficiency auditing has now become the function of GAO which makes recommendations to OMB who are mainly concerned with the introduction of major innovations such as programme budgeting, management by objectives, and now zero based budgeting. The OMB at present is also concerned with reorganisation of the machinery of Government and has just recruited 30 to 40 people to carry out President Carter's election pledge that this would be done. One task is greatly to reduce the number of independent but overlapping Agencies eg the setting up of the department of Energy.

The Civil Service Commission is primarily a personnel department concerned with the management of human resources. The GAO, nevertheless, investigates the CSC activities, and is studying the GS classification scheme which the GAO allege is now slackly administered with the result that there is considerable "grade creep".

Zero based budgeting might well help reconsiderations of projects whose usefulness had diminished. As for previous Presidential initiatives, programme budgeting had fallen of its own weight and management by objectives had not been very effective.

Productivity Index

A joint team of GAO, CSC and OMB had evolved a productivity index for routine work by Agencies which now applied to about 67 per cent of Federal work and was likely to go up to about 75 per cent. According to this index, productivity had been going up by 1½ per cent a year since it was introduced in 1967. It was possible to get comparisons between Agencies and similar routine operations in the private sector. The system was now run by the National Centre of Productivity and management found that it helped with investment appraisal. The index had been approved by both the Civil Service Commission and the Civil Service Trade Unions and had now become a part of the budget process. While before the OMB had imposed across the board cuts on the Agencies when productivity was growing, it was now possible to discriminate between Agencies or parts of Agencies and the savings resulting from productivity were now in fact shared between the OMB and the Agency. Therefore the Agency had a real incentive to increase productivity and could finance additional payments to those of its staff who exceeded the work norm. The US Patent Office was cited as a good example of this. The usual incentive system by which a small number of outstanding members of the staff got additional increments, while an even smaller number of poor performers failed to get an increment at all, tended to cause jealousy and friction. But at the Patent Office this trouble did not arise since work done could be measured objectively by the productivity index.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

3.30—4.30 *pm*

Visit to the US Treasury for discussion with Mr. Daniel Brill Assistant Secretary for Economic Policy and Mr. Emil Sunley Deputy Assistant Secretary for Tax Analysis.

The main questions discussed were the Treasury's views of economic propsects for the US, the relations between the Treasury the Fed and the CEA and current work being done of tax reform, especially on company taxation.

4.45—5.30 *pm*

Visit to The House Appropriations Committee Sub-Committee on Treasury, Postal Service and General Government for talks with Representative Tom Steed the Chairman of the Sub-Committee.

The work of Mr. Steed's Sub-Committee was explained together with their views on the Congressional Budget process. The GAO had proved to be a particularly useful institution from the point of view of Congress in their evaluation of expenditure programmes.

There was also a discussion on the prospects for President Carter's energy conservation proposals.

Friday 22nd April: 10 *am*—12.00 *noon*

Visit to the Civil Service Commission for discussions with Ms. Georgiana Sheldon the Acting Chairman, Mr. Jacobson, the Executive Director and Mr. Hoff.

The Sub-Committee were informed that out of 17 million public servants, both civilian and military, working in all forms of Government, Federal, State and Local, Federal civilian employees total 2.8 million. Of this total the Civil Service Commission recruits about 62 per cent—this proportion being largely due to postal workers no longer being civil servants. Nor are the 40,000 employees who work for Congress or most of the people working for the Judiciary.

The merit system for appointment applies to 93 per cent of the Civil Service, the main exception being lawyers, employees of the Tennessee Valley Authority and the Atomic Energy Department, the FBI, and political appointees. Under the merit system all have to take an examination, which is an oral test only for higher grades eg graduates. While the education standard reached is the main criteria for selection, there is also a state quota system, but this in practice does not cut across the merit system.

Recruitment is at all levels, just as people leave the Civil Service at all levels. The Agencies do a lot of their own recruitment making their own selection of those who meet the Civil Service Commission standard. Graduates direct from University enter at GS 5 level. Some selected for their promise as managers are given accelerated promotion and now hold about 15 per cent of senior posts.

The CSC has no direct responsibility for numbers of staff employed by the Agencies. It is a personnel department with a team of 40 inspectors who check the grading and staff management systems of Agencies.

On the whole management of the Civil Service is decentralised to the Agencies with the CSC giving guidance. The CSC has little to do with career management except that it runs 4 Executive seminar centres and the Charlottesville Executive Development College. The CSC would like to see more movement between agencies. The CSC also has to approve any new super-grade posts, that is GS 15–18. There is an exchange of about 60 people a year between industry and the Civil Service at middle management level.

The CSC was concerned at the amount of overgrading ("grade creep") but thought that the GAO had overestimated the amount. There had been some tightening up since the pay comparability system had started in 1969.

The main responsibility for efficiency rested on the Agencies and new initiatives came from OMB who were able to bring pressure to bear by cutting funds. The CSC, while not policing efficiency in the Agencies, was trying to improve standards right across the service. Hence the working out and application of the productivity index for civil service work which had proved helpful. The CSC had measured its own productivity and found administration of pensions had improved because of more effective use of computers but the running of examinations had become too much of a routine process. So in one sense productivity would fall as more effort was put into improving the examination system.

Merit pay by giving extra increments applied to about 4 per cent of staff and the withholding of increments only to 1 per cent. However the system was useful.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

2.30—4.30 *pm*

Visit to the Joint Economic Committee of Congress for talks with Committee Members including Senator Javitts, Representatives Moorhead and Heckler, Mr. John Stark, the Executive Director, and other staff members.

The Sub-Committee had a general discussion about the work of the Joint Economic Committee as economic advisers to Congress. Some of the reports recently produced by the JEC eg on Long Term Economic Growth and on the Position of Women in the Economy were mentioned. The Committee has a hearing on the President's annual Economic Report to Congress and has done much to raise the standard of economic debate in Congress. It was usual for eminent economists to advise the Committee on its reports and evidence had been taken recently from the Chairman of the Federal reserve system and other people of that calibre. The Committee had found the work of the General Accounting Office of considerable help though as was to be expected they tended to be better at dealing with civilian rather than military subjects. At the moment the JEC had commissioned work by the GAO on 13 different projects. In the past it was Senator Proxmire, Chairman of the Sub-Committee on Priorities and Economy in Government who stimulated the GAO, Treasury OMB and CSC to work out the productivity index now used by the Executive branch. Annual reports on movements of the index are made to the JEC.

D F Hubback
Special Adviser

6 *May* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX

Extracts from Monthly List of GAO Reports for February 1977

AGRICULTURE

To Protect Tomorrow's Food Supply, Soil Conservation Needs Priority Attention.

Department of Agriculture.

The money and technical help the Department of Agriculture gives farmers to help control soil erosion could be used more wisely. Loss of topsoil reduces the productivity of the soil for present and future generations and contributes to the pollution of our air and water.

Agriculture should seek out and offer assistance to farmers with the most severe erosion problems and should give priority assistance to erosion control measures that provide critically needed, enduring soil conservation benefits.

The Impact of Federal Commodity Donation on the School Lunch Program.

Department of Agriculture.

Purchase and distribution of commodities for the school lunch program by Department of Agriculture go a long way toward meeting the needs of school districts. However, some improvements are needed to make the school lunch program more effective and responsive to such needs.

School districts in one State receive cash to buy commodities instead of receiving commodities from the Department. Essentially, commodity costs to the State's larger districts seem to be comparable to the Department's but costs to the smaller districts appear to be higher.

These and related issues, such as " plate waste "—food not eaten by students—are discussed in this report.

COMMERCE AND TRANSPORTATION

Improving and Maintaining Federal Aid Roads—Department of Transportation Action Needed.

Department of Transportation.

The backbone of the Nation's highway transportation network—the Federal aid highway systems, representing an investment of about $76 billion—is deteriorating. The States should be encouraged to use Federal highway funds on projects to maintain these systems.

Although responsible for making sure States properly maintain Federal highways, the Federal Highway Administration does not promote uniform procedures for field engineers to use when appraising State maintenance.

Two things are needed:

(*a*) Federally prescribed highway maintenance standards and guides for States.

(*b*) Criteria for Highway Administration engineers to use when inspecting the adequacy of that maintenance.

Speed Limit 55—Is it Achievable ?

Department of Transportation.

The national 55-mile-per-hour speed limit was established to improve highway safety and fuel conservation. Average speeds have dropped about 5 miles an hour, but many drivers are still speeding.

Department of Transportation efforts to increase State enforcement of the speed limit are limited by:

(*a*) a reluctance to interfere with State responsibilities.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*b*) lack of criteria to evaluate State efforts in reducing speeds.

(*c*) provisions of law that have generated State resentment and could be counter-productive, and

(*d*) a lack of voluntary observance of the speed limit by many people.

Lower Airline Costs Per Passenger Are Possible in the United States and Could Result in Lower Fares.

Civil Aeronautics Board.

Airlines in the United States regulated by the Civil Aeronautics Board could have operated at a lower total cost per passenger than they did from 1969 to 1974, and passenger fares could have been lower. Travellers could have saved over a billion dollars annually if these airlines had operated with characteristics of less regulated airlines.

Accordingly, GAO recommends that:

(*a*) The Civil Aeronautics Board work toward improving airline efficiency under existing legislation.

(*b*) The Congress provide the Civil Aeronautics Board legislative guidance defining current national objectives for air transportation and the extent that increased operation should be used to achieve those objectives.

Comments on the Study: "Consequences of Deregulation of the Scheduled Air Transportation Industry."

Air Transport Association of America.

The Air Transport Association of America study concluded that if air transport within the United States were deregulated, air services available to the public could be markedly reduced.

GAO assessed the study's methods and assumptions and found that they were often faulty. It warns that conclusions drawn therefrom should not be relied on as an estimate of the consequences of a deregulated air transport industry. Other reviewers of the association's study had similar assessments.

Program to Certify the Agreements to Protect Employees Affected by Grants made under the Urban Mass Transportation Act of 1964

Department of Labor.

A review of the employee protective provisions of agreements certified by the Department showed that they provided protection as intended by the act.

GAO's review, however, disclosed a need for the Department to expedite issuance of:

(*a*) criteria for use by labor unions and grantees in developing and negotiating the employee protective agreements required by the act and

(*b*) guidelines for resolving disputes that arise under the certified agreements.

The Department has recognised this need and has drafted, but not issued, regulations containing the needed criteria and guidelines.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Examination of Financial Operations for Fiscal Year 1975 *Shows Need for Improvements in the Guaranteed Student Loan Program*

Office of Education, Department of Health, Education, and Welfare

This report discusses financial operations of the Office of Education's Guaranteed Student Loan program and the inability of the Office's accounting system to provide needed financial information. The report contains recommendations to the Secretary of HEW for (1) improving financial data and (2) increasing program income.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

In GAO's opinion, the financial statements do not fairly present the financial position of the Student Loan Insurance Fund at June 30 1975, and the results of its operations and changes in financial position for the fiscal year then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States.

Children in Foster Care Institutions—Steps Government Can Take to Improve Their Care

Social and Rehabilitation Service, Department of Health, Education, and Welfare.

State and local agencies responsible for the placing and care of foster children in child-care institutions:

(*a*) did not always provide required social services to the children and their families,

(*b*) sometimes paid rates to institutions which were based on unallowable and/or unreasonable costs, and

(*c*) did not make sure that physical conditions and services provided at the institutions were satisfactory.

Lack of specific Federal guidelines and criteria to which placing agencies can be held accountable primarily caused these problems.

The Congress should look at the expansion of federally funded foster care services under the Aid to Families with Dependent Children program. This expansion may go beyond the scope of the program originally contemplated by the Congress.

The Employment Service—Problems and Opportunities for Improvement

Department of Labor

Since establishment of the Employment Service in 1933, it has served as a labor exchange for persons seeking work and for employers with jobs to fill. Meanwhile, many other placement sources have developed and the Service now handles a relatively small and specialised part of the labor-market—jobs and persons characterised by low pay.

This report includes recommendations to improve the Service's effectiveness, including establishing goals to upgrade the types of jobs offered. However, in setting goals, the Secretary of Labor should consider the adequacy of other placement sources in meeting applicant and employer needs.

Employment Programs in Buffalo and Erie County under the Comprehensive Employment and Training Act can be Improved

Department of Labor. To Representative Jack Kemp

Employment programs funded under titles II and VI of the Comprehensive Employment and Training Act have provided jobs and other benefits to residents of Buffalo and Erie County, New York. But several factors have lessened the programs' effectiveness:

(*a*) Participants who were ineligible,

(*b*) Lack of formal procedures to make sure specific groups get special considerations,

(*c*) Violations of Labor Department regulations on nepotism and political activities,

(*d*) Problems in Buffalo's reporting of administrative costs, including purchases of supplies and equipment,

(*e*) Relatively few participants obtaining permanent unsubsidised jobs.

This report recommends ways the Secretary of Labor can improve the program.

GENERAL GOVERNMENT

Action Being Taken to Prevent Refundable Payments of Social Security and Federal Unemployment Taxes by Charitable Organisations

Internal Revenue Service. To the Chairman Joint Committee on Internal Revenue Taxation.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Many charitable organisations are exempt by law from paying social security and unemployment taxes. However, the exemption from social security taxes can be waived if a written request or waiver is filed with IRS. If a waiver was not filed and payments were made, the organisation could withdraw any payments accepted by IRS over the last 3 years.

In 1975 about 12,700 to 20,200 organisations which had not waived their exemption paid social security taxes ranging from $118 to $369 million. Because of IRS administrative errors, these amounts all were refundable.

Legislation was signed in October 1976 to correct the problem. Public Law 94-563 states that if charitable organisations have made social security payments for three consecutive calendar quarters, they cannot withdraw their money whether or not they failed to file a waiver. Pursuant to the law, IRS is taking actions which will also correct the lesser problem of improper unemployment tax collections.

Summary of Open GAO Recommendations for Legislative Action as of December 31, 1976.

An annual compilation of GAO recommendations for legislative action that are still open. It is designed to assist the chairmen and ranking minority members of committees in overseeing Federal programs and agencies.

Following each recommendation is a reference to the GAO report in which the recommendation appears.

Improvements Needed in Recording and Reporting Appropriation Data at Fiscal Yearend.

Health Services Administration, Department of Health, Education, and Walfare.

To force its own and Treasury's accounts into agreement as of June 30, 1974, the Health Services Administration made unsupported adjustments totalling $16 million of which $2 million involved the illegal transfer of funds between appropriation year accounts. Also, Health Services' unexpended balance of appropriations as of June 30, 1975, differed from amounts shown on the Treasury's books by $190 million. For one appropriation, there is a possibility that the Anti-Deficiency Act was violated.

The Department of Health, Education, and Welfare has recognised the seriousness of the accounting systems' weaknesses and advised the Office of Management and Budget that the systems could allow fraud and misuse of Federal funds. The Department said it would improve its accounting and reporting of appropriation data.

Government Printing Operation Improvements since 1974.

Government Printing Office and other Federal agencies.

The Government Printing Office has taken actions to implement recommendations in prior GAO reports. As a result, operations have improved and the public and Federal agencies are being served better.

Several agencies have reduced costs and increased productivity by having more printing done commercially and by consolidating inhouse printing plants. However, GAO found that some improvements were still needed and is recommending further action.

Action Needed to Make the Executive Branch Financial Disclosure System Effective

During the past 2 years, GAO has reviewed many Federal agency disclosure systems and found deficiencies which lessened their effectiveness. This report discusses what can be done to improve the overall administration and enforcement of the executive branch system.

HEALTH

Potential Effects of National Health Insurance Proposals on Medicare Beneficiaries

Medicare has protected the elderly against the costs of hospitalisation but its complicated benefit structure has created administrative problems. Some national health insurance proposals would change the benefit structure. GAO recommends that:

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*a*) the Congress in considering national health insurance proposals carefully explore whether the benefits of introducing an income test would justify the resultant added administrative problems and costs, and

(*b*) a credit card system be tested under Medicare to determine its feasibility for use under national health insurance.

LAW ENFORCEMENT AND JUSTICE

Opium Eradication Efforts in Mexico : Cautious Optimism Advised

Departments of State and Justice.

Since 1970 the US has contributed about $35 million to assist Mexico with narcotics control efforts. Most of this assistance has been provided to the Mexican Attorney General's Air Services for eradicating poppies by aerially spraying them with herbicides.

This placed greater responsibility on the Air Services Section. According to reported results for January through April 1976, about twice as many fields were destroyed during that period as during the 1975 program.

Strong endorsement of the eradication program by the new administration which took office in Mexico in 1976 will be necessary for continued improvement. It recently pledged its continuing support of the program.

NATIONAL DEFENSE

The Army's Test of One Station Unit Training : Adequacy and Value

Department of the Army. Released February 15 by the Chairman, House Committee on Appropriations.

GAO monitored a yearlong Army test of a concept for providing basic and advanced training at one station under a single cadre. If this concept is adopted, new construction costs could amount to $300 million.

The test results show that under the one-station concept the training cycle can be reduced by tailoring the training program to what is necessary for initial entry-level skills. The test did not, however, examine whether similar reductions in the cycle would be attained if a tailored program were used for basic training at one station followed by advanced training at another station.

Status of the CH-53E Helicopter Program.

Department of the Navy.

The CH-53E helicopter is being developed to provide a shipboard helicopter with greatly increased lift capability.

Development effort was scheduled to be completed in November 1976 and fiscal year 1977 procurement funds were provided to purchase 10 aircraft. In August 1976 the Navy extended the research and development effort and deferred the procurement decision until January 1978.

The Congress and the Secretary of Defense should make sure that commitment of 1977 procurement funds is minimized until the aircraft is fully developed and successfully tested.

Status of the B-1 Aircraft Program.

Department of the Air Force.

The status of the B-1 aircraft program, especially flight and ground test performance and problems. Flight testing of the development aircraft has proceeded reasonably well and has disclosed no problems which would dictate a delay in production. Testing has disclosed a number of areas that will require improvement. Chief concerns over the program currently are the continuing increases in program costs and the pace of development of avionics subsystems.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Status of the Remotely Piloted Aircraft Programs.

Departments of the Air Force and the Army.

Unmanned aircraft piloted by remote control are being developed by the Air Force and Army to perform some missions now flown by men in planes. The Department of Defense has budgeted over $700 million to develop and produce remotely piloted vehicles over the next 5 years.

The Air Force began, and is continuing, the Compass Cope program without resolving questions on mission and cost effectiveness. The Air Force awarded a contract for full-scale development in August 1976. The Army's Aquila program has been plagued with design and procedural difficulties which have led to cost growth and schedule delays.

GAO recommends that the Secretary of Defense closely monitor piloted vehicle programs to make sure that basic mission, procedural, and cost-effectiveness questions are resolved.

Pacific Fleet Headquarters Efficiency Can Be Improved Through Consolidations.

Department of the Navy.

The Navy's organization in the Pacific has basically not changed for years. Although consolidations have been made to increase efficiency, many offices in different Pacific fleet headquarters perform similar types of work.

There may be better ways for the Navy to organize. GAO presents a set of possible alternatives to increase efficiency and effectiveness of operations.

Improved Management Needed for Automated Information Handling Activities of Contract Administration.

Department of Defense's proposed actions are insufficient to assure successful automation of standard contract activities until:

(*a*) requirements for information can be co-ordinated and re-established;

(*b*) detailed plans are completed;

(*c*) cost benefit analyses, reflecting the re-establishment requirements, are made; and

(*d*) a full time project manager, with authority to make decisions, is appointed.

Work on Defense Supply Agency's automated systems used for contract administration should be limited until the actions are completed.

Financial Management of Overseas Dependents Schools

Department of Defense.

More than 150,000 pupils are enrolled in schools for US dependents overseas; these schools compare favourably with US schools in the areas of student/teacher ratios and teacher salaries. As directed by the Congress, the overseas school system has been reorganised to centralise its management.

GAO recommends that school costs be reduced employing more US citizens and fewer foreign nationals and by finding alternative means of student transportation.

Proposed Relocation of the Air Force Communications Service Headquarters from Missouri to Illinois

Department of Defense

The proposed relocation could result in:

(*a*) annual recurring savings of about $19·6 million

(*b*) one-time costs of about $33·4 million, and

(*c*) one-time costs avoidances of about $6·1 million.

NATURAL RESOURCES, ENVIRONMENT AND ENERGY

Issues Needing Attention in Developing the Strategic Petroleum Reserve

Federal Energy Administration

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

GAO's monitoring of the Strategic Petroleum Reserve Programe has raised questions which need further analysis in three key areas.

FEA expects to spend up to $8 billion to establish a Reserve of 500 million barrels of crude oil—90 days of oil imports—by 1982. Unanswered questions regarding the relationship between the type of Reserve outlined by the agency and the 120-day reserve in industry crude oil and product stocks previously reported by the Government to the International Energy Agency need further analysis.

FEA plans to fill the Reserve by purchasing oil on the open market. These are options to the agency's planned open market purchases. Specifically, under certain circumstances oil produced from Outer Continental Shelf and onshore Federal leases—on which royalties are paid—and oil from the Naval Petroleum Reserve at Elk Hills could offer substantial cost savings to the Government.

The Reserve will be financed from general tax revenues. There are alternative ways for financing. Imposition of a user fee such as a tariff on imported oil or an excise tax on gasoline would result in those benefiting from the Reserve paying for it.

Indian Natural Resources—Opportunities for Improved Management and Increased Productivity—Part I: Forest Land, Rangeland and Cropland

Bureau of Indian Affairs, Department of the Interior.

The management of Indian natural resources has been hindered by:

(*a*) limited long-term planning for resource development,

(*b*) lack of personnel for technical assistance and advice, and

(*c*) conflict of tribal or individual Indian desires with accepted resource management practices.

This report makes numerous recommendations to help overcome these problems and improve the management of natural resources to increase the benefits to Indian people and to assist in meeting the Nation's long-term needs for food and fiber.

Indian Natural Resources—Part II: Coal, Oil and Gas Better Management Can Improve Development and Increase Indian Income and Employment.

Department of Interior.

The development of Indian mineral resources for the benefit of American Indians has been hindered by:

(*a*) lack of resource inventories, mineral management plans, and mineral expertise within the Bureau of Indian Affairs,

(*b*) no means to determine if Indian preference in hiring lease provisions are effective,

(*c*) failure to establish a coal lease royalty rate based on the selling price of coal, and

(*d*) inadequate monitoring of lease terms after issuance of a lease.

This report makes numerous recommendations to help overcome these problems and improve the management of mineral resources to increase the economic benefits to the Indian people and help the Nation meet its energy needs.

Examination of Financial Statements of the Tennessee Valley Authority for Fiscal Year 1976

The Financial statements of TVA present fairly its financial position as of June 30, 1976, the results of its operations, and the source and application of its funds for that year.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

GAO FORM 458 (12-74)
REPORT ORDER FORM

HOW TO OBTAIN GAO REPORTS

March 1977

Copies of GAO reports are provided without charge to Members of Congress; congressional committee staff members; officials of Federal, State, local, and foreign governments; members of the press; college libraries, faculty members, and students; and nonprofit organizations. The price to the general public is $1·00 a copy, except as noted. There is no charge for letter reports. Orders for reports without charge should be sent to:

US GENERAL ACCOUNTING OFFICE
DISTRIBUTION SECTION, ROOM 4522
441 G STREET, NW.
WASHINGTON, DC 20548

Orders requiring payment should be accompanied by check or money order made payable to:

US GENERAL ACCOUNTING OFFICE
PO BOX 1020
WASHINGTON, DC 20013

To order a GAO report, please use the report number and date indicated in bold type after the title of each report.

Report number	*Date*	*Report number*	*Date*	*Check appropriate box:*
.....	.....	.....	.....	☐ Member or committee of Congress
.....	.....	.....	.....	☐ Government official
.....	.....	.....	.....	☐ Member of press
.....	.....	.....	.....	☐ College library, faculty, and students
.....	.....	.....	.....	☐ Nonprofit organization
.....	.....	.....	.....	☐ All other (order must be accompanied by check or money order)

☐ My address is incorrect. Please change to address below.

☐ Please send microfiche copies.

☐ Please add my name to the distribution list for the Monthly List of GAO Reports.

Name: .....

Address: .....

City: ..... State: ..... Zip Code: .....

☐ Check this box if you no longer wish to receive the Monthly List of GAO Reports.

Note: GAO staff members should indicate changes in their mailing addresses by submitting a new GAO Form 410.

February 1977.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 46

UNNECESSARILY DETAILED CONTROL BY GOVERNMENT DEPARTMENTS

Supplementary Memorandum by the Society of Local Authority Chief Executives on unnecessarily detailed control, unnecessary advice and duplication of effort

Introduction

1. When representatives of the Society gave oral evidence on 7 February 1977 before the General Sub-Committee of the Expenditure Committee they were invited to submit a further Memorandum giving detailed examples of unnecessarily detailed control, unnecessary advice and duplication of effort.

2. The examples in this paper are given against the background of three years' work in the new authorities (two years in Scotland) since the reorganisation of local government, one of the avowed aims of which was to create local authorities which would be better able to stand on their own feet. The examples are a selection of those which have been provided by members of the Society. No attempt has been made to keep to a strict classification under the three heads of control, advice and duplication because many of the cases reported by members offer examples under more than one head. It is thought that the examples quoted should be sufficient to support the points made in the earlier evidence.

Transport Policies and Programmes/Transport Supplementary Grant

3. A constantly recurring theme has been how the original concept (outlined in DOE Circular 104/73) with its liberalising intentions has given way to an increasingly detailed control over the form and substance of TPP submissions and of local transport policies. The latest circular (Department of Transport Circular 1/77) inviting TPP submissions for 1978/79 contains 50 paragraphs plus appendices. It tells local highway authorities (*inter alia*).

> ". . . However, the ability of operators to preserve minimum levels of service depends on local authorities' willingness to provide the necessary financial support. Clearly the bus operators have to meet the cost of operating their services. If they cannot reduce costs sufficiently and if they do not obtain sufficient income either in fare revenue or through local authority support they cannot continue to operate their services." (Paragraph 14).
>
> "All Counties will need to consider in consultation with the bus operators in their area how best to use the total resources available, including the patterns and types of service required. To ensure continuity in service planning, operators need to have as much assurance as possible about the future levels and timing of revenue support payments. It is particularly important that the transport requirements of school children should be considered jointly with those of other travellers and that the total transport provision should represent the best use of existing resources." (Paragraph 16).
>
> "In some rural areas traffic management may offer a more economical alternative to new road construction or improvement. Through traffic and, in particular, heavy goods vehicles, should be encouraged by advisory signing backed up by traffic regulation measures where necessary to keep to the routes most suitable for them. Where recreational traffic creates congestion, consideration should be given to relieving the pressure by sign-posting alternative less crowded routes. Seasonal peaks in recreational or industrial traffic should be handled by traffic management measures wherever possible, rather than by improvements or new construction to meet the maximum demand. Expenditure on minor roads should be no more than is needed in the interests of safety and to maintain reasonable access to properties." (Paragraph 27).
>
> "Small road schemes designed to improve safety can be very effective in reducing accidents and, in terms of saving costs associated with accidents, often show a high rate of return on the expenditure involved. This is particularly attractive in a period of continuing financial restraint, and in carrying out their responsibility to promote road safety in accordance with section 8 of the Road Traffic Act 1974, Counties will wish to consider carefully the merits of such schemes. They will be most effective where based on a detailed study and analysis of road accidents in an area. TPPs should contain a section on policies and measures designed to promote road safety, with information about accident analysis and remedial work." (Paragraph 31).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

"When establishing priorities for road maintenance, authorities should keep in mind the overriding importance of the safety of travellers and the preservation of the structural integrity of roads." (Paragraph 33).

Letters conveying to County Councils the Minister's decision on earlier TPP submissions have contained such statements as

"Your TPP was again presented in a clear and realistic manner paying due attention to national policies and restraints as well as to your own structure plan proposals and transport studies."

"We are pleased to see further effort directed towards a reduction [in highway maintenance expenditure] and commend your efficiency in this field."

These letters have shown an increasing tendency to impose external judgments on the detailed priorities and programmes of the local authority.

Other Transport Matters

4. The work involved in the creation of Regional Traffic Models and the duplication involved in feasibility studies for trunk roads have both been mentioned. A county has drawn attention to the great difficulty it had in persuading the Department to use traffic survey data already available rather than seeking fresh data, at a time when public sensitivity was already high over the whole question of such surveys. Greater freedom could be given to the agent authority to act on behalf of the Department of Transport in commenting on planning applications affecting trunk roads, and thus reduce the time taken to determine a planning application.

Community Land Act

5. The originally stated intention was to require the submission to the Department of the Environment of rolling programmes, which would not refer to specific sites. Loan sanction would then be given for the acquisition of land within a financial ceiling. In practice an increasing degree of detail has been required about individual sites and this involves both local authorities and central government in detailed consideration of priorities for individual schemes. Loan sanctions are still given individually.

An extensive series of circulars and practice notes (GNLA series) has been produced and local authorities have been treated to much advice about the buying, selling and management of land. For instance Circular 26/76 says

"It follows that, both in formulating their policy and in implementing their programmes authorities should see the acquisition, management and disposal of land as a single operation, leading to its availability as and when needed. Acquisition should be planned with a clear view to disposal, whether freehold for owner occupied housing, or leased for other sorts of development. For this reason this circular deals at some length with disposal policies and procedures. Where authorities wish to acquire land some time in advance of disposal full consideration should be given, before acquisition, to arrangements for the proper use of land in the intervening period. These considerations are relevant also to another important principle—the need for the operation of the scheme, especially in the early years, to be planned so as to make the best use of resources available." (Paragraph 7).

6. The granting of consent to the disposal of land is also causing difficulties. The Community Land Act re-introduced controls over disposals of land and these controls are not limited to land acquired under the Act. This paper is not concerned to argue about the policy decision on the question of principle, but to draw attention to the time spent in securing exceptions to the general rule that disposal of industrial land should be by lease and not by sale of the freehold. In particular the commercial advantages of a 125 year lease rather than a 99 year lease seem to be insufficiently taken into account.

Submission of detailed claims for grant to Central Departments

7. The degree of detail required (usually in respect of claims which have already been checked by the District Auditor) is great eg:

(i) The type (wattage) and number of lamps must be inserted in trunk road lighting claims.

(ii) There are 32 different classifications of expenditure on claims for maintenance of trunk roads and motorways.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(iii) Detailed costs of individual employees of the Probation Service must be given in claims for Prison Welfare duties.

(iv) The detailed breakdown of civil defence expenditure required by return CRA 75C/2.

Detailed Information required in Annual and other Returns

8. Examples where the value of the information required and the use to which it is put may be in doubt:

(i) Annual return of planning applications determined during the year (Circular 52/61). This records only the number of applications and does not, for example, differentiate between an application for one house and an application for an estate of 50 houses.

(ii) A review of planning statistics has now been suspended for financial reasons. Originally intended as a rationalisation of development control returns it led to proposals to replace 9 relatively simple forms by 15 more complex returns.

(iii) Returns on staffing and children in care required by the Department of Health and Social Security. Whereas summary statistical returns were originally required, a return is now requested for each child and each staff member. One large county estimates 6 man weeks spent in preparation. Returns which have been required to be made within a month have generated no analysis of any use to the authority for over a year after completion.

(iv) The detail required in reports to the Department of Prices and Consumer Protection. One authority points to the 18 pages needed to give detailed information about prosecutions.

(v) Information on examination results is required by the Department of Education and Science from all maintained secondary schools yet this information is already held by the Examination Boards.

(vi) The detail required in the completion of returns about repayment of mortgages under the Housing (Financial Provisions) Act 1958 and the Small Dwellings Acquisition Acts (Form P 12A (Hsg)) and the granting of new loans, for which a monthly return is required.

The control exercised through the requirement to obtain loan sanction for Capital Expenditure to be financed from borrowing (including the approval of designs produced by professional Architects, Engineers etc in local authorities).

9. Reference has already been made to the Community Land Act. The move towards 'block allocations' for school building has not removed the requirement to submit individual projects for detailed scrutiny. The proposed move to a 'block allocation' for Social Services was shelved by the Department of Health and Social Security on the grounds that it would be wrong to make the change while the Layfield Report was under consideration.

A 'block allocation' for police housing does not remove the requirement to submit each proposal for approval to the Home Office.

Under the housing 'cost yardstick' arrangements the work of architects and quantity surveyors employed by the local authority is checked in the Regional offices of the Department of the Environment.

The withdrawal (by Circular 66/76) of the small loans procedure for key-sector housing schemes results in the submission of detailed proposals and a delay which was not previously present.

The degree of technical 'guidance' is considerable. Administrative Memorandum 11/73 from the Department of Education and Science not only describes in detail how to measure openings in a wall ("For this purpose the wall should be regarded as a rectangle with horizontal and vertical sides") but also contains the following requirement.

> "Any balcony, platform, roof or other external area to which any person habitually has access from a building for any purpose other than maintenance or repair and which is above the uppermost level of the ground storey of the building shall have a balustrade, parapet or railing of such height, extent, construction and material as to afford reasonable safety for any person using such balcony, platform, roof or other external area." (Paragraph 5).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Technical memorandum no H9/75 explains to County Surveyors how long grass ought to be cut and how to measure the length of grass.

Circular Roads 52/75 contains much 'guidance' on the subject of inspection of trees within falling distance of the highway.

One County Council reports detailed discussions about specific aspects of the lighting and heating of a school designed by the County's professional staff, before approval was given by the Department of Education and Science. The same county draws attention to the insistence on the submission of detailed drawings for loan sanction for schemes costing less than £5,000 submitted to the DHSS.

Further examples of 'Advice' and 'Guidance'

10. (1) Home Office Circular 105/74 spelt out the advantages of preparing an annual budget for magistrates courts, saying how and when it might be done and emphasising the distinction between capital and revenue expenditure.

(2) Department of Transport Circular 3/76 contains the following reference.

> "Paragraph 12, Cost of Enforcement—petrol is already sampled from retail outlets for Trade Descriptions Act purposes and such samples could be analysed for lead content. No increase in the amount of sampling is, therefore, required to enforce these Regulations; if the extra cost of analysis for lead content proves significant, it is suggested that the frequency of sampling be reduced."

(3) The Home Office offers to Police Authorities views about the relative suitability of candidates for senior appointments as well as indicating whether an appointment would receive the Home Secretary's approval.

(4) Department of Energy circular letter of 27 August 1976 (relating to Job Creation) to Scottish local authorities contains 11 pages of appendices including such matters as:

> "Roof insulation projects may be made up of a number of elements. In addition to teams of workers to carry out insulation work, supervisors will be required to take day-to-day charge of teams. People will also be needed to plan and co-ordinate the work of the insulation teams and to ensure that materials are delivered in time. Householders and others affected by insulation projects will need adequate warning that the work is to be undertaken. Provision may have to be made to ensure that roofs are accessible and cleared. Thus insulation projects can give scope to employ a number of different categories of people. Insulation teams ought to be made up of a mix of young people and older workers, and supervisor posts will provide an opportunity to employ older workers. Co-ordination and planning work, amking contact with householders, etc may be necessary. Guaranteeing access to roofs and making good any damage that may be done would provide suitable jobs for unemployed people from the construction industry." (Paragraph 5).

11. The Society also draws the attention of the Sub-Committee to the examples quoted by B. Stevenson (County Treasurer of Cleveland) in an article in Public Finance and Accountancy in October 1976. An extract from that article is quoted here:

> "Local government must be prepared to fight for the removal of detailed central control in those areas where it already exists, eg detailed approval of capital schemes, machinery of the TPP, the RCU's, detailed guidance on appropriate rates of growth and the whole plethora of review of construction schemes which ensures normally that the architectural or engineering qualities of a project are reviewed three times, once by the local authority designing the project, then again by the Ministry and eventually by the architect or engineer whose responsibility it is to build.
>
> The volume of advice is overwhelming. For the three months May, June and July, 226 Statutory Instruments appeared in the Stationery Office list, excluding those specific to Scotland, Northern Ireland or particular geographic areas in England. Not all were specific to local government, of course, but the vast majority had some impact. In my own authority, we have not yet managed to count all of the circulars, letters of advice and so on in the same period. It seems that we receive about two circulars from the DHSS alone every week. The DHSS in fact are so concerned with the need to provide communications that in the Northern Region the DHSS Social Work Service employs no fewer than 14 people to help local authorities discharge their duties. Those circulars we have discovered cover a fascinating variety of subjects. We have been told that the best place to put an office used by members of the public

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

is in a place where members of the public can find it. We have been advised that a post becoming vacant at the Fire Services Staff College will be advertised in The Times and the September issues of Fire and Fire Protection Review. We have been given detailed instructions on how to fit asbestos hoods to firemen's helmets. We have been invited to forecast the proceeds of land sold from Police accounts in 1981 and our attention has been drawn to a circular on the disposal of imported rodents at ports and airports, with a fascinating reference to CE10 Chief Engineer/Dear Engineer letters index 1973–75, courtesy of the DHSS. We have even been informed by the Secretary of State for the Social Services that 'services provided by local authorities (LAs) (especially those of the Social Services Departments) have a considerable impact on health services and vice versa.".

Further Examples of Duplication of Effort

12. (1) The Borner report suggested ways in which professional time could be reduced on the checking by District Valuers of the valuations made by local authority valuers. The Government's response to the proposals was regarded in some quarters as unnecessarily cautious. It is reported that in one part of the country the extent of checking still exceeds that required by the Government's policy in these matters.

(2) The designation of General Improvement Areas and Housing Action Areas is leading to duplication at central government level of work done at the local level by Environmental Health Officers and Planning Officers.

(3) The detailed interest taken by the Central departments in relatively minor matters of staffing and other expenditure in the Registration and Rents Acts services leads to a disproportionate expenditure of time and money at the local level on these relatively inexpensive services.

(4) Grants for historic buildings in Town schemes (often only amounting to a few hundreds of pounds) are checked at District Council, County Council and Department of Environment levels. The certificate of a single architect should suffice.

(5) The detail required in the submission of applications for grant in such things as urban aid schemes.

(6) Veterinary officers of the Ministry of Agriculture Fisheries and Food visit slaughterhouses in respect of matters where the responsibility lies with the local authority.

(7) The extent to which Departments such as the DHSS seek to become involved in dealing with queries or complaints made to the Department about matters falling within the discretion of the local authority.

(8) The assumption that the Department of the Environment needs to check that a local authority has observed the correct procedures (eg advertisement in the London Gazette) in the designation of a conservation area under the Town and Country Planning Act 1971. This is not a matter in which the Department has any role as 'confirming authority'.

(9) The insistence in the use of maps to the scale of 1/1250 in connection with compulsory purchase orders even though the Ordnance Survey does not produce maps to this scale in rural areas. One county also reports detailed comments being raised on submitted compulsory purchase orders, relating eg to the use of lower case instead of capitals and substituting "OS parcel number" for "OS enclosure number".

(10) The late announcement of the amount of mandatory awards for higher education students has led to inefficient working in local authority education departments at the beginning of the academic year because of the large number of complaints and requests received from members of the public at a time when staff are already fully occupied.

(11) The requirement to seek specific approval to relatively small items of police expenditure creates extra work eg rents over £250 pa require specific approval.

(12) The recent insistence on the part of the Department of the Environment, when consent for disposal of land is being sought, to inquire into matters relating to restrictive covenants. In one such case, a disposal of some land for a minor road widening scheme by a District Council to the County Council, consent has been refused because of this. It is felt by the local authorities that the question of restrictive covenants is one for the parties to the transaction and should be of no concern to the Department responsible for giving consent.

4 *May* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 47

UNNECESSARILY DETAILED CONTROL BY GOVERNMENT DEPARTMENTS

Note by the Department of the Environment on the Supplementary Memorandum Submitted to the Sub-Committee by the Society of Local Authority Chief Executives

1. At the Sub-Committee's invitation, the Society submitted a supplementary memorandum giving examples of what the Society regarded as unnecessarily detailed control, unnecessary advice or duplication of effort by Government Departments. This note comments briefly on the main themes in the supplementary memorandum.

Consultation with Local Authority Associations

2. Many of the Society's criticisms concern Departmental circulars to local authorities. The Society makes no reference, however, to the role which the local authority associations play in the preparation of circulars. In DOE and DHSS for example, it is standard practice to send the drafts of all circulars to the associations, not for their approval (their views sometimes differ), but so that their comments, as the bodies representing local government, can be taken into account in the preparation of the final text. In most cases, amendments suggested by the associations are accepted.

The Stimulus from Local Government

3. Indeed, some circulars are issued at the specific request of the associations or of other representative bodies. For example, Home Office Circular 105/74—to which the Society refers in paragraph 10(1)—was produced at the request of local authorities and magistrates' courts committees.

4. Moreover, Departments are responsive to local government's reactions to circulars. For example, DOE Circular 52/75—to which the Society refers in paragraph 9—gave advice on tree inspection. It was intended to give help on a matter where practice varied considerably between authorities. The local authority associations have subsequently persuaded the Department of Transport that further circulars on this subject are not required.

5. Similarly, Departments are responsive to proposals for streamlining procedures and avoiding delay. The Society suggests, for example, that greater freedom could be given to agent local authorities to act on behalf of the Department of Transport in commenting on planning applications affecting trunk roads, thus reducing the time taken to determine applications. This would require an amendment to the statutory provisions concerned; moreover, it is relevant that the Secretary of State for Transport is directly answerable for all matters relating to trunk roads. However, the Department of Transport, in consultation with the Department of the Environment, is considering the proposal (which is also discussed and commended in paragraph 69 of Volume 1 of the 8th Report from the Expenditure Committee, Session 1976-77).

6. Perhaps two further examples would be helpful about the way in which Departments are taking action to streamline procedures mentioned by the Society. First, since April of this year, the Department of the Environment has ceased to inquire into matters relating to restrictive covenants when local authorities are seeking consent to dispose of land (paragraph 12(xii) of the Society's memorandum). Second, the housing cost yardstick procedures, to which the Society refers in paragraph 9, have been reviewed, in discussion with the local authorities, and as a result paragraph 9.11 of the Green Paper on Housing Policy (Command 6851, June 1977) says:

> "*New Methods of Cost Control.* The present "housing cost yardstick" involves too much detailed and time-consuming work for both central and local government. Discussions have suggested that a simpler system, based on a fixed level of costs per house eligible for subsidy combined with monitoring of overall cost trends, could provide local authorities with greater incentives to seek value for money in their building schemes and cut down on paper work. This new approach will be developed further with the local authorities".

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The Statutory Position

7. The Society cites examples of controls exercised by Government Departments which it considers unnecessary. The supplementary memorandum does not, however, refer to the fact thtat many controls arise from legislation approved by Parliament. For example, paragraph 12(xi) quotes the requirement for approval of certain items of police expenditure; but it does not record that, by statute, Home Office consent is required to the provision of police buildings. And the Home Secretary has a statutory duty to approve senior police appointments (paragraph 10(iii) of the memorandum). Moreover, the annual report on prosecutions (paragraph 8(iv)) is a statutory obligation arising out of the Weights and Measures legislation. Many local authorities have, in fact, chosen voluntarily to supply the Department of Prices and Consumer Protection with additional information, and in such cases the statutory requirements represent only a part of the authorities report; the 18 page report quoted by the Society might well be such a case.

The Requirements of Policy

8. One of the functions of circulars is, of course, to convey the policies of the Government to local authorities. It is important that these should be set out clearly and in sufficient detail so that local authorities can take them into account in formulating their own proposals. This point can be illustrated by reference to the circulars about Transport Policies and Programmes (TPPs), which the Society mentions in paragraph 3. Although the TPP system makes local authorities responsible for their own planning and policies in transport, there is an inevitable interaction between national and local policies (eg on financial support for public transport), and the TSG Submission Circular provides a convenient means of informing local authorities about national polices. Moreover, the Secretary of State has discretion whether or not to accept for grant purposes particular items in a local authority's TPP. Indeed, the Local Government Act 1974 obliges him, in making his decision, to have regard to the progress made by an authority in formulating and implementing suitable policies. It is also worth adding that the Transport Supplementary Grant System is a relatively recent development and the Department's strong impression is that authorities find it helpful to have a check-list of policy considerations in the annual circulars.

Accounting Requirements

9. Departments are, of course, answerable to Parliament for the expenditure of Voted money. Some of the detailed information which Departments seek from local authorities is essential so that they can discharge their accounting responsibilities. There are three examples of this which can be given by reference to the Society's memorandum.

10. Paragraph 7(ii) says that, for claims for reimbursement for the maintenance of trunk roads and motorways, there are 32 classifications of expenditure. This expenditure is a charge on the Department of Transport's Votes and amounts to about £60 millions a year. The break-down of claims is necessary so as to ensure that the expenditure is properly controlled. The form on which the claim for reimbursement is made was devised in consultation with local authority representatives. Discussions are currently in progress with the local authority associations about the production of a uniform system for accounting for all highway maintenance expenditure (ie for highways which are local authorities' responsibility to maintain as well as trunk roads and motorways).

11. Paragraph 7(iii) of the Society's memorandum mentions the requirement for detailed information about the costs of individual employees of the Probation Service for the purposes of certain claims. These details are necessary for Vote purposes so as to distinguish those Probation Officers whose work is such that their cost is met wholly by the Home Office from the bulk of the probation service whose costs are subject to an 80 per cent Government grant.

12. Paragraph 7(iv) refers to the detailed breakdown of civil defence expenditure required by CRA 75C/2. This is an annual grant claim form. Over the years the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

amount of detail sought has been reduced. But minimum details are necessary for the Parliamentary Vote because of the different rates of specific grants attracted by different kinds of expenditure.

Information

13. The Society's memorandum also questions the justification for Departments' requests for certain information and criticises the delay in supplying authorities with information. Departments are very conscious of the need to avoid adding unnecessarily to local government's work and they aim, therefore, to keep their requests for information to a minimum. In particular, they try to avoid duplication of effort. However, a frequent problem is that the information collected for one purpose is insufficient or on a different basis from that required for another.

14. For example, the Society's memorandum (paragraph 8(v)) suggests that the Department of Education and Science requires information about examination results from all maintained schools even though this information is already held by the Examination Boards. In fact, while some material on subject examination results is collected from the Boards, they cannot supply all that is needed. For example, they cannot distinguish between candidates from different kinds of educational establishment; or give the combinations of CSE, O level and A level results obtained by individual students; or indicate the type, if any, of further or higher education to which a pupil is going forward. This is the kind of information, unobtainable elsewhere, which DES calls for from schools.

15. In paragraph 12(x), the Society illustrates the extra work which Departments can cause local authorities when information is delayed. This is a fair point and one of which Departments are very much aware. For example, DES recognises the practical problems faced by local authorities as a result of changes in the rates and conditions of mandatory awards and of the fact that the later these changes are announced, the more difficult it is for them to cope. Every effort is made to announce the results of student grant reviews as early as possible. The announcements on 28 May 1975 and 27 May 1976 were much later than DES would have liked, but on each occasion the delay was unavoidable given that important changes (such as those arising from the Education Act 1975 and the Sex Discrimination Act) had to be incorporated. This year the announcement was made on 28 March which, allowing for the need to take account of the most up-to-date figures of changes in the cost of living, is just about as early as possible.

Conclusion

16. The purpose of this note is not to suggest that Government Departments are above reproach or to comment on each of the examples quoted by the Society. Its aim is to suggest some views on the main themes which the Sub-Committee may find it is useful to have in mind when considering the Society's memorandum.

Department of the Environment
2 Marsham Street, London SW1
12 *July*, 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 48

CIVIL SERVICE REFORM

Memorandum submitted by Lord Crowther-Hunt

1. The main objective of any reform of our civil service must be to make it more efficient in carrying out the tasks of modern government. This means that it must be staffed by individuals with the right experience, training and qualifications. It means, too, that civil servants must be organised and deployed in such a way that their full range of skills can be mobilised in the achievement of government objectives and in the administration of the modern state. Finally, civil servants must be the servants of Ministers and Parliament, not their masters.

2. It is clear from the evidence received by your Committee that our Civil Service to-day still fails to meet these different criteria of efficiency. Too many recruits are without the right qualifications and experience. The system of post-entry training fails to rectify these initial deficiencies. The organisation and deployment of staff prevents the best use of individual talent, impedes the entry into wider management of those well fitted for it, and seriously hampers the Service in adapting itself to new tasks; it also makes it difficult for government to undertake the long-range planning which is so crucial to our national prosperity and well-being. Finally, all these deficiencies are compounded by the fact that in recent years there has been a great increase in the power of the Civil Service vis-à-vis Ministers and Parliament.

Each of these points is developed more fully in the following sections. The final section contains some general recommendations for remedying these various deficiencies.

The Qualifications and Experience of Recruits

The main criticisms

3. All the information so far provided by the Civil Service Commission on the sort of graduates now being directly recruited as Administrative Trainees gives grave cause for concern. There are two bases for this concern. The first is that the system of selection (Method II) seems to contain a bias *against* those whose university studies are relevant to the problems of modern government (*ie against* economists, social scientists, natural scientists, etc) – and a bias *in favour* of those whose university studies have been largely irrelevant to the problems of the modern world (*eg* a bias in favour of those who have read such Arts degrees as Classics, History, English Literature, etc). This is in sharp contrast to the sort of people recruited at this level to other civil services – notably the French and United States civil services; there the emphasis is on the relevance of a university degree to the governmental problems the civil service has to deal with.

4. The second cause for concern about the Method II selection process is that it appears to show a bias *against* those who have been educated at State Schools and *in favour* of those educated at fee paying schools. The process also appears to favour Oxbridge candidates at the expense of non-Oxbridge candidates; but this can, at least, be justified on the twin grounds that:

(*a*) entry to Oxbridge is determined by tests of ability rather than the length of the parental purse (which, of course, is not true of the public schools).

(*b*) the level of ability among Oxbridge graduates is probably higher than the level of ability among their counterparts in other Universities.

Thus, if the civil service is seeking to recruit the most able people it is hardly surprising that Oxbridge supplies a higher proportion than other universities. Oxbridge almost certainly contains a higher proportion. But one doubts whether the public schools sector of our education system contains a preponderance of able people (as Method II implies) compared with the state school sector which, after all, is much the larger sector.

5. Before drawing attention to the recent detailed Civil Service Commission Statistics which provide the basis for the criticisms in paragraphs 3 and 4 above, I think it important to consider them against the criticisms which the Fulton Committee made nearly 10 years ago about the sort of people who were then being recruited to the Administrative Class – and also against the findings of the Davies Committee which investigated the Fulton criticisms and reported in 1969.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The Fulton and Davies findings on Method II

6. The Fulton Committee was concerned about the sort of people recruited into our Administrative class and was worried about the possibility of a subjective element in the Method II process of recruitment, *ie* broadly the present system. And we set out some substantial criticisms of the Method II Selection Procedures in Appendix E of our Report. We were concerned about recruitment in general for 2 reasons:

(*a*) Graduate recruits to the Administrative Class – in terms of subject studies at University presented a very sharp contrast with recruits to other Civil Services – France and the USA for example. Thus, as Halsey showed in Volume III of the Fulton Report, the great majority of graduate entrants to the administrative class took their degrees in the arts or humanities (71 per cent – mainly history or classics); there were just over 25 per cent from the social sciences, and about 1 in 10 had studied natural science and only a negligible proportion were drawn from applied science. This was in sharp contrast with USA and France. In USA—only a small proportion were arts graduates—the rest coming from social sciences, natural and applied sciences. In France—the counterparts of our administrative class were graduates of Ecole Nationale (Page 400, Volume III) where they had a general education in social sciences (*ie* economics, law, public administrative statistics)—preceded by 2 years in one of the Instituts d'Etudes Politiques.

(*b*) The second reason for our concern was that Halsey and Crewe found that the main trend in recruitment of direct entrants to the administrative class since 1945 had *not* been towards recruiting from a steadily widening social and educational background—and this was in sharp contrast to recruitment to most other professions. Overall—it was static. For a number of years, indeed, in the 1950s and 1960s the trend was actually towards an increase in the proportion of direct entrants from the middle and upper classes and from public and other fee paying schools. Only since 1964 was there some evidence of some shift towards a higher proportion of recruits from the lower social classes, from the state section of education and from Universities other than Oxbridge.

7. Inevitably—the Halsey and Crewe Survey raised doubts about the Method II selection process for entry to the Administrative Class (ie broadly the present system based on 2 days of tests and interviews)—particularly as compared with Method I which was largely based on written examination—the more so since the analyses we did showed that those from state grammar schools and working class homes had a better chance of getting into the Administrative Class via Method I than Method II.

8. Because of our criticisms—the Davies Committee was set up to investigate Method II—and to consider, as we had recommended, "ways of making the process of selection more objective in character". It concluded:

> "We think that the make-up of the entry," both up to 1964 and since, "reflects the character of the field of candidates who chose to compete rather than the choice made by the selectors within that field. We found no evidence of bias in Method II itself, either in the procedures or on the part of the assessors."

9. This really was a white-washing conclusion which in fact ran counter to the Davies Committee's own statistics. For example, the Davies Report showed that in 1968 Oxford and Cambridge provided only 35 per cent of the candidates for Method II—but they provided 59 per cent of the successes. More important the Davies Report showed that while the majority of those applying to get into the Administrative Class came from LEA Schools (56 per cent in 1968) the LEA Schools provided only a minority of the *successful* candidates (37 per cent). Conversely—while the public and other fee paying schools provided 44 per cent of the candidates, their candidates formed 63 per cent of the successes.

In other words—the successful candidates were very far from being an accurate reflection of the different proportions of candidates—in spite of the Davies Committee's contrary conclusion.

10. And the Davies disregard of its own evidence is neatly underlined by its own figures on the proportion of candidates from the families of skilled and unskilled workers. Thus, for example, it showed that since 1965 the proportion of candidates from the families of skilled and unskilled workers had, on average, almost doubled (from 16 per cent to 30 per cent). However their proportion of successes during the same period had gone up

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

only by 2 per cent—to 20 per cent; and, indeed, their proportion of successes in 1968 at 15 per cent was actually *down* by 11 per cent on 1964 when it had reached 26 per cent.

11. These facts together – must lead to one or other of two conclusions. Either there was some bias in the Method II Selection Process at that time – or the personal qualities Method II looked for in potential administrators were those more likely to be found in those with a privileged social and educational background.

12. And this conclusion was underlined by one further set of figures. The Davies Report agreed that while there had been little change in the proportion of *candidates* with First Class Honours Degrees, there had been a small decrease in the proportion of successful candidates with Firsts. At the same time there had been an increase in the proportion of those with II (2)'s and IIIs declared successful by Method II. The majority of unsuccessful Firsts came from LEA Schools and Social Classes III,IV and V. The majority of the II(2)s and IIIs preferred by Method II to these unsuccessful Firsts came from public and other fee paying schools and from Social Classes I and II.

13. Significantly enough, though, the Davies analysis of applicants and successes in the period 1964-68 *did* show that in terms of degree subjects there then appeared to be no bias in the selection process. Here—although the majority of the successful candidates had read Arts Degrees (53.8 per cent) this broadly reflected the fact that the majority of the applicants had read arts degrees (55.7 per cent). And while only 19 per cent of the successful candidates had read social science degrees this, too, broadly reflected the fact that those with social science degrees formed 18 per cent of the applicants. And we get a similar situation with the scientists, technologists and mathematicians. Though they formed only 10.2 per cent of the successful candidates they were, anyway, only 8.2 per cent of the applicants. Indeed, if there was any bias here—it was *in favour* of social scientists, natural and applied scientists and it was *against* those with degrees in the arts and humanities.

The Situation since the Davies Report

14. In comparing the present situation with that revealed both by the Fulton and Davis Reports—we have to remember that the graduate entry into the Administrative Trainee grade is substantially larger than the graduate entry into the old Assistant Principal Grade. This, in itself, one might believe, could contribute to a broadening both in the types of recruit seeking entry and in those eventually declared successful.

15. When I gave evidence to your Committee on 25th October, 1976 I drew attention to certain aspects of the statistics on the recruitment of Administrative Trainees between 1971 and 1975 which I believe to be profoundly disturbing. In particular I argued that the Method II selection process seems to show a bias *against* those whose university studies are relevant to the problems of modern government (ie against economists, social scientists, natural scientists, etc)—and a bias *in favour* of those whose university studies have been largely irrelevant to the problems of the modern world (ie a bias in favour of those who have read such arts degrees as Classics, History, English literature, etc).

16. The bias in favour of Arts and Humanities is well illustrated by a comparison between Table 4 and Table 9 accompanying the Civil Service Commissions evidence of 5 July 1976. In every year between 1971 and 1975 those who have read Arts and Humanities at the Universities comprise a significantly larger proportion of the successful candidates than of the field of applicants. Thus, for example:

(*a*) In 1971, 42 per cent of the male external applicants had read Arts and Humanities. They formed 60 per cent of the successful male external candidates. This pattern is repeated for 1972, 1973, 1974 and 1975.

(*b*) In 1971, 54 per cent of the women external applicants had read Arts and Humanities. They formed 81.4 per cent of the successful female external candidates. This pattern is repeated for 1972-75.

(*c*) In 1971, 36 per cent of the male internal candidates had read Arts and Humanities. They formed 66.7 per cent of the internal successful male candidates. This pattern is repeated for all subsequent years except 1972.

All the other figures in Tables 4 and 9 almost invariably indicate this bias in favour of Arts and Humanities.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

17. The bias *against* Social Sciences and Natural Science is well illustrated by the fact that between 1971 and 1975 those with degrees in these subjects comprise a significantly smaller proportion of the successful candidates than of the field of applicants. Thus, for example, we can see from Tables 4 and 9 that:

(*a*) In 1971, 36 per cent of the male external candidates had degrees in the Social Sciences. They formed 25 per cent of the successful candidates.

(*b*) In 1971, 17.4 per cent of the male external candidates had degrees in Natural Science; they formed 10.8 per cent of the successes.

Tables 4 and 9 show that this general pattern is almost invariably true for all the period under survey—and true too, for both men and women and for internal and external candidates.

18. Only in respect of Applied Scientists does there appear to be no clear bias one way or the other—though the numbers involved are perhaps too small to enable significant conclusions to be drawn.

19. In this general context it is worth emphasising that in respect of graduate applicants and successes for *Executive* Officer and equivalent posts there appear to be none of the biases referred to in paras. 16 and 17 above. Thus a comparison of Tables 15 and 19 broadly indicate that between 1973 and 1975 that pattern of successful candidates whether from Arts and Humanities, Social Science or Natural and Applied Science very nearly reflects that pattern of applicants from these different disciplines. The recruitment here, of course, is NOT done by Method II. So we are led to conclude that the method of recruitment for Executive Officers appears to be more objective than Method II—unless in Method II there is an evident preference for the qualities associated with those who come into the Service with an irrelevant University background.

20. Besides showing a bias in favour of Arts and Humanities etc—the Method II selection process also appears to show a bias in favour of those from the public and other fee paying schools and *against* those from local authority schools. Thus, for example, a comparison of Tables 2 and 7 shows that:

(*a*) In 1971, 2, 3, 4 and 5—the external male applicants from LEA Schools formed between 61 per cent to 68 per cent of the candidates. (Table 2 of 5 July evidence). They formed only, for the most part, about 50 per cent or less of the successes in getting into the Administrative Trainee Grade (Table 7). Indeed, in 1974, they formed 68.8 per cent of the candidates—but only 38.3 per cent of the successes. Only in 1973 did they form more than half the successes—when they formed 65.1 per cent of the candidates and became 59.2 per cent of the successes.

(*b*) Conversely between 1971 and 5—men from the Direct Grant, Public and other fee paying Schools formed between 28.6 per cent and 36.8 per cent of the candidates and got between 50 per cent and 61.7 per cent of the successes in each year except 1975—when they got only 45.7 per cent of the successes.

21. In this general connection it is particularly interesting to note that Oxbridge candidates with a public school education do better in Method II than Oxbridge candidates from state schools. And public school candidates from non-Oxbridge Universities also do better than their state school counterparts. Thus between 1973 and 75:

(*a*) 29.2 per cent of the male Oxbridge applicants for the Administrative Trainee grade had a Public School Education while they formed 32.4 per cent of the Oxbridge successful candidates (Tables 3 and 5 of 19 October 1976).

(*b*) 46.3 per cent of the male Oxbridge applicants for the Administrative Trainee Grade came from LEA schools; they formed 40 per cent of the Oxbridge successes. (Tables 3 and 5 of 19 October).

(*c*) 8.6 per cent of male applicants for the A/T Grade from non-Oxbridge Universities came from Public Schools; they formed 21.3 per cent of the successes from non-Oxbridge Universities. (Tables 4 and 6 of 19 October).

(*d*) 72.8 per cent of the male applicants from non-Oxbridge Universities came from LEA Schools; they formed 61.8 per cent of the successes from non-Oxbridge Universities.

22. Again, it is interesting to note that the Public School advantage in the Method II Selection process indicated in paragraphs 20 and 21 above does not appear to be reflected

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

in any similar bias in the selection of graduates for Executive Officer appointments. Thus between 1973 and 1975:

(*a*) Male graduates from public and fee-paying schools formed between 17 per cent and 19 per cent of the applicants and 18 per cent—20 per cent of the successes.

(*b*) Male graduates from LEA schools formed between 74 per cent and 77 per cent of the applicants and between 73 per cent and 77 per cent of the successes.

23. The points made in paragraphs 20–22 above seem to show that either there is still some bias in the Method II selection process or that the personal qualities being sought in our administrators are those more likely to be found in public school men than in the products of our state school system.

24. One reaches similar general conclusions if one compares applicants and successes (re the Administrative Trainee Grade) in terms of the social classes of their fathers. (Tables 1 and 6 of 5 July). Male candidates with fathers in Social Classes I and II comprise a higher proportion of the successful candidates than of the field of applicants. In contrast, male candidates from social classes III, IV and V comprise a smaller proportion of the successful candidates than of the field of applicants. The Civil Service Commission, unfortunately, has *not* provided any statistics showing the social class origins of graduate applicants for Executive Officer posts— so it is not possible to see whether the different selection process there again irons out these biases as it does re Arts and Humanities Public Schools, etc as indicated in paragraphs 19 and 22 above.

25. Paragraphs 19 and 22 above have clearly indicated that the apparent biases in the Method II selection process are NOT to be found in the different process of selection of graduates for Executive Officer and equivalent appointments. In this connection, therefore, it is particularly interesting to note that when the Method II selection process is then applied to internal candidates for the Administrative Trainee Grade (and many of those internal candidates must have entered the service as graduate Executive Officers) the same biases then re-assert themselves. Thus:—

(*a*) We find in 1972 that while 77 per cent of the internal male candidates were from LEAs—only 60 per cent of the successes were from LEAs. No figures for 1973 and 1974. But in 1975—we have 66.4 per cent of male internal candidates from LEA—but only 51 per cent of successes. With Public and Direct Grant Schools—in 1972 they had 18·8 per cent of internal candidates— but 30·8 per cent of successes; and in 1975—they had 22 per cent of candidates—but 41·3 per cent of successes. They are here selected by Method II process. (Tables 2 and 7).

(*b*) The subject balance also get similarly skewed—eg in 1971 36 per cent of male internal candidates had degrees in Arts and Humanities—but 66 per cent of successful internal candidates had degrees—Arts and Humanities and while 9 per cent of male internal candidates had degrees in Natural Science—none were successful. (Tables 4 and 9).

General Conclusion

26. Since the Davies Report the marking system of the individual tests has, I believe, been changed from a numerical basis to an alphabetical basis. This must, therefore, mean there is an even greater danger of a subjective assessment than at the time of our criticisms in the Fulton Report. Moreover, I believe the Civil Service element on the Final Selection Board has been strengthened at the expense of those from outside the Service. In any event, the statistics to which I have drawn attention are, I believe, sufficiently disturbing to warrant a completely independent investigation of the Method II selection process.

27. At the very least one needs to know:

(*a*) why there was *no* subject bias in the Method II selection process between 1964 & 68 (See paragraph 13 above) and why there is a marked bias now.

(*b*) why there is no subject bias in the selection of graduates for Executive Officer appointments (See paragraph 19 above) while there is such a bias in the Method II selection process.

(*c*) why there is no school bias in the selection of graduates for Executive Officer Appointments (see paragraph 22 above) while there is such a bias in the Method II selection process.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

28. Moreover, there is a strong case for arguing that in the selection for Administrative Trainees there should in fact be a bias in favour of those who have studied subjects at university which have some relevance to the economic, social, scientific and technical problems that Civil Servants will have to handle. At the very least such people will require less post-entry training than those whose pre-entry knowledge is limited to the problems of Ancient Greece and Rome. This was one reason why Fulton recommended that, other things being equal, the relevance of an applicant's university course to the problems modern governments have to face should be a decisive factor in the selective process. Preference for relevance, we called it. I shall return to this theme later in this Note.

Post Entry Training

The Civil Service College

29. There is no doubt that the Civil Service College has been a major disappointment. There are 3 main reasons for this:

(*a*) It has seen its prime function as being to train *generalist* administrators. Thus it spends substantially more on training ATs and HEO's (25 per cent of its resources) than on any other single group. By way of contrast, it spends only 6 per cent of its resources on specialist graduates (ie architects, scientists, etc); yet if scientists, engineers and others are to have an equal chance of success in the Service as members of the Administrative Group they need equality of training time.

(*b*) It is an impossible task to run common successful courses for all 'generalist' administrators when some already have the relevant knowledge when they come into the Service (ie have read Economics, or social science etc degrees at our Universities) and others have no knowledge whatsoever of the problems of modern Britain.

(*c*) It does not appear to have geared its research effort to assisting departments in solving their long-term policy problems. (See Fulton Report Paragraph 102).

30. The training problem becomes easier—and certainly much less expensive—if we abandon the concept of the 'generalist' (see paragraph 34 et seq. below), and if we also recognise that some people have more 'relevant' university etc degrees than others. Thus the administrators of the future should, in their early years, specialise as economic and financial administrators, social administrators or scientific and technological administrators (see paragraph 37 below). And it should be a requirement that a graduate recruited for one or other of these spheres of administration should have acquired the basic corpus of relevant knowledge before he comes into the Civil Service proper. Thus, for example, a graduate who has taken an economics degree and who wants to become an economic and financial administrator could enter the Civil Service immediately after graduation (if he has reached the required standard) whereas a graduate in Classics who wants to be an economic and financial administrator would have his entry deferred by a year or so until he has done an intensive post-graduate economics course which will equip him with the broad corpus of knowledge he needs in this field. (It would be a matter for argument whether this post-graduate course should be at his own or at the government's expense). Just as it is not possible in France to get into ENA (ie into the Civil Service itself) without a basic knowledge of the problems of modern France, so, by broad analogy, it should not be possible to get into our Civil Service College until an individual has the necessary background knowledge required for one or other of the main areas of administration referred to above. And, for the person promoted internally to the A/T grade, such promotion should also be geared to the acquisition (by part-time study) of the relevant basic knowledge.

31. It follows from what has been said above that the Civil Service College should run training courses modelled on ENA for each of the following categories of recent entrants to the Civil Service:—

(*a*) For economic and financial administrators.

(*b*) For social administrators.

(*c*) For scientific and technological administrators.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*d*) For specialists (ie scientists, engineers, economists, etc) who want mainly to practise their specialisms (as opposed to administer in the area of their specialisms) in their early years in the Service. These courses would be primarily concerned with training these specialists in administration and management and ensuring they have the relevant knowledge of the political and social milieu in which their specialism will be practised.

Each of these 4 groups will already at the time of entry possess the basic knowledge relevant to their jobs (as is broadly true with the entrants to ENA) and the Civil Service College Courses will thus be specifically geared to supplementing and developing that knowledge and skill in accordance with the special requirements of the area of government in which they are working.

32. It may well be that in addition to the courses at paragraph 31 above the Civil Service College should also run courses for:

(*a*) the best of the younger entry to enable them to compete with the graduates.

(*b*) additional courses in management for those in their 30s and 40s moving into top management.

33. The College in future should also have two important research functions. First of all, it is uniquely placed to conduct research into problems of administration and those of machinery of government. Secondly, its staff should be able to assist departments in long range policy research into the particular problems of present and future departmental policy on which they need assistance. Whether we need a 'Brookings Institute' outside the Government machine may be an open question. Certainly we need an equivalent within the machine—and the Civil Service College should fill that role.

The Organisation and Deployment of Staff

The Administrative Group

34. The concept of the 'generalist' administrator is a major obstacle to the efficiency of the Civil Service today as it was when condemned by Fulton nearly 10 years ago. Yet it is clear from the evidence your Committee has received that this concept of the 'generalist' administrator is still the basic philosophy of the Service. This shows itself in:

(*a*) the regular use, particularly by your witnesses from the Administrative Group of the phrase "coming over into a generalist post". Thus, for example, Sir Patrick Nairne argues that accountants could "come over, if it made sense, into a straightforward generalist post".

(*b*) the rapid movement of generalist staff between jobs. John Garrett found that in the Treasury, the Department of the Environment and the Department of Industry the average time spent in their jobs by Assistant Secretaries and Under-Secretaries is now between 1¼—2½ years. This, of course is largely jusified by the need to give generalist administrators a wide range of administrative experience so they can be truly generalist and administer anything. At the time of the Fulton Report we found that members of the Administrative Class averaged 2.8 years in a job before being moved to some other post, often in a very different area of government activity. We condemned this at the time (see Paragraph 35 below) as a major factor in inefficiency. In this respect the situation seems to have got even worse.

(*c*) recent top appointments, which, as Lord Armstrong has said, signal the qualities and values the Service holds in highest esteem. Thus:

(i) Sir Patrick Nairne who recently became Permanent Secretary in the Department of Health and Social Security had never previously worked in that Department before he was appointed to run it. He has a degree in History from Oxford. His previous Civil Service career has been spent in the Ministry of Defence—apart from 2 years in the Cabinet Office.

(ii) Robert Armstrong who is to be the new Permanent Secretary in the Home Office had never worked in that Department before until he was appointed Deputy Secretary there in 1975. He has an Oxford Classics degree. Most of his previous career has been in the Treasury—apart from a period as Principal Private Secretary to Prime Ministers Heath and Wilson.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(iii) Sir William Pile who is the new Permanent Secretary of the Inland Revenue has never before worked in that Department or in any job concerned with taxation. He read English at Cambridge. His previous Civil Service career had included spells in the Prison Service, the Home Office, the Department of Education, the Cabinet Office and the Ministry of Health.

(iv) James Hamilton who has just been appointed Permanent Secretary in the Department of Education and Science has never previously worked in that Department. The Civil Service points to him as a 'Fulton' man because he is a scientist who has previously worked in the Royal Aircraft Establishment and was Director-General of Concorde in the Department of Technology. But the Fulton concept was *not* that scientists should become *general* administrators in areas in which they had never previously worked—but that they should administer areas of work for which they had relevant qualifications. In this context it is just worth emphasising that the Department of Education and Science has virtually nothing to do with science.

The further point that is worth noting about these particular appointments is that all the individuals concerned are quite likely to stay in their present jobs only for 2–3 years at the most. For example, Sir William Pile is due to retire in 2 years' time; and one or more of the others will almost certainly change jobs when a new Secretary of the Cabinet is needed in 2 years' time. So even if they have time to master the problems of their new Departments and then begin to contribute to charting their future courses they will certainly have gone before any new contribution they may make can be evaluated.

35. There is no doubt that in the interests of efficiency the first essential change must be to bury the concept of the 'generalist' administrator. The Fulton Committee summarised the concept thus:

> "The ideal administrator is still too often seen as the gifted layman who, moving frequently from job to job within the Service, can take a practical view of any problem, irrespective of its subject matter, in the light of his knowledge and experience of the government machine."

This concept, the Fulton Committee said "has the most damaging consequences". And here two points are particularly worth stressing. First—the Fulton condemnation was not based on speculation or a particular set of personal values. It was based on a detailed examination of what actually happened in the Civil Service. Thus the Fulton Committee Management Consultancy Group spent about a year examining a large number of blocks of Civil Service work in 12 different departments—looking at the files, seeing what civil servants actually did, talking to them about their experience and qualifications, etc. The Group catalogued (in Volume II of the Fulton Report) just how the concept of the generalist administrator was a major impediment to efficient and imaginative administration (I am attaching at Annex A an extract from Volume II which illustrates this in some detail). The second point to stress here is that the *Fulton Committee itself which endorsed this view about the 'generalists' actually included 2 distinguished traditional generalist Permanent Secretaries*—and the whole Committee said that many generalist administrators:

> "do not develop adequate knowledge in depth in any one aspect of the department's work and frequently not even in the general area of activity in which the department operates. Often they are required to give advice on subjects they do not sufficiently understand or to take decisions whose significance they do not fully grasp. This has serious consequences. It can lead to bad policy-making; it prevents a fundamental evaluation of the policies being administered; it often leads to the adoption of inefficient methods for implementing those policies; . . . and it obstructs the establishment of fruitful contacts with sources of expert advice both inside and outside the Service" (Paragraph 40 of Volume I of the Fulton Report).

So the Fulton Committee with its 2 traditional generalist Permanent Secretaries concluded that the cult of the generalist "is obsolete at all levels and in all parts of the Service". That was the well-researched and well-founded verdict almost 10 years ago—but, as the evidence to your Committee has shown, there has been virtually no change (except for the worse) in this respect.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

36. The continued acceptance of the philosophy of the generalist administrator is the more serious in that it is linked with the continued dominance of administrators over specialists like engineers, accountants, scientists, etc. It is generalist administrators who form the chain of command in a department with specialists still too often working in parallel hierarchies as advisory subordinates to the administrative chain. These two factors together (the concept of the generalist administrator and the subordination of specialists to them in the departmental chain of command) make the British Civil Service fundamentally different from the Civil Services of France, Western Germany, Sweden, the USA etc. It is even more outdated today in the modern technological world—than it was when condemned by Fulton.

37. To replace the philosophy of the 'generalist' we must recognise that the administrators of today need a knowledge in depth of the areas they are administering. This is even recognised by Nevil Johnson in his paper GC 109 where he argues that his 'generalist' of the future needs to be grounded in:

Political and Administrative Science
Social Science
Economics
International politics
Management science and organisation theory

But I differ from Mr Johnson here in 2 respects. First I would add science and technology to his list of subjects. Secondly, I do not believe it is possible to give all administrators the necessary basic grounding in *all* these subjects. So, in the future, as we recommended on Fulton, administration will need to specialise. We then identified two broad areas for administrative specialisation. First we said that a broad group of administrative jobs in different departments is concerned with subject matter which is primarily economic and financial. Secondly, we identified a broad group of administrative jobs where the basic knowledge required is essentially social (eg housing, education, race relations, social security crime, etc). I believe, too, that there is another broad area of administrative work where the basic knowledge required is essentially scientific and technical. Each of these 3 categories of administrative work has its own appropriate body of knowledge. So, for the future administrators, particularly in their early years in the Service, should specialise in one or other of these areas of administrative activity.

38. It follows from what is proposed in paragraph 37 above that in future men and women graduates should *not* be recruited as 'generalist' administrators and as intelligent all-rounders—to do any of, and a succession of, the widely different jobs covered by the 'generalist' concept. Instead, they should be recruited to do a specified range of administrative jobs in one or other of these broad areas of administrative work. It follows from this that the relevance of their university degree to the range of jobs for which they are being recruited should be an important consideration in the recruitment process.

39. The degree of administrative specialisation proposed in paragraph 37 above will not in itself be enough to produce the most efficient deployment of civil service staff. It must be accompanied by the complete abandonment of the present highly restrictive practice whereby a major block of jobs in the Service is specifically reserved for members of the Administrative Group (or, indeed, for members of any other group). The evidence your Committee has received has shown that of the 21,000 posts at Principal level and above (excluding those in the open structure from Under-Secretary level and above) less than 300 are open.* From the level of HEO upwards the total number of 'open posts' (ie not restricted to members of a particular class or group) is less than one fifth of one per cent of the posts in the Civil Service.† It is, I submit, wrong in principle that any post or block of posts should be specifically reserved for members of a particular group or class. Every post throughout the Service should be considered an 'open post'. And the person chosen for a particular post should be chosen only on the basis of his qualifications and aptitude for the post in question.

40. The proposal in paragraph 39 above that all posts should be open posts will enable specialist scientists, economists, accountants, engineers, etc to move, if they wish, into administrative or quasi administrative jobs in the broad areas of their specialism. What

*Evidence of The Institution of Professional Civil Servants, page 542.
†Ibid. page 549.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

now inhibits these types of specialists from moving across into administrative or quasi posts is, quite simply, the concept of 'moving across' or, as Sir Patrick Nairne put it, "coming over into a straightforward generalist post". (See paragraph 34 (*a*) above.) A specialist is often interested in administering in the area of his specialism, or adjacent to it, but not of 'coming over' to be a generalist administrator in an area of activity about which he knows nothing. I repeat, the crucial consideration in filling every post in the Service is whether a particular individual has the requisite qualifications for the post in question—not whether he is a member of a particular group or class.

41. Besides the proposals for administrative specialisation (paragraph 37 above) and for the opening of all civil service jobs to those with the requisite qualifications (paragraph 39 above) the demands of efficient administration require one further organisational change. Scientists, engineers, accountants, architects and other similar specialists who are recruited to practise their specialism rather than administer it should not be organised into separate hierarchies with the policy and financial aspects of their work reserved to a parallel group of specialist administrators. They should normally be an integral part of the departmental policy-making chain.

42. The proposals in paragraph 37, et seq. above will mean that in future the civil service will be recruiting:—

(*a*) 3 groups of specialist administrators:

(i) Economic and social administrators.

(ii) Social administrators.

(iii) Scientific and technical administrators.

(*b*) specialist economists, accountants, engineers, scientists etc who want to some into the Service to practise their particular specialism rather than administer it.

After initial entry any individual, whether in (*a*) or (*b*) above will be able to be considered for any post in the Service—if he has the requisite qualifications and experience for the job in question. And if those in (*a*) above feel threatened (because they no longer have a block of posts exclusively reserved for them) by those in (*b*)—the fact that they are 'specialised' administrators will mean they are better equipped than the pure generalist to meet this challenge. In any event, it is the efficiency of the service that must be the prime consideration rather than the cosy reservation of blocks posts for those initially recruited to particular groups.

Late Entry

43. The starting point here is to recognise that virtually all new recruits to the Administrative Group—certainly to the grades of Executive Officer and upwards—come directly into the Service as soon as they have finished their full-time education (whether at 18 or 21 or 22). Thus almost without exception all those occupying posts in the Administrative Group between Executive Officer and Permanent Secretary have no work experience outside the Service. There is no doubt that the administration of our affairs would be much better if at least a reasonably substantial proportion of those who work for the central government machine had previously had some actual work experience in private industry, the nationalised industries, local government, etc. So the problem is to bring about this desirable state of affairs without destroying the concept of a career civil service.

44. Temporary secondments (for, say 2 years) are a possible means of giving Whitehall Civil Servants experience in private industry, the nationalised industries, etc. But these are difficult to arrange and are not very satisfactory in themselves. Anyway, if they were arranged on any substantial scale this would result in a still more rapid movement round of individuals between different posts. Thus the only satisfactory solution is to provide much more substantial opportunities than now exist for late entry into the Service.

45. The Fulton Committee recommended that late entry should be considerably expanded. As it pointed out:

> "There are people in business, the professions, nationalised industry, local government and the universities whose experience would be most valuable to the Service. The need is particularly obvious in the specialist discipline such as engineering where men are needed with practical experience of kinds that the Service cannot always provide. But more late entry is also needed on the administrative side

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(which, as we define it, includes the present Executive Class) where at present it is sporadic and unduly restricted". (Fulton, Volume I, Paragraph 124).

46. The extraordinary development here, since Fulton reported, is that late entry has now become even more restricted than it was in 1968. Thus the restrictive nature of late entry in 1968 was set out by Fulton as follows:—

"There is no regular late entry into the Service between the ranks of Executive Officer and Principal. Recruitment to the Executive Class is now restricted to Executive Officer Grade; and no starting salary can be higher than the salary point for 25 year-olds. In the Administrative Class late recruitment . . . is mainly to the Principal Grade, though there is also provision for the late entry of up to 3 Assistant Secretaries a year." (Fulton, Volume I, Paragraph 124).

Fulton condemned this state of affairs as "far from enough". Since then, however, it has become even less. There is now no late entry at all in the Executive grades—nor is there any late entry at Assistant Secretary or higher levels. It is now restricted to Principal level only—and last year this was limited to 12 appointments!

47. No doubt the virtual ending of late entry into the Administrative Group is due to the successful pressure from the Civil Service Unions. But in the interests of better and more experienced administration these pressures must be resisted. There should be provision for substantial late entry into *all* grades from Executive Officer level upwards. It would make for a much more knowledgeable and experienced Civil Service if we could produce a situation in which at least one quarter of every grade in the Service were late entrants who had had substantial work experience outside the Service. But, of course, it is important to stress in this context, that these late entrants would not come in as 'generalist' administrators. They would be recruited from those with the relevant experience and qualifications for the civil service post or range of posts in question. Thus, for example, we ought to produce a situation in which a substantial proportion of administrators at all levels in the Department of Education and Science should be late entrants with administrative or other relevant experience in local education authorities, the schools, the polytechnics and the universities.

48. To achieve the aims of paragraph 47 above it would be necessary for the Civil Service and the Civil Service Commission:

(*a*) to cut back gradually, but eventually severely, on the present amount of direct entry recruitment to the Administrative Group.

(*b*) to advertise each year an *increasing* proportion of specific posts from Executive Officer to Permanent Secretary level for which outside applicants with the requisite qualifications and experience could be considered alongside inside applicants.

POLICY PLANNING

The Fulton Recommendations

49. Proper long-range planning is crucial to the success of any government department—and, indeed, to the operations of government as a whole. Against this vital need the Fulton Committee was highly critical of departmental arrangements for long-term policy planning. In our Report we were arguing that the need for longer-term planning was now greater than ever before. This, we said, was because of the increasing complexity of the inter-related problems which governments now have to solve and the increasing sophistication of the methods used for their solution. So it now takes very much longer than it did 50 years ago to study a problem within the government machine and produce an agreed course of action. And it takes a long time, too, for policy decisions, once taken, to make their impact on events.

50. Given this situation, we said that successful long-range planning was the sine qua non of successful government. But, we pointed out, the government machine as we found it was singularly ill-equipped and ill-organised for this purpose. Thus we said—and here it particularly needs to be remembered that two of our members were Permanent Secretaries with long experience of large departments:

"At present policy-making [in departments], especially long-term thinking and planning, is the responsibility of officers over-burdened with more immediate

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

demands arising from the parliamentary and public responsibilty of Ministers. The operation of existing policies, and the detailed preparation of legislation with the associated negotiations and discussions, frequently crowd out demands that appear less immediate. Civil Servants, particularly members of the Administrative Class, have to spend a great deal of their time preparing explanatory briefs, answers to Parliamentary Questions, and Ministers' cases. Generally this work involves assembly of information to explain to others (civil servants, outside bodies and so on) the policies of the department, how they are operating, and how they apply in particular cases. Almost inevitably there are urgent dead-lines to be met. In the press of daily business, long-term policy-planning and research tend to take second place." (Report of the Committee on the Civil Service (1966-68) Vol 1. Paragraph 172).

51. To remedy this state of affairs we proposed that a department's responsibility for major long-term policy-planning should be clearly allocated to " a planning and research unit " within the department—which we labelled a " Planning Unit. " Since, in our view, "research is the indispensable basis of proper planning ", we then said that the Planning Unit should be:

> " equipped to assemble and analyse the information required for its planning work. The unit should be relatively small. Its main task should be to identify and study the problems and needs of the future and the possible means to meet them ; it should also be its function to see that day-to-day policy decisions are taken with as full a recognition as possible of their likely implications for the future. " (ibid paragraph 173).

The Planning Unit, as Fulton saw it, had 2 essential characteristics and it is worth drawing particular attention to these since it is because they have not been implemented that Departmental planning today still leaves so much to be desired.

52. The first essential characteristic of a Fulton type Planning Unit was that it should be largely staffed by experts or specialists in the Department's main field of activity rather than by generalist administrators. Thus we said that the Head of the Planning Unit, who would be the Department's senior Policy Adviser, " should be an authority on the Department's field of activity. When a Department's responsibilities are so varied that no single adviser can be an authority on all of them, he would be a specialist in a major part of the Department's work ; and other specialists required might be included in the Planning Unit. " (Paragraph 182). And we went on to say that it would be the job of the Senior Policy Adviser " like his staff, to know other experts in the field, both inside and outside the Service." The Planning Unit should be " aware of, *and contribute to,* new thinking in their field."

53. The second essential characteristic of the Fulton type Planning Unit was that its members would *not* be in charge of, or part of, the operational divisions of a department. They had to be a unit separate from those responsible for the day to day work of the Department. This was to enable them to think ahead without being submerged by the crises of the moment. At the same time, of course, they had to be sufficiently in touch with day to day policy questions so that:

(*a*) they could draw attention to the undesirability of a proposed short-term solution if it seemed to run counter to the 'right' long term solution.

(*b*) in devising long-term solutions and identifying long-term problems they were fully aware of the day to day nature of the department's problems.

54. Besides these essential characteristics of Departmental Planning Units, it is also worth emphasising that Fulton thought that the work of departmental Planning Units would need to be centrally co-ordinated. Thus we said:

> Many of the problems handled by Planning units will have implications extending beyond the boundaries of a single department. These units may, therefore, need a measure of central direction if the emerging problems of the country are to be tackled systematically and comprehensively and on the basis of common major hypotheses. The status and location of this central direction, whether by the Cabinet Office, the Treasury, or the development

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

of other machinery, is a question of the machinery of government and therefore beyond our terms of reference." (Fulton Report, Paragraph 177).

Clearly, this was envisaging the formation of a body with at least some of the characteristics of the Central Policy Review Staff which was created 2 years after Fulton reported.

The Existing Situation

55. The nearest Whitehall has got to the formation of a Fulton type Planning Unit is the Central Policy Review Staff. It has at least got 3 of the characteristics which Fulton considered essential for a departmental Planning Unit:

(*a*) Its members do NOT have day-to-day operational responsibility for on-going policies.

(*b*) It is sufficiently in touch with what is happening in the short-term to fire a 'warning shot across the bows' if a short-term decision seems likely to stymie a long-term solution.

(*c*) It includes among its staff a proportion of outside experts.

56. But as a Central Planning Unit it does not quite match-up to what we, on Fulton, would have looked for in such a body. It has the following deficiencies:

(*a*) The great majority of its members spend only 2 years in the Unit. This hardly seems long enough to master all the complexities of long-range policy work and thinking.

(*b*) I have the impression that those members of the CPRS who come from outside the Service have, in recent years, tended to be too junior in their respective fields. They do not appear to be men and women who are recognised authorities in their particular spheres.

(*c*) The CPRS does not appear to regard it as part of its job to co-ordinate the different planning operations in the different departments. (Cf paragraph 54 above.)

(*d*) The CPRS seems to be more concerned about considering the strategy of a particular government with not enough emphasis on the job of drawing any government's attention to the long-range problems of the future which future governments must be prepared to meet.

(*e*) The CPRS works too much in secret.

57. While, therefore, the CPRS at least shows some of the essential characteristics of a Fulton-type Planning Unit, the fact has to be faced that there appears to be *no* departmental Planning Unit with the characteristics referred to in paragraphs 51, 52, 53 and 55 above. This is partly because, either by accident or design, the Civil Service has completely misunderstood the Fulton concept of a Planning Unit. The misunderstanding or mis-representation is clear in paragraphs 131 et seq of the Civil Service Department's evidence to your Committee "The Response to the Fulton Report". There it is asserted that the "Fulton proposals for Planning Units seem to be concerned only with the review of departmental policies to analyse their costs and benefits". (Ibid, paragraphs 131 and 132.) Indeed paragraph 131 to 136 of "The Response to the Fulton Report" are a complete misunderstanding of, and misrepresentation of, the role, responsibilities and staffing of Planning Units as conceived by Fulton.

58. Perhaps a more important reason, though, for the failure to set up a Fulton-type Planning Unit or Units, in each department is that it would have given the Minister an alternative source of advice not under the control of the Permanent Secretary. Just as the CPRS has provided the Cabinet with a source of advice independent of the different departments, so it was part of the Fulton intention that for each departmental minister there should also be an alternative channel of advice to that provided through the Permanent Secretary. This alternative channel advice (like the CPRS advice) would be based on a different perspective from the traditional advice, ie it would be based on a consideration of the longer-term and

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

would not be so heavily coloured by the need to meet the crisis of the moment. This was one of the ways in which Fulton sought to strengthen the position of ministers vis-à-vis their Civil Servants as well as ensure that much more attention was given to longer turn perspectives in departmental planning. Perhaps, therefore, it is hardly surprising that the collective wisdom of Whitehall Permanent Secretaries came out firmly against the idea of Fulton-type Planning Units, each to be headed by a Senior Policy Adviser.

59. I suspect that the Planning Organisation which existed in the Department of Education and Science when I was Minister of State there was then pretty typical of Whitehall Planning Units. I attach at Annex B a detailed criticism of that Planning Organisation which shows how far it fell short of the Fulton specification —and which explains much of the failure of the Department of Education and Science to deal imaginatively and far-sightedly with the nation's education problems. I suspect that the recent changes which the Department has made in its planning mechanism still fall far short of the sort of unit that is needed.

60. From the evidence submitted to your Committee it appears, then, that no Planning Unit of the Fulton type has been set up in Departments—tho' the value of the Fulton principles has been to some extent recognised in the creation of the Central Policy Review Staff. The need here, then, is simple. Fulton-type Planning Units each headed by a Senior Policy Adviser should be set up in each department—and changes should be made to the CPRS along the lines suggested in paragraph 56 above.

PAY RESEARCH

61. It is abundantly clear from the evidence that there must be major reform in the way Civil Service Salaries are determined. This is particularly so as far as non-industrial civil servants up to and including Assistant Secretary level and equivalent grades are concerned. The main features of the present system which seem to me indefensible are:

(*a*) The Pay Research Unit is staffed exclusively by Civil Servants—yet its role is the crucial foundation for the whole process. As the Memorandum from the Civil Service Department points out, the task of the PRU is "to establish comparisons between individual jobs inside and outside the Civil Service and then to report the actual rates of pay and other conditions of service of the analogous jobs outside the service". (Paragraph 6.) So the members of the PRU themselves stand to gain financially from establishing the most favourable (from the Civil Service point of view) comparisons with outside jobs.

(*b*) On the basis of the PRU's findings—the subsequent bargaining is between one group of civil servants (the Staff side) and another group of civil servants (the Official side). The higher the settlement, the greater the benefits for *both* sides.

(*c*) If the two sides at (*b*) above do not agree—there is provision for arbitration. I am not clear who are the arbitrators. Are they also other civil servants—or ex civil servants?

(*d*) The work of the PRU is not published—so we cannot tell whether in establishing the analogues with jobs outside the Service, the Civil Servants (who have a monopoly of the process) have yielded to the obvious temptation—to pick as analogues jobs outside the Service which in fact require higher levels of skill and responsibility etc than those civil service jobs with which they are being equated.

Overall this secret process is one in which the Civil Service itself establishes the analogues with industry which set the framework for the pay negotiations. Civil Servants then negotiate with other civil servants to decide what agreed recommendations to make about their own pay and pensions to Ministers.

62. No doubt your Committee will wish to consider whether the basic Priestley principle of "comparability" is any longer acceptable in a highly inflationary world.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Indeed, it could be argued that the application of this principle to the determination of Civil Service pay makes a significant contribution to the inflationary spiral. I see from the evidence that Mr Heath made this point (Q 1894 on page 771). But I am not competent to pronounce on this issue. If your Committee takes the view that the Priestley principle of "comparability" should still be the main factor in determining civil service pay levels—then at least the following changes must be made in the process by which that principle is applied:

(*a*) The Pay Research Unit must be exclusively (or largely) staffed by men and women who are NOT Civil Servants. Perhaps firms of management consultants could second staff to the Pay Research Unit for the same periods of time as Civil Servants are now seconded to it.

(*b*) The analogues should be published. I can see no reason, for example, why it cannot be made clear that the outside analogues for Assistant Secretary level posts include a particular managerial level in, say, ICI, a Building Society, a local authority, etc—with an indication of why these posts are thought to be comparable, and with an indication, too, of the broad range of pay covered by these analogues without setting out the precise pay of anyone of them. Indeed, I have discussed this question with the Chief Executive of one of our largest Building Societies (regularly visited by the PRU) and he tells me he can see no objection to a procedure on these lines. Indeed, he believes it would be an important check on the comparability process.

(*c*) The negotiation, on the basis of the PRU's findings, should *not* be between the Staff and Official sides alone. It should be between the Staff side and some outside body (without civil service membership). Or, if that is thought to be too drastic a solution—then the Official Side in the negotiations should include people from outside the Service. It is important that these negotiations should not be the exclusive preserve of those who stand to benefit from the highest possible settlement.

AUDIT AND MANAGEMENT

63. The evidence about the system for maintaining and improving departmental efficiency seems to me to have revealed serious weaknesses. The real trouble is that a lot of different people and organisations have a finger in this pie—but they do not have enough power and there is not enough co-ordination between their different activities. Thus the field is shared between the Civil Service Department, the Treasury, the Exchequer and Audit Department, departmental management services divisions (including O and M divisions) and departmental staff inspection; but co-ordination of their activities is conspicuous by its absence—and the individual organisations all seem to have inadequate authority. Moreover, there must also be serious doubts about whether the staff engaged in these various operations have the requisite qualifications and experience. Illustrations of all these points are given in the following paragraphs.

The Civil Service Department

64. The Civil Service Department seems to me to have been a very considerable disappointment. There are a number of reasons for this:

(*a*) The staff of the Department has never really matched the Fulton specification for CSD staff. Thus the Fulton Report said:

> "The staffing of this new department will be of critical importance. The full development of the responsibilities we have described will call for men and women who have knowledge and experience of personnel management and organisation, both inside and outside the Service. This will require a mixture of long-term and short-term appointments. The new department should not in our view be predominately staffed by officers who have spent most of their careers in the Treasury and can thus have little experience of direct responsibility for management. . . . *We also consider it important that a number of appointments at senior*

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

levels within the new department should be made from outside the Service of people with appropriate knowledge and experience of managing large organisations at home and abroad." (Fulton, Volume I, paragraph 255.)

It was largely because the staff of the CSD was almost entirely the old "Pay and Management" side of the Treasury that the CSD has subsequently failed to become the spear-head of the drive for departmental efficiency. In this context it is just worth pointing out that in 1971 the staff of the CSD was made up as follows:

Administration Group	1,440
Economist Group	1
Statistician Group	15
Department Executive	70
Department Clerical	13
Typing	251½
Messengerial, etc	238½
Professor Scientific & Technical I	123½
Scientific & Technical II	20
Ancillary Technical	69½
Other	2
	2,268

(*b*) Although the Staff of the Management Services Divisions in the CSD seem reasonably well qualified and experienced for their role (see Appendix B of the Note by the CSD on page 106 et seq of the Minutes of the CSD evidence on 17 May 1976), the impression I have is that the divisions are small in relation to the job they should be doing and, secondly, they do not contain enough high level staff. Thus

(i) the 4 Management Services Divisions have a total staff only of 100—which seems small compared with the size of the Department itself (ie 1,575 on 1 April 1977—that is excluding the Civil Service College, the Commission, the Committee Agency and the Catering Organisation.)

(ii) the 4 Divisions are headed by an Under-Secretary and include only 5 or 6 people at Assistant Secretary level or the equivalent. To have real weight and authority one might have expected this focal centre for Whitehall Management Services as a whole to be headed by at least a Deputy Secretary. In contrast—the Cabinet Office which is largely concerned with secretarial and minute taking services for the Cabinet and Cabinet Committees and has a staff of about 600 includes 3 Permanent Secretaries, 5 Deputy Secretaries, 8 Under-Secretaries, and 18 Assistant Secretaries (and that list excludes members of the CPRS and of the Central Statistical Office). Indeed, the CSD as a whole does not appear to have the level of Staff that one would expect from an "inner" powerful body. For example, the central CSD as a whole has only two Permanent Secretaries (cf the Cabinet Offices' 3), only 3 Deputy Secretaries (of the Cabinet Offices' 5), and 7 Under-Secretaries (cf the Cabinet Offices' 8). It would be instructive to do a similar comparison between the numbers in the different ranks in the Treasury compared with the CSD. After all—it can be argued that the CSD ought to have the same authority over other Departments in efficiency and organisation matters as the Treasury has in financial and economic matters; but it can hardly have that if it does not have the ranking weight at different levels to brow-beat the other departments.

(*c*) the CSD has an unduly limited concept of its role. It does not appear to see itself as the spearhead of the Whitehall drive for departmental efficiency.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Thus Mr. Wilding said in his evidence to your Committee on 10 May 1976:

> "We have not yet attempted in the course of management review to assess the efficiency with which a department conducts one of its own major blocks of work. We have been more concerned with trying to make sure that it has the kinds of control and the kinds of systems which would enable it to do that for itself."

And in response to a question from Mr Ridley, Mr Whiting said he did not regard it as part of his responsibility to ask the Inland Revenue why their costs had gone up and to get an answer which satisfied him (Question 109-110 on page 78).

(*d*) The CSD does not appear to have the power necessary for the job. Thus it can enter a department only by invitation, its subsequent work in that department is "swamped" by the department's own staff—and, finally, any findings are advisory only.

(*e*) Ministers in charge of the CSD never quite seem to have mastered the manifold problems the Department should have been dealing with. This may be partly because there are no political reputations to be made here. Also, I suspect, the Ministers concerned have been primarily concerned with non-Civil Service Departmental problems; thus they have had to devote a lot of time to "leading" the House of Lords and chairing inter-departmental committees.

65. If the diagnosis at paragraph 64 above is correct—then that diagnosis in itself indicates the changes that need to be made. There must be changes in the size, quality, experience and level of staff in the CSD. The Department, too, must have much more authority. If the Treasury has the power, subject to being overriden in Cabinet, to control departmental expendiure, I can see no reason why the CSD should not have similar power over a department's efficiency and manpower.

The Exchequer and Audit Department

66. It seemed to me that the evidence here (Sir Douglas Henley, 29 November 1976) high-lighted the following weaknesses of the Exchequer and Audit Department as a check on departmental efficiency—

(*a*) It has a limited concept of its role. It believes that role includes an "efficiency audit" which means taking "a programme or project as given" and examining "whether it has been well or ill-executed." (Memorandum by the Comptroller and Auditor General, paragraph 15). But it tends to rule out an "effectiveness audit"—ie "an attempt to assess how successful particular activities have been in meeting the Government's objective". (Ibid paragraph 15).

(*b*) The quality of the C and AG's staff leaves very much to be desired. "A body of executive officers mostly recruited as 'A' level school-leavers, some of whom are studying part-time for an accounting qualification" (John Garrett, Q 1242) hardly seem to have the qualifications to perform effectively even the C and AG's limited concept of the Department's role.

(*c*) The C and AG is lacking in authority as far as his findings are concerned.

(*d*) The C and AG is too independent—and, in so far as that independence is limited, he appears to be more under the control of the Executive than Parliament (see Questions 1271, 1274, et seq).

If the criticisms at (*a*) to (*d*) above are accepted—the changes needed hardly require detailed exposition in this paper.

Departmental Management Services Divisions (including O and M Divisions) and departmental staff inspection

67. The evidence here suggests that some, at least, of the Fulton criticisms are still valid:

(*a*) The regular separation of O and M from Staff Inspection divides what should be a unified operation (Fulton, Volume I. Paragraph 164(*c*)).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*b*) The staff engaged in O and M's staff inspection work still seem frequently to be " generalists " who, because they spend too short a time on the job, tend to lack the necessary experience.

General Conclusions

68. Some single body in Whitehall must be given overall responsibility for departmental efficiency. In my view that should be the job of the Civil Service Department. It is an immense job and could not easily be performed if the Civil Service Department were part of another organisation. If the CSD is given prime and overall responsibility for the efficiency of the whole civil service machine it follows that:

(*a*) It must be given more power. It must have authority vis-à-vis other department's corresponding to the Treasury's financial authority over them. This means that it must be able to subject any department, or part thereof, to a thorough scrutiny at any time of its choosing. And this scrutiny would involve not only whether a particular policy is being administered in the most efficient way—but whether changes of policy would result in substantial administrative savings. And the findings of the CSD should be regarded as mandatory on departments—subject, of course (as in the case of the Treasury) to subsequent appeal to the Cabinet or appropriate Cabinet committee.

(*b*) The CSD will need to be in close contact with the Treasury and the Exchequer and Audit Department—to pick up from them indications of departmental inefficiencies (in the broadest sense) which seem to need investigating. And it will need to be in contact, too with the CPRS—if that body has doubts about whether a particular department or departmental policy should be subject to a ' new look '.

(*c*) The CSD should be the body that co-ordinates the different ' efficiency ' surveys which will be carried out by bodies other than itself. Thus it must know what departmental or inter-departmental PARs are under way or being proposed. It must be aware of the projects which the Comptroller and Auditor General has in mind. It must know what special studies are being made by the CPRS and by the Treasury. It must be able to suggest areas of investigation to these other organisations and it must itself be able to take on any assignments it thinks necessary in the light of what these other bodies are doing.

(*d*) The CSD will need a higher level and better qualified staff with a significant proportion of people with work experience outside the service.

If the Civil Service Department is given the role, powers and staff broadly indicated above, then I believe it needs to be a separate department with its own powerful minister to oversee the efficiency of Whitehall.

CIVIL SERVICE POWER AND THE POLITICAL CHANGES NECESSARY TO COUNTER IT

69. My articles in The Listener of 16 December 1976 and 6 and 13 January 1977 together with my articles in the Guardian of 18 and 22 April illustrate the growth in Civil Service power vis-à-vis Ministers and Parliament. That increase in power, as those articles show, is the product of:

(*a*) The vast increase in the responsibilities of central government and the consequent enormous growth of the bureaucracy of the central executive—without the development of countervailing resources by Parliament and Ministers.

(*b*) Our membership of the Common Market which has:

(i) added to the burdens on ministers and thus reduced their time for overseeing the work of their respective departments

(ii) increased the role of departmental civil servants who shape up policy recommendations for their ministers after much bureaucratic to-ings and fro-ings with their European counterparts, both in Brussels and in the countries of the other member states. Policy recommendations

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

made after such preparatory detailed international bureaucratic discussions are much more difficult to subject to ministerial control than the purely domestic decisions which ministers have to make.

The points at (i) and (ii) above have an enhanced importance in view of the relative failure of the House of Commons, so far, to subject Common Market policy making to adequate scrutiny and control.

(*c*) The work of Whitehall's official committees which work out policy recommendations for ministers, ministerial committees and the Cabinet.

(*d*) The development of Programme Analysis and Review (PAR). This has produced a situation in which officials, after apparently sophisticated cost-benefit etc analyses, produce recommendations for ministers who are virtually entirely excluded from the preparatory and on-going work of a PAR until the final recommendations are revealed. And, up to now PARs have not been published.

(*e*) The secrecy which shrouds so much of the policy making process.

The points at (*a*) to (*e*) above are all compounded by the regular shuffling of ministers between different departmental jobs every 2 years or so. Thus since 1945 we have had 14 Chancellors of the Exchequer who have averaged about 2½ years each in the job (compared with West Germany's Finance Ministers who have averaged over 4 years); and since 1944 we have had 19 ministers of education—averaging about 1 year and 8 months each. Ministers moving with such rapidity can hardly exercise adequate control over the full range of departmental policy making. Nor, for the most part, have they allowed their junior ministers to have a major role in departmental policy making and administration.

70. Against this background of increased civil service power it needs to be recognised that any recommendations for improving the efficiency and professionalism of our civil servants are likely still further to add to their power. For the fact of the matter is that the greater the professionalism and expertise of our bureaucracy the greater its potential power. So we need to match any increase in Civil Service professionalism by at least a corresponding increase in the capacity of Ministers and Parliament to control our bureaucratic machine. To achieve this we need to:

(*a*) Reduce the present excessive burdens on central government. The purpose here is to give Ministers much more time to be involved in major policy making in their own departments rather than leaving it to committees of officials to serve up a series of recommendations after months or years of ministerially unsupervised work. This means that much Whitehall decision-making has got to be pushed down to local authorities and/or to a regional level of government. Quite simply, the number of Whitehall bureaucrats which ministers now seek to control must be very substantially reduced—and this, in my view, can be done on an adequate scale, only if their work is handed over to a regional or local level of government.

(*b*) Ministers should increase the use that has been made of political advisers. Here I am NOT primarily referring to the handful of rather low-level general purpose, political advisers that Ministers have brought into their departments in recent years. I am referring here to the sort of people the Fulton Committee had in mind when it sought to encourage this practice of political appointees and when we said a minister should be able to employ on a temporary basis " such small numbers of experts as he personally considers he needs to help and advise him." They should, we said, " be men and women of standing and experience "—in other words, men and women who were acknowledged professional experts in some aspect or other of the department's activities and who share, or sympathised with, the minister's objectives and aspirations. For a departmental minister to have a " cabinet " largely composed of people of this kind would greatly enhance his position vis-à-vis the civil service machine.

(*c*) give Junior Ministers a much bigger role than they normally have at present. Thus, they should chair, or be members of, all top level official

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

committees and should also be involved in the day-to-day work of any PAR. The need here is to end a situation in which top level committees of officials meet without any ministers being present and make recommendations for their so-called 'political masters'.

(*d*) enable Parliament to have a real share in government policy making before final government or departmental decisions have been made. To this end there will need to be a Select Committee matching each of the main departments of government. And these Committees must be able to discuss with Ministers and Civil Servants and others the main issues in the formulation of proposed new major policies. They should also be able to examine any aspect of the Department's administration of existing policies.

(*e*) challenge the convention that the advice civil servants give to Ministers must remain confidential. The Parliamentary Committees at (*d*) above must, on most issues, be able to get at that advice and subject it to crucial scrutiny. After all, advice that can stand up to such challenge is likely to be better advice. In any event, the House of Commons can hardly successfully share in the policy making process unless it knows what advice ministers are receiving and what the civil servants believe the options to be.

Finally, I think it is just worth mentioning that when we set up power structures which are supposed to act as a counterweight to our Whitehall bureaucrats (and here I'm thinking of the Omsbudsman, the University Grants Committee and the like) it is important to ensure that they are NOT staffed (as they almost invariably are now) by the very same civil servants on temporary secondment from the Whitehall departments against whom they are supposed to protect us.

THE RECOMMENDATIONS WHICH FLOW FROM THE ANALYSES IN THIS PAPER

71. I hope the Committee will consider the following recommendations which seem to me to flow from the preceding paragraphs in this paper:

(*a*) In the interests of efficient administration, the prime need is for the Civil Service to recognise that the cult of the generalist is, as Fulton demonstrated, "obsolete at all levels and in all parts of the Service". (Paragraphs 34 et seq above).

(*b*) To replace the philosophy of the generalist we must recognise that administrators to-day need a knowledge in depth of the areas they are administering. This means we should recruit and train three broad groups of administrators:

Economic and Financial Administrators

Social Administrators

Scientific and Technical Administrators

These specialist administrators are, of course, in addition to specialist economists, scientists, engineers, etc who are recruited initially to practise their particular specialism rather than administer it. (Paragraph 37 et seq above).

(*c*) There must be a complete abandonment of the present highly restrictive practice whereby a major block of jobs in the Service is specifically reserved for members of the Administrative Group (or, indeed, for any other group). All posts throughout the Service must be open posts. The person chosen for any post should be chosen only on the basis of his qualifications, aptitude and experience for the post in question. (Paragraph 39 above).

(*d*) Parallel hierarchies should be largely abandoned. (Paragraph 41 above).

(*e*) The present restrictions on late entry should be abolished. The Civil Service Commission should advertise each year an *increasing* proportion of specific posts from Executive Officer to Permanent Secretary level for which outside applicants with the requisite qualifications and experience could be considered alongside inside applicants. (Paragraph 43-48 above).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*f*) There should be a further detailed inquiry (preferably by your own Committee) into the Method II Selection process. At the very least one needs to know:

(i) why there was *no* subject bias in the Method II selection process between 1964 and 1968 (see paragraph 13 above) and why there is a marked bias now.

(ii) why there is no subject bias in the selection of graduates for Executive Officer appointments (see paragraph 19 above) while there is such a bias in the Method II selection process.

(iii) why there is no school bias in the selection of graduates for Executive Officer appointments (see paragraph 22 above) while there is such a bias in the Method II selection process.

(*g*) In the selection process for Administrative Trainees there should be a 'bias' in favour of those who have studied subjects at university which have some relevance to the economic, social, scientific and technical problems Civil Servants have to handle. The Civil Service Commission should at the very least announce, that it has a special interest in recruiting people with this sort of background.

(*h*) Given the doubts about Method II, and in any event, the Civil Service Commission should announce that it will revive the old Method I but on a more restricted basis. Thus, instead of setting examination papers which would be fair to *any* graduate of *whatever* discipline—it should set papers at university level only in those subjects which it deemed to be relevant to the problems a modern civil servant will have to handle. For example, the range of papers set might cover:

Political and Administrative Science

Social Science

Economics

International Politics

Management science and organisation theory

The Physical Sciences with particular reference to scientific and technological problems facing the modern world.

The above list is intended merely to be illustrative of what I have in mind—and the examination should enable candidates to take papers relevant to one of the areas of government referred to at (*b*) above. The essence of the proposal is to provide a method of entry into the Civil Service for those who have chosen to specialise at the university in the social, political, economic or scientific and technical problems of modern Britain—and to show that the Civil Service is particularly concerned to attract recruits with these backgrounds for each of the specialist groups of administrators referred to at (*b*) above. It would, in some senses, be the UK equivalent of the examination would-be recruits to the French Civil Service have to take to get into ENA.

(*i*) The teaching function of the Civil Service College is in need of major reform. The reforms should be modelled on ENA. From this it follows that only those who are grounded in the economic, social or scientific and technical problems of modern Britain should be admitted for further training courses, modelled on ENA, for each of the following categories of recent entrants to the Civil Service:

(i) for economic and financial administrators;

(ii) for social administrators

(iii) for scientific and technological administrators;

(iv) for specialists (ie scientists, engineers, economists, etc who want mainly to practice their specialisms in their early years in the Service. These courses would be primarily concerned with training these specialists in administration and management and ensuring they have the relevant

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

knowledge of the political and social milieu in which their specialism will be practised.

(*j*) The Civil Service College should also run courses for:

(i) the best of the younger entry to enable them to compete with the graduates;

(ii) additional courses in management for those in their 30s and 40s moving into top management.

(*k*) As far as possible the courses at (*i*) and (*j*) above should also be open to those in private industry, the nationalised industries and local government, It is important that decision makers in all these areas of our national life should not be trained in total isolation from each other.

(*l*) The College in future should also have two important research functions:

(i) it should conduct research into problems of administration and those of machinery of government;

(ii) its staff should be available to assist departments in long-range policy research into the particular problems of present and future departmental policy on which they need assistance.

(*m*) Each Department should have a "Planning and Research Unit" or units with the following characteristics:

(i) it should largely be staffed by appropriate experts;

(ii) its members should *not* be part of the operational divisions of the department;

(iii) the head of the Planning Unit should not be subordinate to the departmental Permanent Secretary. He should have direct access to the Minister and his "Cabinet" (paragraph 55 above et seq).

(*n*) The CPRS should have the responsibility of co-ordinating the work of the Departmental Planning Units referred to at (*m*) above. It should also be strengthened by:

(i) its members remaining in the CPRS for longer than the present two-year period;

(ii) the appointment of more senior experts from outside the Service to be temporary members of its staff.

The CPRS should not limit its long range considerations merely to the strategy of a particular government. It should also consider the long range problems of the future which subsequent governments may well have to face. (Paragraph 56 above).

(*o*) Your Committee should consider how far the application of the Priestley principle of comparability in the determination of Civil Service pay is itself a contributory factor to inflation, as Mr Heath suggested. In any event, the following changes should be made in the present methods of civil service pay determination:

(i) The Pay Research Unit should be exclusively (or at least largely) staffed by men and women who are NOT Civil Servants.

(ii) the analogues which form the basis of the subsequent pay negotiations should be published.

(iii) The negotiations on the basis of the PRU's findings should not be exclusively the preserve of the Staff and Official sides. At the very least the Official side should include a proportion of individuals from outside the Service.

(*p*) If comparability with outside organisations is to remain the basic principle for the determination of pay in the Civil Service, then it follows that in the regular Honours' Lists Civil Servants should NOT get a higher proportion of honours than those received by any outside occupational or professional group.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*q*) One single department (the CSD) must be given overall responsibility for the efficiency of all departments. To this end, it must be given more power and it will need a higher level and better qualified staff than it has at present. The CSD should also coordinate the different 'efficiency' surveys which (in addition to its own surveys) will be carried out by bodies other than itself (eg by the CPRS, the Treasury and the Comptroller and Auditor General. (Paragraphs 63 et seq above.)

(*r*) The Exchequer and Audit Department should widen its remit to include the assessment of how successful particular activities have been in meeting the Government's objectives (see paragraph 66(*a*) above). To this end, and in any event, it needs a higher calibre staff. The Comptroller and Auditor General is at once too independent and, in a sense, not independent enough of the Executive (See paragraph 66(*d*) above). And the Comptroller and Auditor General is lacking in authority as far as the implementation of his findings is concerned.

(*s*) Staff inspection should not be separated from O & M.

(*t*) To counteract increasing Civil Service power it will be necessary to:

(i) reduce the present excessive burdens on central government departments so that Ministers have time to take a larger part than now in major policy making.

(ii) increase the use of specialist political advisers who should form a ministerial 'cabinet' in each main department.

(iii) give junior ministers a bigger role in departmental policy-making. In particular, they should chair, or be members of, all top level official committees and they should be involved in the day-to-day work of any PAR. The need here is to end the present situation in which top level committees of officials meet without any ministerial presence and then make recommendations to their "political masters".

(iv) enable the House of Commons to set up Select Committees matching each of the main departments of government. These Committees must be able to discuss with Ministers and Civil Servants and others the main issues in the formulation of proposed new major policies. And they should be able to examine any aspect of a Department's administration of existing policies.

(v) the Committees at (iv) above should on most issues have access to the advice that civil servants give their ministers. They should be able to send for all papers (with some limited exceptions)—and not just (as now) those the Department is prepared to make available.

(*u*) There should be an end to 'Whitehall creep'—ie the practice whereby bodies which are supposed to act as a counterweight to our Whitehall bureaucrats (eg the Ombudsman and the UGC) are in fact staffed by the civil servants from whom they are supposed to protect us.

15 *June* 1977

ANNEX A

The Administrative Class at Work*

59. A noticeable difference from the general practice in industry is that most Administrators who entered as Assistant Principals (*ie* 60 per cent) of the strength of the Class) have no experience of work at lower levels. It seemed to us a serious shortcoming that most of the occupants of top level posts had not previously been concerned with the detailed implementation of policy at executive levels; nor did they acquire experience in the management of sizeable groups of staff before reaching Assistant Secretary level.

60. Nearly half the direct entry Administrators we saw had degrees in Classics or History. In our view other degree subjects would have provided a better preparation for

* Extract from Report of the Management Consultancy group to the Fulton Committee published in Vol. 2 of Fulton Report 1968.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

the type of work on which they were engaged. Very few of the direct entrants had any formal post-entry qualifications.

61. Generally, we found that Administrators lacked qualifications and experience in the skills of numerate management (accountancy and costing, statistics, economics, operational research and computer systems work) that are becoming increasingly common, and recognised to be necessary, in industry and which we believe to be necessary in the Civil Service of the future. Very few Administrators have had experience in the important fields of O & M and automatic data processing and in research techniques. Automatic data processing, which is coming to have important policy implications, is large by left to Executive Class officers.

62. We were surprised to find a number of Principals' jobs which seemed to us to be of a rather poor content, given the intellectual calibre of the generality of this grade, their status and pay and the fact that they are not generally promoted until they are over 40 years of age. In our view around a quarter of the Principals' jobs we saw could be placed in this category. Many Administrators complained of the lack of responsibility and challenge in the jobs they had held as Principals.

63. The Administrative Class is not widely represented in many important management situations in the Service. There are jobs which, in industrial terms, are of the greatest managerial responsibility where few, or no, members of this Class are employed—eg Contracts, Stores, Regional Offices. Many of these jobs, mostly held by Executives, are more onerous and demanding than those of some of their counterparts in the Administrative Class.

64. In contrast to industry, where in the early years of employment movement between firms is common, it was noticeable that the great majority of Administrators had spent their entire careers in the Service. Of those we saw, 92 per cent had joined the Service direct from school or university. This helps to explain the comparative isolation of members of the class from current trends in management thinking.

65. To the outside observer, one of the most striking features of the Administrative Class is the frequency with which its members are moved from one job to another, even between jobs in entirely different areas of activity. The Administrators (other than APs) whom we interviewed had been in their present jobs for an average of only 2·7 years. They had averaged a period of 3·2 years in their last jobs and 2·8 in all their completed jobs in the class.*

66. Generally, the Administrators we saw approved the principle of frequent movement from job to job. This was partly due to the fact that they had been led to understand that wide experience of as many aspects of the Department's work as possible counted heavily for promotion. Many also welcomed the prospect of variety in their career. It was put to us that changes should take place at 3 to 5 year intervals, but as we have shown, in practice changes take place more frequently than this.

67. In our view, this lack of continuity in Administrative jobs leads to some seriously adverse consequences:

(*a*) Many Administrators have so short a tenure in any job that even the most able of them rarely have time thoroughly to grasp the complex subjects with which they are dealing.

(*b*) Without a deep understanding of these subjects, either by experience or training, few of them are in a position to evaluate in any fundamental way the extent to which the policies they are administering are successful. This must inhibit the drive for innovation.

(*c*) It produces inefficiency and slows down the administrative process, since an Administrator has to spend so much time familiarising himself with problems his predecessor may have just mastered. The new man in the job cannot be aware of all the discussions and understandings his predecessor may have had with a firm or a local authority, for example.

*The modal (most frequently occurring) period in completed jobs was 2 years.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(*d*) Short tenure and frequent handovers produce administrative instability and inconsistency since each new incumbent of a post is likely to put a different emphasis on the interpretation of policy. This is particularly serious when the time span of dealing with a problem is much longer than the average time that an Administrator is in one post.

(*e*) Many administrators are neither able, nor concerned, to establish adequate contact with sources of expert advice either inside or outside the Service or to develop a fruitful relationship with such sources. One officer in a highly technical area said that there was no point in making a great effort to find what other countries were doing in his particular area of activity—or even to get to know as many British experts on the subject as possible—since he would be in that particular job for only three years at the most. Another example was the officer dealing with industrial matters who had never visited an industrial firm.

(*f*) It wastes the time of specialists (eg engineers, planning officers) and supporting staff to have yet another Administrator to introduce to the problems with which they are jointly concerned, particularly when the Administrator is unfamiliar with the methods and terms of the specialists. A particularly flagrant example was in one area in which specialists were heavily involved, where there had been five different Under Secretaries and five different Assistant Secretaries to be briefed and introduced in the last two years.

(*g*) It discourages the development of expertise in areas that industry has long decided need long term professionalism—eg personnel management, training, finance. It also tends to impede the development of individual aptitudes.

(*h*) It prevents an Administrator from handling the complete cycle of the policy-making process: analysing the problem, conducting or supervising or contributing to research into it, recommending a course of action and modifying policy in the light of results.

68. All these aspects of the Administrative Class—its lack of continuity in the job, its relative isolation, its lask of management skills and experience and its largely irrelevent educational background—combine to cause administrative consequences that are best illustrated by the following brief examples of the Class at work.

69. It takes the sponsoring department of a nationalised industry several months to process the industry's annual investment programme. A great deal of the work is done at Principal level. We found in a Division dealing with one industry that it took a Principal six months to familiarise himself with the job and that he therefore could make little positive contribution to the first annual cycle. He could deal more confidently with the second annual review— by which time he would have been in the job up to two years. At this time he may be under consideration for a move. His removal to another Division would occur at the very point when he would have acquired sufficient familiarity with the routine to permit him to enquire more deeply into such factors as the structure of the industry, its standards of operating efficiency, its management—all of which have a bearing on the efficiency of investment—and to apply analytical techniques to the data provided by the industry. The scope for doing this was severely limited by lack of familiarity with the problems of the industry, its personnel and operations and with the procedures for analysing financial reports.

70. Because of legal complexities and public enquiry, procedures it takes about five years for the appropriate Ministry to process county or town development plans. Such plans follow each other at five-year intervals and supplementary plans may be submitted through out the period. These plans are complicated and involve a lot of detailed discussion with local authorities and objectors. Two or three different Assistant Secretaries or Principals may be primarily responsible for a plan during the time it is being processed. Each new Administrator has to spend a long time familiarising himself with the main problems associated with the plan, and has to establish afresh the personal contacts with the local authorities concerned. Some inefficiency and misunderstanding may result because the new Administrator may not be aware of all the verbal consultations which have taken place. Continuity has to be supplied by the specialist planning officers who find themselves briefing new Administrators at frequent intervals.

71. In another area, where a set of policies had been operated for some years, the vast amount of data that had been accumulating on their effects had only recently been the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

subject of investigation by specialists. This investigation was already bringing out results that cast an entirely new light on the effectiveness of the policies and the scope for their development. Previous Administrators, switching from one are of policy to another, had given little weight to the need for a fundamental review of policy particularly as such a review was best undertaken by specialists using research techniques.

72. In all the Assistant Secretary and Principal jobs we saw it seemed to us that it took a new incumbent about a year to become thoroughly effective. On this basis, with an average period of around three years in a job, the proportion of effective time devoted to the task is severely limited. The situation could be summed up by saying that there is a three-part cycle of performance. First, the Administrator cautiously familiarises himself with the task, next he operates the policy with some confidence and then—when one would expect that he would turn to reflecting on, and evaluating the effects of, the policy—he is moved.

73. This analysis and these examples illustrate the inevitable consequences of the concept of the generalist which, though not formally expressed, underlies the role of the Administrative Class in the Service. From our interviews, it was clear to us that the ideal Administrator is seen as a man of good basic education and intelligence who can take an overall view of a problem against the background of the operation of the government machine. The role of the Administrator is that of the intelligent layman whose unique and vital contribution is an intimate knowledge of this machine. This background enables him to synthesize the views of specialists, the Department, other Departments and outside bodies and to evaluate them in terms of what is feasible. It is thought that this background is best developed by experience gained in frequent rotation from job to job. An administrator who spends too long in a job is "narrowed" by it and needs "broadening" by moving to a job in an entirely different area of the Department's activity. Too long a period in one job produces staleness, a drying up in the flow of new ideas and a loss of detachment. This detachment is particularly prized and many Administrators said that it tends to disappear when the Administrator has too great a familiarity with, or is too closely involved with, the problems in hand. This attitude was exemplified in an extreme way by the view that it is dangerous to know too much about the job and helps to explain the disinclination to acquire relevant "specialist" knowledge even in technical areas of government work. It was also stressed to us that the procedures of government are extremely complicated and understanding them necessitates service in different parts of a Department, particularly if a man is eventually to become a top level Administrator.

74. This is in contrast to industry where men tend to specialise for most of their careers and to develop expertise within one function of the business, such as personnel or finance, instead of switching from one quite different function to another. Though the top levels of industry, where movement between organisations is not uncommon, are frequently designated areas of "general management", the route to these levels is usually via a successful specialised career in one of the functions of an enterprise.

75. Administrators we interviewed discussed their generalist role with us and indicated awareness of the popular criticism of it as "amateurism". Most of them appeared to believe in the system described in paragraph 73 although they thought that it should be complemented by an increase in the availability of formal management courses. In our view this would not meet the increasing need for higher management skills in the Civil Service.

76. We have been impressed by the scope, complexity and subtlety of the problems being faced by members of the Administrative Class. Many of these problems are new to government, new in scale and increasingly involve the development of close and intricate relationships with the community at large. All this places new demands on those who manage the government machine and assist in the formation of policy. Whilst the traditional skills of the Administrative Class in running the government machine will obviously remain important, these new demands call for new additional skills that must remain outside the scope of even the most able generalist. Increasingly the requirement will be for a new form of professional manager in public administration: appropriately qualified, appropriately trained, skilled in modern techniques, seasoned by experience and responsibility in a major function of a Department and able to develop and utilise the skills of his staff.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX B

EDUCATIONAL PLANNING IN THE DEPARTMENT OF EDUCATION AND SCIENCE

By Lord Crowther-Hunt

Proper long range planning is crucial to the success of any educational system. This should, therefore, be the most important of the responsibilities of the Department of Education and Science. In fact, however, the Department is ill-equipped and ill-organised for such a role. And its concept of planning is essentially passive and negative rather than active and positive. The purpose of this is to illustrate and justify these two basic criticisms.

The best starting point from which to consider the Department's planning organisation is the Report of the Fulton Committee on the Civil Service. This is because the Department's planning arrangements contrast so sharply with the Fulton recommendations. If Fulton was right, then the Department is very wrong.

Fulton and departmental planning

In the Fulton Report—which was published in June 1968—we were, as is well-known, critical of many aspects of the Civil Service and of the Departments of Government. And one of our basic criticisms was of departmental arrangements for long-term policy planning. In our Report we were arguing that the need for longer-term planning was now greater than ever before. This, we said, was because of the increasing complexity of the inter-related problems which governments now have to solve and the increasing sophistication of the methods used for their solution. So it now takes very much longer than it did 50 years ago to study a problem within the government machine and produce an agreed course of action. And it takes a long time, too, for policy decisions, once taken, to make their impact on events.

Given this situation, we said that successful long-range planning was the sine qua non of successful government. But, we pointed out, the government machine as we found it was singularly ill-equipped and ill-organised for this purpose. Thus we said—and here it particularly needs to be remembered that two of our members were Permanent Secretaries with long experience of large departments:

> "At present policy-making in departments, especially long term thinking and planning, is the responsibility of officers over-burdened with more immediate demands arising from the parliamentary and public responsibility of Ministers. The operation of existing policies, and the detailed preparation of legislation with the associated negotiations and discussions, frequently crowd out demands that appear less immediate. Civil Servants, particularly members of the Administrative Class, have to spend a great deal of their time preparing explanatory briefs, answers to Parliamentary Questions and Ministers' cases. Generally this work involves the assembly of information to explain to others (civil servants, outside bodies and so on) the policies of the department, how they are operating, and how they apply in particular cases. Almost inevitably there are urgent dead-lines to be met. In the press of daily business, long-term policy-planning and research tend to take second place." (Report of the Committee on the Civil Service (1966-68) Volume 1 Paragraph 172).

To remedy this state of affairs we proposed that a department's responsibility for major long-term policy-planning should be clearly allocated to "a planning and research unit" within the department—which we labelled a "Planning Unit." Since, in our view, "research is the indispensable basis of proper planning," we then said that the Planning Unit should be:

> "equipped to assemble and analyse the information required for its planning work. The unit should be relatively small. Its main task should be to identfy and study the problems and needs of the future and the possible means to meet them; it should also be its function to see that day-to-day policy decisions are taken with as full a recognition as possible of their likely implications for the future." (ibid paragraph 173.)

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Essentially our concept was that a Planning Unit would be largely staffed by experts or specialists in the Department's main field of activity rather than by generalist administrators. Thus we said that the Head of the Planning Unit, who would be the Department's "Senior Policy Advisor", should be "an authority on the Department's field of activity. Where a Department's responsibilities are so varied that no single adviser can be an authority on all of them, he would be a specialist in a major part of the Department's work; and other specialists required might be included in the Planning Unit" (paragraph 182). And we went on to say that it would be the job of the Senior Policy Adviser "like his staff, to know other experts in the field, both inside and outside the Service." The Planning Unit should be "aware of, and contribute to, new thinking in their field." (My underlining.)

The organisation of planning within the Department of Education and Science.

The planning mechanism within the Department of Education and Science differed fundamentally from the Fulton concept. And it differs in three main respects.

The first difference is that although there is a Planning Unit in the Department it does not fill the role that we on the Fulton Committee believed such a unit should fulfil. This is because the long range planning in the Department is in fact not done by the Planning Unit but by what is called the Departmental Planning Organisation. This is a flexible network of committees and was established in February, 1971. In fact, during my period in the Department the Planning Organisation consisted of 3 main Committees. One was "Policy Group A". It was the Department's instrument for long range planning in further and higher education. Its terms of reference were "to review developments and consider future policy in relation to higher, further and adult education, excluding further education for the 16–19 age group." It was chaired by the Deputy Secretary for Higher and Further Education—and its members were the Under-Secretaries who headed the relevant operational branches (eg, the Under-Secretary heading the Universities Branch and the Under-Secretaries heading each of the other 3 Further and Higher Education Branches) together with representatives (also at Under-Secretary level) from Finance Branch, Statistics Branch, HM Inspectorate and the Planning and Programmes Branch. The second main committee is "Policy Group B" which has as its terms of reference "to review developments and consider future policy in relation to education at school and for the 16–19 age group in further education." It is chaired by the Deputy Secretary (Schools)—and its membership is similar to Policy Group A—except, of course, that the heads of the operational branches serving on the committe are those dealing with schools. Policy Groups A and B are both accountable to the third committee of the Planning Organisation—the Policy Steering Group which is chaired by the Permanent Secretary and consists of the two Deputy Secretaries, the Senior Chief Inspector, the Director of Establishments, the Accountant General, the Director of Statistics and the Head of Planning and Programmes Branch.

Now it has been necessary to set out this tedious amount of detail to illustrate the fundamental point that the Departmental Planning Organisation is overwhelmingly dominated by, and almost entirely composed of, those who are heavily immersed in the problems of here and now—the Permanent Secretary, the two Deputy Secretaries, the Heads of the operational branches and so on. And this Planning Organisation is simply serviced by the Planning Unit which has a sort of secretariat, co-ordinating and supporting role.

It will already be clear that these arrangements for long-term planning are the very antithesis of those recommended by Fulton. The Fulton Committee saw planning as something to be done by a Planning Unit largely detached from day to day administration and crises. The Department of Education and Science sees long-term planning as something to be done by those mainly engaged in day to day operational and administrative questions—with the Planning Unit operating as a piece of servicing machinery. Certainly, therefore, as far as nearly all the members of the Departmental Planning Organisation are concerned the Fulton criticism still applies that "in the press of daily business, long-term planning and research tend to take second place."

This leads to the second main respect in which the planning machinery and method in the Department is different from that recommended by the Fulton

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Committee. This is the composition of the Planning Unit—the sort of people working there.

Since the role of the Planning Unit in the Department is so different from that envisaged by Fulton, perhaps it is hardly surprising that the people who compose it are very different, too. A Fulton type Planning Unit in the Department of Education and Science would have consisted of education experts of various kinds —perhaps led by a Professor of Education as the Department's Senior Policy Adviser with a status not inferior to that of the Permanent Secretary. And it would have included educational psychologists, educational economists, socialogists of different specialisms and those with other relevant disciplines and fields of expertise. But the Department's Plannning Unit is naturally not at all like this. Its 14 members consist of an Under-Secretary, an Assistant Secretary, 3 Principals, 3 SEOs, 2 Executive Officers, 1 CO, 1 CA and 2 Secretaries. Now all these are traditional 'administrative' civil servants—each of whom does a 2 or 3 year stint in the Planning Unit as part of his or her general work within the Department. Naturally the Planning Unit draws on the work of the Finance Branch and the Statistics Branch. But the essential point here is that the Planning Unit does not contain the kind of educational experts which we on Fulton had in mind. It contains no educational psychologists or socialogists or professors or lecturers in Education. Indeed, there is not a single psychologist or sociologist in the whole Department! Instead, the Planning Unit is entirely composed of administrators like those in the rest of the Department—and they are primarily concerned with servicing and co-ordinating the committees and working groups which form the Departmental Planning Organisation.

The members of the Planning Unit do their best, of course, "to be aware of new thinking" in the educational field (which, as I have mentioned above is one of the Fulton specifications for the staff of a planning unit)—but they are not in the Planning Unit long enough to do much in that direction. And lacking as they do the background of the professional expert they can hardly begin, in their 2-3 year stint there, to " contribute to new thinking " in educational matters—which was one of the other Fulton specifications for members of a Planning Unit. In this connection it is very much worth noting that in the 15 months I was in the Department no less than 3 different individuals in succession were moved into the Planning Unit to fill the Under-Secretary job at the head of it—hardly a recipe for being able to develop an awareness of new educational thinking let alone being abie to contribute to it.

The third way in which the Department's planning differs from that envisaged by Fulton is in its concept of the nature of its planning role. And this, as I indicated at the beginning, is the second main theme of this Note.

The Departmental Concept of Educational Planning

In spite of the inadequacies of the Departmental planning mechanism the Department does, of course, manage to do quite a lot of long-term planning. Indeed, it takes considerable pride in some aspects of its activities here—like seeking to match the supply of teachers to the number of children to be taught. But the essential criticism that needs to be made here is that the Department's concept of planning is too limited. And this is well set out in the recent OECD's highly critical study of the Department's activities.*

The OECD Report made, in effect, three main criticisms of the Department's planning activities. All of them seem to me from my experience in the Department to be well-founded. Indeed, I had reached the same conclusions myself (and committed them to paper) after I had been in the Department three months and before the OECD Report was published.

The first of OECD's criticisms is the by now well-known one that too much of the Department's planning is done in secret—and is not, therefore, open enough to

* " Education Development Strategy in England and Wales ". Published by the OECD in Paris at the end of 1975.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

public gaze and scrutiny. This has at least two serious consequences as the OECD Report points out:—

> " One is that in certain cases policy is less likely to be understood and therefore less likely to be whole-heartedly accepted when the processes that lead up to it are guarded as arcane secrets. The second is that goals and priorities, once established, may go on being taken for granted and hence escape the regular scrutiny which may be necessary for an appropriate re-alignment of policy."

And to those criticisms can be added the further point that since a number of outside bodies have a lot of expertise and experience to offer on education issues—the universities, the polytechnics, the local authorities and so on—it is obviously to everyone's advantage that they should be able to make their contributions to long-term policy making while the departmental thinking is in its formative stage. Clearly, they can hardly begin to do this when the formative stage is conducted behind firmly closed doors.

The second, and to my mind more fundamental OECD criticism was of the Department's concept of planning. And, broadly speaking, what the Report is saying here is that the Department sees its planning function as " identifying existing trends " and then seeking to cater for them as best it can in the future. This is, of course, an essentially passive concept of planning—reacting to events. But the underlying assumption of the OECD Report—like the underlying assumption in Fulton—is a much more positive concept of planning. Planning in the OECD view should be more than a mere reaction to likely trends and demands. They take the view, and so do I, that trends and demands are not all god-given, immutable or natural. There is no worth-while figure, for example, of likely 'natural' demand for places in our universities and other institutions of higher education in, say the year 1981—though the Department has talked a lot about such figures as 750,000 and 640,000 for that year. But the fact is (and the Department's planning concept fails to recognise this) that we can influence any given figure for that year upwards or downwards depending on what we do about the level of student grants and other variables under the Government's control.

Accordingly, long-range planning should include considerations of where existing demands and trends are taking us—and, if they are taking us in the wrong direction, then we ought to set about identifying new goals and seek to influence demand trends accordingly. In other words planning should take a view of where we ought to be going in the longer term and not simply seek to provide educational facilities to cope with long-term projections about the likely " natural " demand for existing educational facilities based on existing trends. And the Department's failure to include this more positive concept of planning into its work led the OECD investigators to conclude that " there is no attempt at a new identification and formulation of educational goals in a world where the traditional canons of knowledge, values, attitudes and skills are continually questioned."

The third major criticism of the Department's attitude to planning is that it is too purely educationally oriented. Here the main point is that it is not sufficiently concerned with considering educational problems in the context of their relationship to the problems which other government departments are facing. And from this it concludes that the Department is not sufficiently concerned with the role of education in meeting the needs of a modern industrial society. These inadequacies are reflected in the Department's policy of matching the output of teacher training colleges to the likely number of teaching jobs in the schools and in the way the Department plans the longer-term provision of places in higher education.

Matching the output of teachers to the likely demand for teachers

The Department has done an enormous amount of work in the last few years in developing its planning to produce the number of teachers to meet the needs of the schools in the 1980s. And it takes great pride in its achievement here—which involves planning for a reduction in the number of teacher training places from 120,000 to about 60,000 by the early 1980s. But the whole basis on which this planning is based is, in my view, inadequate. It illustrates very clearly the essentially passive nature of the Department's concept of planning.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Naturally, the obvious starting point for planning the future supply of school-teachers must be estimates of the likely number of children to be taught in the 1980s. Here, it is clearly right to start with estimates of the likely number of children within the ages of compulsory school attendance; and there can in my view be no serious criticism of the Department's work in this respect—based as it is on sophisticated projections about the birth-rate and birthrate trends. But the inadequacy of the Department's concept of planning becomes clear when we consider how it calculates the number of those over the age of 16 to be taught in the schools in the 1980s.

Here, two factors are obviously important if we are trying to estimate the likely number of over-16s in our schools in 1986. The first is the size of the age groups concerned; and we can be reasonably certain about that since the children concerned have already been born. The second factor is the likely "staying-on" rate. And here the Department does its best to base its future estimates on projections of past and current trends about the staying-on rate. Thus it produced in 1975 a highest hypothetical projection for 1986 of 569,000 over 16s in our schools, a lowest hypothetical projection of 283,000, and a suggested planning figure of 387,000*—whereas the 1972 White Paper produced a planning figure of 543,000.

Now I am not concerned whether the current planning figure of 387,000 is more likely to be right than the much higher 1972 planning figure of 543,000—even though the present planning figure involves a reduction in the estimated 1986 requirement of teachers of some 17,000 compared with the 1972 planning figure. My essential criticism is that this concept of planning is entirely based on reacting to existing trends about the staying-on rate. But the staying-on rate now, or in the future, is not something which is god-given and immutable. It is something which Governments can influence upwards or downwards by the whole series of variables under their control—by what they do about Educational Maintenance Allowances, for example. So the crucial factor in long-range planning here should be whether as a matter of educational and national policy it is desirable for a higher proportion of young people to stay on at school beyond the age of 16, or not. If it is, then the Government should do what is necessary to encourage such an expansion; and if it is not, then places should be limited or cut back accordingly. But the Department has no view on this question—and, as far as I know, has done no work which would enable Ministers to take a decision one way or the other.

In this general connection, it is just worth pointing out that both regional comparisons within the UK and international comparisons between the UK and other European countries could be a useful starting point in working out a positive long-term policy here instead of simply reacting to events. Thus, we already know that within the UK there are significantly different staying-on rates in the different regions. In January, 1974, for example, the staying-on rate in the North Region was 18·5 per cent of the relevant age group, 17·9 per cent in the North West, and 20·4 per cent in Yorkshire and Humberside—compared with 33·2 per cent for Greater London and 27·5 per cent for Wales. So either we are wasting natural talent in the North by accepting the low staying-on rate—or we are wasting educational resources in the South and Greater London—unless, of course, the level of natural ability is higher in the South than in the North, or we need a more lumpen and ill-educated work-force in the North than in the South. Similarly, we know that the staying-on rates for the 16–18 year old groups in other European countries already outstrip our own very substantially. So should we seek to emulate our European neighbours or not? But this question about international comparisons or the issues I have raised about regional comparisons do not enter into the Departmental planning of teacher supply—which is so heavily based on reacting to trends rather than seeking to influence them.

There are a number of other questions, too, to be considered if we are to have a more positive approach to the long-term planning of the number of teacher-training places in our colleges of education—and certainly before deciding to cut back teacher-training places from 120,000 to 60,000 with the consequent physical

* DES Reports on Education No 82 March 1975.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

closure of a number of colleges of education and the not inconsiderable staff redundancies. For example:

(*a*) Is teacher training (or could it be with certain modifications) a better and more useful form of higher education (even if a substantial proportion of its products do not subsequently go into teaching jobs) then some of the more irrelevant courses that the Department is ready to approve to fill some of the abandoned teacher-training places?

(*b*) Will not the cut-back in teacher-training significantly restrict the number of girls going into higher education and is it in the national interest so to do?

(*c*) Will not the cut-back in teacher-training places significantly reduce a traditional avenue into higher education for boys and girls from working-class homes?

(*d*) If we are to cut back the number of teacher-training places would it not be in everybody's interest to phase it with a commensurate expansion in the vocational training facilities we need to provide for these who leave school at 16 for full-time employment? At present only about 20 per cent of these get any further education and training through day release etc—compared with some 80 per cent of their counterparts in Western Germany and Sweden.

(*e*) What is nowadays the most efficient class size to aim at and what are the best teaching methods to be employed if we are to get the best "value for money" in our schools?

(*f*) Would it be to our advantage as a country greatly to expand the number of under 5s in nursery classes (existing plans envisage full-time provision for less than 15 per cent of the age group) at the expense, if need be, of the provision we make for those between 5 and 16 or the post 16s?

But issues like those I have just raised have not received any significant attention. This is, however, perhaps hardly surprising, when the Departmental planning operation is entirely and narrowly concerned with trying to match the output of teachers to the likely number of children to be taught—and which, even within that narrow confine, restricts itself still further simply to reacting to current trends rather than seeking to influence at least some of them.

Planning the Provision of Places in Higher Education

Long-term planning designed to produce the "right" number of places in the advanced sector of higher education is perhaps even more important than any other single aspect of the Department's work. For one thing those places are extremely expensive—very much more expensive than places in the schools. (Just over half our education spend of nearly £6,000 million a year goes to the schools while about one-third goes on the very much smaller number of individuals in full-time advanced higher education and research.) Secondly, this is the area which supplies the highly trained and highly educated manpower which is so obviously crucial to the country's social, cultural and economic prosperity. Yet it is here, it seems to me, that the Department's planning is at its worst—and fully merits the harsh criticisms which the OECD Report directed at this part of its activities.

In the Department's planning of higher education places its essentially passive concept of planning comes out most clearly. It is here, par excellence, that the Department sees its job as "identifying existing trends" and then seeking to cater for them as best it can.

The OECD Report notes that as far as students in higher education are concerned the Department has gradually cut back its estimates of the number of places required by 1981 in our Universities and Polytechnics from 835,000 to 750,000—and then last year to 640,000 (and in the most recent White Paper on Public Expenditure the figure is put at 600,000). And it notes, too, that the Department is planning for a pretty even split of these numbers between the University sector on the one hand, and, on the other, the Polytechnic and public sector.

Now, the Departmental estimates of the total number of places needed are based on the Department's estimates of likely student demand—thus implementing the

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Robbins principle of providing enough places in higher education for those qualified and willing to take them up. So here Departmental planning is based on elaborate calculations and projections about the numbers in the different relevant age groups and estimates, in the light of current and recent trends, of those who will be "qualified" for higher education places in 1981 *and* willing to take them up. Essentially, therefore, the basis of planning is making forecasts about likely "natural demand".

What the Department fails to recognise here is that there is no such thing as "natural demand"—or, more precisely, that "natural demand" can be moved substantially upwards or downwards by various actions and influences very much under the Government's control. For example, the relationship at any given time between student grants, the cost of living, and the wages and salaries of 18-21 year-olds in full-time employment clearly has an impact on the likely demand for places in full-time higher education. Thus, doubling the level of the student grant would be likely to increase student demand—just as replacing the existing system of student support by a parsimonious loan scheme would be likely to decrease demand. So if the Government decides as a matter of policy that it wants to achieve a significant increase in demand for places in higher education, then it can influence events accordingly—just as it can achieve a substantial reduction of demand and provision if it wants to.

Clearly, then, an essential ingredient in planning the number of places in higher education in the future should be a policy decision on the proportion of the relevant age groups for which such places should be provided. And to plan on that sort of basis inevitably involves considering a whole range of problems together which the Department either neglects completely or considers piecemeal. For example, more positive planning of this kind means that we need to consider such questions as the proportion of the relevant age groups for which other major industrial countries will be providing advanced educational opportunities, the overall likely demands of industry and the professions for highly trained and highly educated manpower, the proportions of the relevant age groups who are likely to have the capacity to benefit from, and successfully cope with, the forms of higher education which are going to be provided (and what those forms should be)—together with such priority questions as whether more resources should go to increasing the proportion of the 18-22 year-olds in full-time advanced higher education at the expense say, of the resources to be made available for research, or for further vocational training for the 16-19 year-olds in full-time employment, or for recurrent education for adult students, etc. In other words, it simply will not do to plan our provisions of places in higher education on estimates of so-called "natural demand".

Moreover, there is a further major criticism of the Department's planning of higher education which is also echoed in the OECD Report. This is on the point to which I have already referred—the fact that the Department is planning for a pretty even split between the University sector and the public sector in the number of higher education places to be provided. Here the Report comments simply and pointedly:

> "There appears in this even split in higher education between the university and the polytechnic sectors more of elegance and formal parity than of rational estimation of social demand or of long-term projections for highly qualified personnel in the State, the economy and society. The reasons given to us include the apparent co-incidence of organic expansion estimates and the wishes of existing universities."

But clearly any positive long-term planning for the apportionment of students between the two sides of the binary line (and the Department needs to reconsider the justification for the binary system) must be based on such questions as the comparative cost on each side of the line of developing and running institutions to cope with whatever expansion of numbers the Government in the end decides to provide for, the relative quality of their respective end products, and an assessment of the need for the different sorts of education they provide—if, in fact, they provide significantly different kinds of education. Clearly, concepts of "elegance and formal parity" are not enough. And if the Department's policy of building up

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

the Polytechnics is based on more than concepts of " elegance and formal parity "—perhaps on the belief that somehow or other the Polytechnics are making, or can make, a more relevant contribution (and more economically) to the needs of the country than the Universities are making or can make, then this needs to be publicly proclaimed so that it can be publicly discussed and challenged. Furthermore, long-term policies for apportioning students between the Universities and the Polytechnics must be the subject of detailed discussions with those on both sides of the binary line before decisions are taken. And to make such discussions meaningful, the Department must make available very much more information than it was ready to reveal during the time I was there.

Finally, in its long-term planning of student numbers and how they should be distributed between the different types of institution, the Department must pay heed to another of the OECDs Report's pertinent criticisms. For besides being highly critical of the essentially passive nature of the Department's planning, it was also critical of the fact that in its planning the " role of the educational system is not reviewed or related to the functions of different departments. " In other words the Department's educational planning does not sufficiently consider the role of education in relation to the major " non-educational " problems the government and the country is facing. Instead, " the education service is identified institutionally and equated with the services provided by DES, in spite of the fact that the branches of this service cannot be taken as a static and stable phenomena."

So, then, planning the longer-term provision of advanced higher education places is in urgent need of reform. At present it is too passive, too narrowly conceived, too secret and too little based on a comparative assessment of priorities. The necessary spring-cleaning will have to start with the Department of Education itself.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 49

TRANSFERABILITY OF SUPERANNUATION RIGHTS

Notes and Memorandum by the Civil Service Department

The present arrangements for the transfer of superannuation rights to and from the Principal Civil Service Pension Scheme (PCSPS) stem from the bilateral arrangements introduced under the provisions of section 2 of the Superannuation (Miscellaneous Provisions) Act 1948. These earlier arrangements, which made use of the transfer value tables that had been authorised for transfers between local authority superannuation funds, applied primarily to schemes in the public sector with broadly equal benefits and with which it was to be expected there would be a fair degree of reciprocity of movement. As a result, it was possible to provide a person transferring from one public sector employment to another with year-for-year credit in his new pension scheme, even if the pay in the new job was higher than it had been in the old one. The arrangements had the considerable disadvantage, however, that accrued widows' pension benefits could not be transferred. It was also difficult to adapt these arrangements to provide for transfers between unequal schemes and, because of the "knock-for-knock" element they embodied, to provide for transfers between public and private employments, where the traffic was likely to be primarily in one direction only.

2. The Government believe that it is as desirable in principle to encourage transferability of superannuation rights at it is to encourage preservaton of accrued benefits but it has as yet no plans to legislate for compulsory transferability in the way that the Social Security Act 1973 compels pension schemes to preserve benefits. This made it all the more important that the Civil Service and the other public services should give a lead to employers generally by adopting wide and flexible transfer arrangements. At the same time, it was clearly necessary to seek to retain, so far as possible, the existing year-for-year network in the public services. The present arrangements, which are explained in some detail in the CSD Memorandum annexed to this paper, represent an attempt to retain and, if possible, extend the coverage of the year-for-year basis of transfers and provide for the transfer of widows' pensions as well as personal entitlements.

3. The CSD Memorandum was circulated throughout the public sector and to representative organisations in the private sector with an invitation for schemes to participate in the "Club" arrangements. Details of these arrangements are now provided to the managers of any pension schemes who wish to join in the year-for-year basis of service credits and an up-to-date list of Club schemes is also annexed to this paper. For fairly obvious reasons, the Club is largely confined to public sector pension schemes but there is no bar to the inclusion of those private sector schemes that are able and willing to accept the knock-for-knock principles of these arrangements. As paragraphs 32-34 of the Memorandum make clear, however, Club schemes are able to accept transfer values from non-Club schemes and they will, of course, pay transfer values to such schemes. The pension or service credit given by non-Club schemes in respect of transfer payments received by them is, however, a matter for these schemes, as is the amount of the transfer value that such a scheme will pay in any particular case.

4. In these circumstances, it is clearly important that all civil servants and potential entrants to the Civil Service should have explained to them the provisions of the Civil Service pension scheme and the effects of transferring their accrued rights either into or out of that scheme. The Rules of the PCSPS have been published and copies are available in all departments for consultation by any member of the staff. A simplified explanation of the main provisions of the scheme has recently been published, and this booklet will be given to all new entrants to the Service. The transfer arrangements have been explained in detail to employing departments, so that information and guidance can be given to potential transferees, both inward and outward. In particular, a person leaving the Civil Service may obtain an estimate of the transfer value payable so that he can find out from his new employer what benefits he can expect to receive in his new scheme if he decides to transfer, instead of preserving, his accrued rights.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Similarly, a person joining the Civil Service will be provided with an estimate of the service credit in the PCSPS that any transfer payment his old scheme is willing to make will purchase. In addition, work is proceeding on the drafting of a short booklet of guidance which it is hoped will further assist staff in making their choice between preservation and transferability by listing the considerations that need to be borne in mind. This booklet will, in particular, point out that because of the less favourable basis on which some schemes may calculate their transfer values, full year for year credit on transfer to the Civil Service cannot always be expected and that someone who transfers to another scheme and later returns to the Civil Service might be credited with less service in the Civil Service than he had actually served.

5. The length of reckonable service credited in the PCSPS in respect of any particular transfer value received may need to be restricted if the limits laid down from time to time by Inland Revenue for approved occupational schemes would otherwise be exceeded. Where, however, the total reckonable service after transfer is within the Inland Revenue limits, the person concerned may purchase added years of reckonable service, subject to the conditions and limits which Inland Revenue have laid down for the provision of benefits on retirement at the normal retirement date. The PCSPS also makes provision for the granting, as opposed to purchase, of added years, if the CSD are satisfied that the special circumstances of any particular case justify this additional benefit, and "free" added years could be granted to a transferee from some other pension scheme. The number of added years which may be granted are, however, also subject to Inland Revenue limits and there is no question of a civil servant being given more favourable treatment than a member of a private sector scheme.

6. The basis of calculation of the transfer value tables used by the Civil Service and other Club schemes is explained in paragraphs 8-10 of the Memorandum. These tables may not provide an actuarially correct transfer payment for each individual transferee but they are intended to produce a balance when all the transferees into and out of a scheme are taken together. We are satisfied that the amounts paid by the Civil Service (and by other public sector schemes) to private schemes are, therefore, neither unduly high or low in relation to the benefits they represent and we have no reason to believe that the receiving schemes are embarrassed in any way by the sums they receive; the receiving scheme will normally provide the transferee with the pension or service credit that the transfer payment will purchase and will receive a "windfall" only if the credit has to be restricted because of the Inland Revenue limits.

7. The individaul transferee may, on occasions, have a difficult choice to make between transfer or preservation of his accrued superannuation rights on change of employment but, clearly, that choice must be made at the time of leaving one scheme and joining the other. We will continue to do our best to help individuals to come to the right decisions but no pension scheme can be expected to take on a commitment to provide the transferee with the opportunity to change his mind at the time of retirement, if the alternative option can be shown, at that point, to have been the more beneficial arrangement.

8. The present transfer arrangements may not be the best that can be devised and we shall certainly wish to keep them under review and make any improvements that experience in their use show to be desirable and appropriate. We are, however, satisfied at the moment that these arrangements are fair and reasonable both to individual transferees and to the pension schemes involved and we have no immediate plans for modifying them.

20 *December* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

PUBLIC SECTOR TRANSFER ARRANGEMENTS

Memorandum by the Civil Service Department

1. This paper describes new arrangements for transferring pension rights to and from public sector pension schemes. It has been drawn up by the Civil Service Department in consultation with the Government Actuary's Department, with the other Government Departments responsible for public service pension schemes, and with representatives of some of the nationalised industries' schemes.

2. The main principles on which transferability of pension rights should be extended were set out in paragraphs 32 to 40 of the Report of the Civil Service Superannuation Committee (the Blue Book). These can be summarised as follows:

(i) the existing year-for-year network should (broadly speaking) be retained, and if possible extended;

(ii) a system of "money purchase" transfers should be introduced for those transferring outside the network;

(iii) in all cases under (ii) it should be for the transferee to satisfy himself that the receiving scheme gave reasonable credit for the transfer value—the paying scheme could take no responsibility for this;

(iv) the transfer system should be extended to cover widows' benefits;

(v) new transfer value tables should be drawn up reflecting the recent improvements in the public service schemes, with the aim of having a single set of tables for use by all members of the year-for-year network.

Timetables

3. The new system was brought into operation, so far as was possible, on 1 April 1973. That is to say, as many as possible of the schemes involved have introduced arrangements providing for the payment and receipt of transfer values on the new basis. For most of the main public service schemes regulations introducing the new arrangements will be retrospective to the dates of introduction of the improved pension terms: that is, they will be applicable to anyone who has already left or joined the schemes in question after those dates, provided that the other employer is willing to co-operate and provided that no transfer transaction has already been concluded under the old transfer rules. In the civil service scheme, for instance, the new transfer regulations will be retrospective to 1 June 1972. In the local government scheme, however, retrospection may apply to incoming transfers only and not to outgoing transfers.

4. Some schemes were not able to introduce their new regulations by 1 April 1973. The old transfer system will therefore continue in existence for the time being, side-by-side with the new. When a transfer is made involving a scheme that has not yet introduced new regulations the old rules will be applied. But in due course—and we hope by early 1974 at the latest—all the public service schemes will have joined the new network, and it will be possible to revoke the old statutory rules.

5. The new transfer rules are unilateral: that is, each scheme will specify for itself how to pay transfer values for employees leaving the scheme and how to credit service for employees joining the scheme with a transfer value from a previous employment. There will be no more joint transfer rules.

Transfer value tables

6. Attached at Annex A are transfer value tables drawn up by the Government Actuary's Department in consultation with the actuaries of some of the other schemes which will be involved in the network. The new tables reflect broadly the improved benefits in the public service schemes; while they cannot reflect exactly the varying benefits of each individual scheme it is hoped that they will be acceptable, on a knock-for-knock basis, to the schemes in the network in the same way that the old local government tables have been accepted hitherto. It is a very important principle of the new system (as well as of the old) that for transfers within the network the same tables should be used by all the schemes, both in paying and crediting transfer values.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

7. The tables are expressed in terms of the employee's age and "preserved pension entitlement". This is divided into 3 elements: personal pension (with an adjustment for modification), lump sum and widow's pension. This is a much simpler form of presentation than a table expressed in terms of age, salary and reckonable service, since the latter would have to include adjustments to take account of variations in the terms of the schemes, such as the different entitlements to widow's pension and lump sum in the different public services.

8. On the other hand, it must be emphasised that this presentation is simply for convenience in calculation, and that although the tables are expressed in terms of the preserved pension entitlement they in no way represent the capitalised value of the preserved benefits. Indeed, the whole advantage of transferability over preservation lies in the greater value of the benefits secured by the former; to have transfer values that did no more than express preserved benefits in lump sum terms would defeat the object of trying to secure, wherever possible, a transfer rather than preservation.

9. For this reason the transfer values take account of the benefits that would have been paid for service to the date of transfer had the employee remained in the scheme until death or retirement. In constructing tables for a wide range of public sector schemes it is naturally impossible to allow for the different rates of mortality, different retirement patterns and different salary scales in the various schemes; the values are therefore very much of a compromise. But broadly speaking they allow for future rises until retirement in salary levels generally (which are likely to be greater than rises in the cost of living), and for pensions increases after retirement. Further, they make a modest allowance for future salary increases, beyond those referred to above, which arise from such factors as incremental progression and promotion; these factors might be ignored if the tables were to be used only for transfers out, but they are also to be used for transfers in and to ignore career progression in such cases would be unfair to the receiving scheme.

10. Other features of the tables are as follows:

(i) There are separate values for flat-rate and dynamised national insurance modification. The public service schemes provide modification on a flat-rate basis (£1·70 per year of service) but some nationalised industries' schemes provide it on a dynamised basis, eg one-half of the current rate of old age pension. The values for flat-rate modification are naturally much smaller than the values for dynamised modification, especially at the younger ages; and both sets of values take account of the fact that modification applies (for men) from age 65 and not necessarily from the retirement age.

(ii) In most of the schemes concerned the minimum age of retirement, and the age at which preserved pensions are put into payments, is 60. But in practice a high proportion of members retire several years later. The tables have therefore been based on an assumed spread of retirement between 60 and 65, and not on retirement at the earliest possible age.

(iii) There are separate transfer values for men and women, but not for manuals and non-manuals. To differentiate between manuals and non-manuals would fit in well with some schemes but awkwardly with others where there is no clear-cut distinction. A refinement of this kind would moreover be at odds with the inevitably broad-brush nature of the tables.

11. Schemes wishing for further details of the actuarial assumptions on which the tables have been based should get in touch with Mr L V Martin of the Government Actuary's Department.

General principles

12. For the purposes of this paper pension schemes are distinguished into 3 categories:

(i) the main public service schemes—civil service, local government, health service, teaching, police and fire service;

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(ii) the other public sector schemes—eg nationalised industries' schemes—which agree to use the standard transfer tables and to partake in the arrangements described in this paper (in due course there may be a few private sector schemes in this category);

(iii) schemes in the private and public sector which use other tables.

Categories (i) and (ii) together will form the successor to the year-for-year network—referred to in this paper as "the club". Category (i) will be referred to as the "inner club" and category (ii) as the "outer club". Category (iii) will be referred to as "outside schemes".

13. All members of the club will use the standard tables for outgoing and incoming transfers on the club network. Indeed, this will be the main condition of membership of the club. The other important condition will be that every club member, should, in general, be prepared to accept a transfer value from any other scheme in the club, and to credit it in a way which will not penalise the employee for the increase in his salary between the old employment and the new. (This point is spelt out in paragraph 25.)

14. The inner club schemes will go further than this in two ways. Firstly, they will always use the standard tables for transfers to and from outside schemes as well as for transfers to and from other club schemes. Secondly, they will normally be prepared to pay a transfer value (subject—in some of the schemes only—to a one-year qualifying period) to any scheme* ready to accept it, and conversely to accept a transfer value from any scheme offering one. Members of the outer club may want to extend transferability a similar way, but it is not necessary to make this a condition of club membership.

15. The remainder of this paper, up to paragraph 34, is concerned with inner club schemes, and describes the new arrangements that have been agreed for the payment and receipt of transfer values by these schemes. Paragraphs 35 and 36 describe the "condition of membership" that will apply to outer club schemes. Annex A gives the transfer tables; and Annex B illustrates the new arrangements with a number of examples.

Outgoing Transfers from inner Club Schemes

Calculation of the transfer payment

16. The calculation of the transfer payment will be the same whether the employee leaves for a club scheme or an outside scheme. Except in the case of a "belated transfer" (see paragraph 23) not more than 12 months may elapse between the two pensionable employments. The transfer value tables will be applied using the employee's age when he left the scheme and his notional preserved pension benefits: pension, lump sum and (where appropriate) widow's pension.

Modification

17. The transfer payment will take full account of any modification, by means of the adjustment in the third column of the table. This will cover both the ordinary £1·70 modification and also any modification on account of graduated pension, both kinds of modification being expressed as so many pounds a year.

Widow's pension

18. If the employee is male the transfer payment will include an element for contingent widow's pension. This will happen whether he is married or unmarried; unmarried male transferees will be treated for all purposes as if they were married. Thus if they had contributed separately for a widow's pension these contributions would not be refundable on transfer (though they would be refunded if they left with a preserved pension), and if the scheme charged a deduction from lump sum for widow's pension for pre-1972 service, this deduction would be reflected in the transfer value for lump sum for the unmarried man in the same way as for the married man.

* Approved for this purpose by the Inland Revenue.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

19. The values for widow's pension in the transfer table include an adjustment to take account of the fact that a proportion of men transferring widow's pension will be unmarried. Consideration was given to transferring personal pension and lump sum only for unmarried men; but this had to be ruled out because it would mean that an unmarried man transferring and later getting married would be in a worse position than if he had stayed in the same scheme, because his new scheme could not give him full back-service credit for widow's pension for the transferred-in service.

Other dependants

20. There will be no transfer values for dependants' benefits other than widows' pensions—eg children's pensions, widowers' pensions and pensions for other adult or invalid dependants*. Where these benefits were provided by a separate contribution, contributions will be refunded on transfer; otherwise the value of the benefit will be lost, except of course to the extent that the new scheme gave free back-service credit for a similar benefit, as would happen (for example) when a woman teacher with a nominated adult dependant moved from the teachers' to the local government scheme.

Added years

21. The employee might at the time of transfer be in the process of buying at full cost to himself added years of pension credit, or might be buying in back-service credit to half-rate widow's pension. The transfer value will reflect the appropriate part of the added years or back-service credit he has bought in by the time of transfer; in other words, the value will be based on what would have been his preserved pension, lump sum and widow's pension if he had resigned from the scheme without taking a transfer payment. There will be no arrangement for continuing the purchase of added years in the new scheme; if he wished to buy further added years after transfer he would have to make a fresh option to do so under the new scheme's rules.

Transfers following a refund of contributions

22. Some schemes may allow an employee who has left with a refund of contributions to change his mind and take a transfer payment instead. When this happens it will be for the transferring (rather than the receiving) scheme to recover the contributions refunded, and the transfer payment should be made in full in the normal way.

Belated transfers

23. A transfer payment will not normally be made after a break between the two pensionable employments of more than 12 months, or if the application for it is made more than 6 months after the transferee joins his new scheme†. However, an employee may take a preserved pension and later move to a scheme which will accept a transfer payment; or he may move to a scheme which initially will not take a transfer payment but later is able to do so. In either of these cases the employee will be allowed to convert his preserved pension from his original public service scheme into a transfer value, provided that he applies for the transfer payment within 6 months of joining the new scheme or of being told that his present scheme will, after all, accept one.

24. A belated transfer value will be based on the employee's age when he left the old scheme and will be calculated in the same way as an ordinary transfer value, except that interest will be added at a fixed rate of 6 per cent (compound) for each completed year of the period between the date the employee left the old scheme and the date the transfer payment is made.

* An exception may be made for transfers between schemes with identical facilities, such as the English and Scottish teachers' schemes.

† There will be discretion to extend the six-month limit where special circumstances justify this; and it will be extended when the new arrangements are first introduced, to give the necessary amount of retrospection (see paragraph 3).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

INCOMING TRANSFERS FROM ANOTHER CLUB SCHEME

25. A club scheme receiving a transfer payment from another club scheme will apply the standard tables to it in reverse, on the basis of the transferee's age and pensionable pay in his old scheme (ie the pensionable pay on which the preserved pension entitlement, and hence the transfer payment, was calculated). This way no reckonable service will be lost as a result of a jump in salary between the first employment and the second. Admittedly the method will penalise those who transfer with a *fall* in salary; but only a small minority of transferees will be in this position, and they will always have the option to go for preservation of pension rights rather than transfer.

26. The public service schemes will normally treat the incoming transfer payment as a single payment, irrespective of how it broke down between pension, lump sum and widow's pension in the old scheme; and will apply it, using the transfer tables in reverse, to give equal reckonable service to the standard post-1972 benefits of 1/80th pension, 3/80ths lump sum and (for married and unmarried men) half-rate widow's pension. Examples of the calculation are given in Annex B. This means that the transferee should get exact year-for-year reckoning if he had full credit to these benefits in his old scheme; but if he had credit to third-rate widow's pension only for some of his service, or if he was liable to a reduction of lump sum for past service, his new scheme will award him the full benefits but with rather less than year-for-year reckoning. There would be no reduction on transfer in the actuarial value of his benefits, but only a change in their mix. If he wished to make up his reckonable service to what it was in his old scheme he could do so by buying added years in the new scheme.

27. In some circumstances, however, transfers will continue to be on a strict year-for-year basis whatever the mix of benefits. This will happen when the two schemes in question are identical: eg transfers within the local government scheme, transfers between the English and Scottish teachers' schemes and transfers within and between the police and fire service schemes. In these cases the transfer payment will be calculated in the same way as for other transfers, but the employee will be credited in the new scheme with exactly the same benefits as he had earned in the old scheme.

Qualifying service

28. Where service credited is less than service actually served in the old scheme, then the previous service will count at its actual length for the purposes of the five-year qualifying period for pension. Whether it should count at its actual or credited length for other qualifying purposes (eg qualification for retirement on immediate pension) can be left to the scheme concerned.

Modification

29. For transfers between inner club schemes the transferred service will be treated for flat-rate national insurance modification in the same way as in the old scheme, ie either modified, or unmodified, or partly modified and partly unmodified. Similarly, any graduated modification in the old scheme (expressed as so many pounds a year) will be carried through into the new scheme. This will ensure that where the employee had full credit to 1/80th personal pension, 3/80ths lump sum and half-rate widow's pension in his old scheme he will get exactly year-for-year reckoning; if he were treated differently for modification purposes in the new scheme reckoning would be either slightly more or slightly less than year-for-year.

30. Where the transfer is from an outer club to an inner club scheme the transferred service will also be treated for modification in the same way as in the old scheme, except where that scheme applied modification which differed from the standard modification in the public services of £1·70 a year. In the latter case the transferred service can be treated by the new scheme as either modified or unmodified; if modified, the reckonable service credited will be that much longer. The rule in the civil service scheme will be to treat all transferred service (and all future service of transferees) as modified, except where the transferee came from a scheme with "standard" modification and was unmodified in that scheme. Other public services may, however, adopt a different rule.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Belated transfers

31. The treatment of incoming belated transfers will be the same as for other transfers (that is, by reference to the age and salary in the old employment), except that in applying the tables in reverse no account will be taken of the element of interest added to the transfer payment (see paragraph 24). The employee will therefore receive the same credit as if he had moved without a break. In particular, he will get year-for-year reckoning if he had full credit to the standard benefits in his old scheme.

INCOMING TRANSFERS FROM OUTSIDE SCHEMES

32. When a transfer payment is received from an outside scheme it will be treated in the same way as transfer payments from club schemes, but with one important difference: the application of the tables in reverse will be on the basis of the employee's age and salary on joining the new scheme, not the age and pensionable pay on which the transfer payment was calculated (but see paragraph 34). Thus if he moves with a rise in salary he will probably get less than year-for-year reckoning

33. As with transfers from club schemes, the transfer payment will be treated as a whole and applied to give equal reckonable service for 1/80th personal pension, 3/80ths lump sum and (in the case of married and unmarried men) half-rate widow's pension. There will be no option for the unmarried man to have the transfer payment applied to give him credit for personal pension and lump sum only. Pension credited in the civil service scheme will always be "modified"; other public services may treat it as unmodified. Whichever course is followed will not affect the value of the benefits credited, since if the pension entitlement is modified correspondingly more reckonable service will be granted.

34. Any interest element in a belated transfer payment will not be distinguished from the rest of the payment. Where a payment is received more than 12 months after the employee joins the new scheme the transfer tables will be applied on the basis of the employee's age and salary on the date the payment is received. (This contrasts with the treatment of belated transfers from club schemes, see paragraph 31.) As with transfers from club schemes the previous service will be treated at its actual length, if that is greater than the reckonable service credited, for the purposes of the five-year qualifying period for pension.

OUTER CLUB SCHEMES

35. So far this paper has been concerned with the methods to be used by the inner club (ie public service) schemes in paying and crediting transfer values. Some outer club schemes may want to follow these methods in every detail; on the other hand, it is not necessary to make this a condition of membership of the club. Schemes wishing to join the outer club will have to satisfy only the following conditions:

(i) The scheme should normally be prepared to pay a transfer value for any member moving to another club scheme, subject perhaps to a short qualifying period. In calculating the transfer payment the standard tables should be used, in the way described in paragraphs 16 to 24. But there will be no obligation to pay belated transfer values, and the scheme can have its own rules on the matter of break periods.

(ii) The scheme should normally be prepared to accept a transfer value from any club scheme offering one, whether for an immediate or belated transfer. In crediting the transfer payment the standard tables should be used in reverse, on the basis of the transferee's pensionable pay and age in his old scheme. The scheme may decide for itself how to allocate the transfer payment between the different benefits, and whether to apply modification to the transferred-in service.

(iii) The scheme will not be obliged to pay a transfer value to, or receive one from, an outside scheme; and if it does have transfer arrangements with outside schemes it will be free to use its own tables for this purpose, rather than the standard tables at Annex A.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

36. The list of members of the club will be held centrally by the Civil Service Department. A first list was drawn up and published in April 1973; thereafter the list will be revised and re-issued at frequent intervals. At any time a scheme may apply to be added to the list or to be taken off it. The list will not be restricted to schemes in the public sector only; we hope that in due course some private sector schemes will want to participate. Pension and employing authorities will at any time be able to get a fully up-to-date copy of the list from the Civil Service Department.

Overseas schemes

37. Schemes in the Channel Islands and in the Isle of Man may belong to the club, though in some cases it may be necessary for them to make special adjustments to cover the tax aspects and (from 1975) the DHSS requirements.

38. Other overseas schemes will not be admissible to the club. Transfer payments to an overseas scheme in the public sector will be possible, subject to the scheme satisfying requirements which will be laid down by the Inland Revenue and DHSS; at a later stage it may be possible to extend such arrangements to overseas schemes in the private sector. From the beginning it will be possible to accept transfer payments from any overseas scheme, which will be treated for this purpose as an outside scheme (see paragraphs 32 to 34).

TAX

39. It has been agreed with the Inland Revenue that transfers within the club network need not be referred to them for checking. The only limits will be the ordinary limits on the total amount of reckonable service that may be earned in the receiving scheme. For transfers from outside schemes the same rules will apply as to private sector schemes: that is, the case should be referred to the Inland Revenue for checking where:

(i) the starting salary with the new scheme exceeds £3,000; and

(ii) the prospective service to normal retirement age is 15 years or less; and

(iii) the reckonable service which the scheme proposes to credit exceeds half that prospective service.

Superannuation Division
Civil Service Department
Whitehall
LONDON SW1A 2AZ

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX A

PUBLIC SERVICE TRANSFER VALUES

Transfer values per unit of benefit accrued at date of transfer

TABLE 1—MEN

Age last birthday at date of transfer	Gross pension of £1 per annum £	Deduction for national insurance modification of £1 per annum £		Lump sum of £1 £	Widow's pension of £1 per annum £
		(i) flat-rate	(ii) dynamised*		
less than 20	5·00	·25	2·20	·60	4·00
20	5·05	·25	2·25	·60	4·00
21	5·10	·25	2·30	·61	4·00
22	5·15	·30	2·35	·61	4·00
23	5·20	·30	2·40	·61	4·00
24	5·25	·30	2·45	·62	4·00
25	5·30	·35	2·55	·62	4·00
26	5·35	·40	2·60	·63	4·00
27	5·40	·40	2·70	·63	4·00
28	5·45	·45	2·75	·63	4·00
29	5·50	·50	2·85	·64	4·00
30	5·55	·50	2·90	·64	4·00
31	5·60	·55	3·00	·65	4·00
32	5·65	·60	3·05	·66	4·00
33	5·70	·65	3·15	·66	4·00
34	5·75	·70	3·20	·67	4·00
35	5·80	·80	3·30	·67	4·00
36	5·85	·90	3·35	·68	4·00
37	5·90	1·00	3·45	·68	4·00
38	5·95	1·10	3·55	·68	4·00
39	6·00	1·20	3·65	·69	4·00
40	6·05	1·30	3·75	·69	4·00
41	6·10	1·40	3·85	·70	4·00
42	6·15	1·50	3·95	·70	4·00
43	6·20	1·60	4·05	·71	4·00
44	6·25	1·70	4·15	·72	4·00
45	6·30	1·80	4·25	·72	4·00
46	6·40	1·90	4·40	·73	4·00
47	6·50	2·00	4·55	·74	4·00
48	6·60	2·20	4·70	·74	4·00
49	6·70	2·40	4·85	·75	4·00
50	6·80	2·60	5·00	·75	4·00
51	6·90	2·90	5·15	·76	4·00
52	7·10	3·20	5·35	·76	4·00
53	7·30	3·50	5·55	·77	4·00
54	7·50	3·80	5·75	·78	4·00
55	7·70	4·20	5·95	·79	4·00
56	8·00	4·60	6·20	·80	4·00
57	8·30	5·00	6·45	·81	4·00
58	8·60	5·40	6·75	·82	4·00
59	9·00	5·80	7·10	·84	4·00
60	9·50	6·30	7·45	·86	4·00
61	9·50	6·80	7·85	·88	4·00
62	9·50	7·40	8·30	·91	4·00
63	9·50	8·10	8·75	·94	4·00
64	9·50	9·00	9·25	·98	4·00
65	9·50	9·50	9·50	1·00	4·00

* " Flat-rate " means modification fixed in money terms, such as the modification on account of national insurance and graduated pension applied in the public services.

" Dynamised " means modification linked to the current rate of national insurance pension.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

TABLE 2—WOMEN

Age last birthday at date of transfer	Gross pension of £1 per annum £	Deduction for national insurance modification of £1 per annum £		Lump sum of £1 £
		(i) flat-rate*	(ii) dynamised*	
less than 20	7·00	·50	3·85	·60
20	7·05	·50	3·95	·60
21	7·10	·55	4·05	·61
22	7·15	·60	4·15	·61
23	7·20	·65	4·25	·61
24	7·25	·70	4·35	·62
25	7·35	·75	4·50	·62
26	7·40	·80	4·60	·63
27	7·45	·85	4·75	·63
28	7·50	·90	4·85	·63
29	7·55	·95	5·00	·64
30	7·65	1·05	5·10	·64
31	7·70	1·15	5·25	·65
32	7·80	1·25	5·35	·66
33	7·90	1·35	5·50	·66
34	7·95	1·45	5·65	·67
35	8·05	1·55	5·80	·67
36	8·15	1·65	5·95	·68
37	8·25	1·75	6·10	·68
38	8·35	1·85	6·25	·68
39	8·45	1·95	6·40	·69
40	8·55	2·10	6·60	·69
41	8·65	2·25	6·80	·70
42	8·75	2·45	7·00	·70
43	8·85	2·65	7·20	·71
44	8·95	2·90	7·40	·72
45	9·05	3·15	7·60	·73
46	9·15	3·40	7·80	·74
47	9·25	3·70	8·00	·75
48	9·35	4·00	8·20	·76
49	9·45	4·35	8·40	·77
50	9·55	4·75	8·65	·78
51	9·65	5·15	8·90	·79
52	9·80	5·60	9·15	·80
53	9·95	6·10	9·45	·81
54	10·10	6·65	9·75	·82
55	10·30	7·25	10·05	·83
56	10·50	7·95	10·35	·84
57	10·75	8·75	10·70	·85
58	11·05	9·65	11·05	·87
59	11·40	10·65	11·40	·89
60	11·75	11·75	11·75	·91
61	11·75	11·75	11·75	·93
62	11·75	11·75	11·75	·95
63	11·75	11·75	11·75	·97
64	11·75	11·75	11·75	·99
65	11·75	11·75	11·75	1·00

* " Flat-rate " means modification fixed in money terms, such as the modification on account of national insurance and graduated pension applied in the public services.

" Dynamised " means modification linked to the current rate of national insurance pension.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX B

EXAMPLES

Outgoing Transfers

1. Male local government employee

Age: 40
Reckonable service: 18 years
Pensionable pay: £2,400
Flat-rate modification: Yes (18 years)
Modification for graduated pension earned during contracted-in service: £60
½-rate widow's pension: 18 years
Prospective lump sum deduction: 22/80th (for 11 years pre-1972)

Preserved pension (gross): 18 × £2,400/80 = £540
Modification: 18 × £1·70 + £60 = £90·60
Preserved lump sum: £1,620 less £660 = £960
Preserved widow's pension: ½ × £540 = £270

Transfer payment = 6·05 × £540 − 1·30 × £90·60 + 0·69 × £960 + 4·00 × £270 = £4,892

(The same transfer payment is payable whether the employee is married or unmarried.)

2. *Belated transfer.* If the man in example 1 applies for a transfer payment 10 years after leaving local government, the amount of the transfesr payment is £4,892 increased by interest at 6 per cent compound over 10 years = £8,761.

Incoming Transfers from another Club Scheme

3. The man in example 1 joins the Civil Service. The change in his salary is ignored, and he is credited with X years' reckonable service for 1/80th pension (with flat-rate modification, and graduated modification of £60), 3/80ths lump sum and half-rate widow's pension, where

6·05 (X × £2,400/80) − 1·30 (X × £1·70 + £60) + 0·69 (3X × £2,400/80) + 4·00 (½X × £2,400/80) = £4,892 (the transfer payment)
X = 16·49 years

4. *Belated transfer.* The man in example 2 joins the Civil Service. The tables are applied in reverse using his age and pensionable pay on leaving local government and ignoring the element of interest in the transfer payment. This gives him the same reckonable service in the Civil Service as in example 3, namely 16·49 years.

Incoming transfers from Outside Schemes

5. A woman joins the teachers' scheme with a transfer payment from a private sector scheme of £3,000. She is 40 years old and her starting salary as a teacher is £1,800. The tables are applied in reverse to give her X years' reckonable service to 1/80th pension (with flat-rate modification) and 3/80ths lump sum, where

8·55 (X × £1,800/80) − 2·10 (X × £1·70) + 0·69 (3X × £1,800/80) = £3,000 (the transfer payment)
X = 12·75 years

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

LIST OF PENSION SCHEMES PARTICIPATING IN THE PUBLIC SECTOR TRANSFER ARRANGEMENTS (" CLUB SCHEMES ")

Note: Transfers between " Club " schemes which take place on or after the date shown for each scheme will be dealt with under the " Club " transfer arrangements (provided that no transfer transaction has already been concluded under the transfer rules in Appendix 12 of the PCSPS). Where the operative date includes the letter " R ", the scheme concerned will be prepared to consider paying and accepting transfer values on the " Club " basis even though the transfer took place before the operative date.

Employer	*Name of Pension Scheme*	*Operative Date*
AGRICULTURAL RESEARCH COUNCIL and the following organisations: Animal Virus Research Institute British Society for Promotion of Vegetable Research. British Society for Research in Agricultural Engineering. Glasshouse Crops Research Institute. Grassland Research Institute. Houghton Poultry Research Station. John Innes Institute. Kent Incorporated Society for Promoting Experiments in Horticulture. Lawes Agricultural Trust. Long Ashton Research Station. Rothamstead Experimental Station. National Institute for Research in Dairying. Plant Breeding Institute. Welsh Plant Breeding Station. Wye College, Department of Hop Research.	Agricultural Research Council Superannuation Scheme 1975. (Note: any enquiries regarding transfer payments for these organisations should be addressed to the Agricultural Research Council).	1.4.75
Arts Council of Great Britain ...	Arts Council of Great Britain Retirement Plan (1975).	1.1.74
British Airways Board	The Airways Pension Scheme (excluding aircrew members).	1.4.73
British Airports Authority ...	The British Airports Authority Superannuation Scheme.	1.4.73
British Broadcasting Corporation...	The British Broadcasting Corporation New Pension Scheme.	1.4.73
British Council	British Council Superannuation Scheme.	1.1.74R
British Gas Corporation	Gas Staff Pension Schemes	1.1.74R
	Gas Manual Workers Pension Schemes.	1.1.74R
	Gas Protected Persons Superannuation Schemes.	1.1.74R
British Library	The British Library Pension Scheme 1973.	1.1.73
British Steel Corporation	British Steel Corporation Staff Superannuation Scheme.	1.4.73R
	British Steel Corporation Manual Grades Superannuation Scheme.	1.4.73R
British Tourist Authority (and any body participating in their pension scheme).	The British Tourist Boards Staff Pension Scheme.	14.7.73

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
Central Council for Agricultural and Horticultural Co-operation.	Central Council for Agricultural and Horticultural Co-operation Retirement Benefits Scheme.	1.1.74
Centre for Educational Development Overseas.	The Pension and Life Assurance Plan of the Centre for Educational Development Overseas.	1.4.73
Civil Aviation Authority	Civil Aviation Authority Superannuation Scheme.	1.4.72
Civil Service (or any other body participating in the Principal Civil Service Pension Scheme).	The Principal Civil Service Pension Scheme.	1.6.72
Church Commissioners	Church Commissioners' Superannuation Scheme.	1.6.72
Church of England Children's Society.	Church of England Children's Society Pension Fund.	1.12.74R
Commonwealth Institute	Commonwealth Institute Superannuation Scheme.	1.11.74R
Commonwealth War Graves Commission.	The Commonwealth War Graves Commission Superannuation Scheme (1952).	1.3.72
Commissioners of Irish Lights ...	Commissioners of Irish Lights Pension Scheme.	1.6.72
Council for Small Industries in Rural Areas.	Council for Small Industries in Rural Areas Pension Scheme.	1.6.73
Covent Garden Market Authority	The Staff Superannuation Fund of the Covent Garden Market Authority.	1.4.73
Crown Agents	Crown Agents Superannuation Scheme 1972.	1.6.72
Crown Estate Office	Crown Estate Commissioners Superannuation Scheme 1972.	1.4.73
Design Council	Council of Industrial Design Pension Fund and Endowment Assurance Scheme.	1.11.73
Development Commission ...	The Development Commission Superannuation Scheme (1972).	1.3.73
Eggs Authority	Eggs Authority Pension Plan ...	1.10.73
Electricity Council Central Electricity Generating Board.	Electricity Supply (Staff) Superannuation Scheme.	1.4.73
Area Electricity Boards in England and Wales.	Electricity Supply (Manual Workers) Superannuation Scheme.	1.4.73
Electrical Research Association ...	Electrical Research Association Pension Fund.	1.7.74R
Employments subject to Funded Schemes for which Federated Pension Schemes is the sole Trustee.	(*a*) the Federated Group Pension Scheme (*b*) any Federated Pension Scheme established under a Trust Deed made between the Trustee and an employer.	1.2.74R

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
English Industrial Estates Corporation.	Pension and Assurance Scheme of the English Industrial Estates Corporation.	1.4.73R
Family Planning Association ...	Family Planning Association Pension Fund, Provident Fund and Life Assurance Scheme.	1.1.73
Fire Authorities	The Firemen's Pension Scheme 1973.	1.1.74R
Forestry Commission	Forestry Commission Superannuation Scheme.	1.6.72
General Medical Council	General Medical Council Superannuation Scheme.	1.4.73R
Greenwich Hospital	Greenwich Hospital Pension Scheme	1.4.73
Government Communications Bureau.	Government Communications Bureau Pension Scheme.	1.6.72
Highlands and Islands Development Board.	Highlands and Islands Development Board Pension Fund.	1.4.73
Home-Grown Cereals Authority ...	Home-Grown Cereals Authority Pension Scheme.	1.4.73
Horserace Betting Levy Board ...	Horserace Betting Levy Board Staff Retirement Benefit Scheme.	1.1.74
House of Commons (Staff) ...	House of Commons Staff Pension Scheme.	1.4.73
House of Lords (Staff)	House of Lords Staff Pension Scheme	1.4.73
Imperial Cancer Research Fund ...	Imperial Cancer Research Fund Pension Scheme.	1.4.75
Independent Broadcasting Authority	The Superannuation Fund and Life Assurance Scheme of the Independent Broadcasting Authority.	1.4.73R
Any Industrial Training Board established under the Industrial Training Act 1964 and participating in the Pension Fund.	The Industrial Training Boards' Pension Fund.	1.1.74
Inter-University Council	Joint Inter-University Council/ Council for Technical Education and Training for Overseas Countries (IUC/TETOC) Superannuation Scheme.	1.4.73
Isle of Man Government	The Superannuation Order 1973 ...	1.6.72
	The Superannuation (Officers of Boards) Scheme 1959.	1.6.72
	The Superannuation (Officers of Boards) (Isle of Man Electricity Board) Scheme 1960.	1.6.72
	The Isle of Man Police Pension Regulations 1968 to 1973.	1.1.74R
	The National Health Service (Isle of Man) (Superannuation) Regulations 1955 to 1973.	1.1.74R
	The Teachers' Superannuation Regulations (Application) Order 1975.	1.4.75R

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
Isle of Man Local Authorities and other bodies participating in the scheme.	The Local Authorities (officers and servants) Superannuation Scheme 1962.	1.4.74
Isle of Man Post Office Authority...	Isle of Man Post Office Authority Superannuation Scheme.	5.7.73
Kingston - upon - Hull Telephone Undertaking.	Kingston - upon - Hull Telephone Staff Superannuation Fund.	1.6.72
Library Association...	Library Association Pension and Assurance Scheme.	1.4.74
LOCAL AUTHORITIES and Other Bodies		
England and Wales—any authority or other body participating in the Local Government Superannuation Scheme.	Local Government Superannuation Scheme.	1.1.74R
Scotland—any authority or other body participating in the Local Government Superannuation Scheme (Scotland).	Local Government Superannuation Scheme (Scotland).	1.1.74R
Northern Ireland—any authority or other body participating in the Northern Ireland Local Government Superannuation Fund.	Northern Ireland Local Government Superannuation Fund.	1.1.74R
London Country Bus Services Limited.	London Transport 1970 Superannuation Fund.	1.1.74R (to 1.4.73)
	National Bus Pension Fund ...	1.4.73
London Transport Executive ...	London Transport 1970 Superannuation Fund.	1.1.74R (to 1.4.73)
	LTE Section of London Transport Pension Fund.	1.1.74
Managing Trustees of the Parliamentary Contributory Pension Fund	Parliamentary Contributory Pension Fund.	1.4.73
Meat and Livestock Commission ...	Meat and Livestock Commission Pension Plan.	1.4.73
Metropolitan Police Office (and any body participating in their Pension Scheme).	Metropolitan Civil Staffs Superannuation Scheme.	1.6.72
Medical Research Council ...	Medical Research Council Pension Scheme.	1.6.75
Ministry of Defence (Room 055) ...	Ministry of Defence (Room 055) Staff Pension Scheme.	1.10.75
National and Local Government Officers Association.	National and Local Government Officers Association Staff Superannuation Scheme.	1.1.74
National Building Agency	The National Building Agency Staff Pension Fund and Retirement Benefits Scheme.	1.4.73
National Bus Company	National Bus Pension Fund ...	1.4.73
National Coal Board and the Coal Industry Social Welfare Organisation and subsidiaries and companies associated with the National Coal Board.	National Coal Board Staff Superannuation Scheme.	1.1.74
NCB (Ancillaries) Limited ...	Coal Industry (Ancillaries) Staff Superannuation Scheme.	1.1.74
Coal Industry Estates Limited.		
Compower Limited.		
National Fuel Distributors Limited.		

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
National Coal Board and the Coal Industry Social Welfare Organisation and subsidiaries and companies associated with the National Coal Board.—*Cont.*	National Coal Board Staff Superannuation Scheme.	1.1.74
Tredomen Engineering Limited.		
Southern Depot Co Limited.		
NCB (Coal Products) Limited		
National Smokeless Fuels Limited.		
Thomas Ness Limited.		
National Children's Home and Orphanage Registered.	National Children's Home and Orphanage Superannuation Fund.	6.4.75
National Computing Centre Limited.	The National Computing Centre Staff Pension Fund and Life Assurance Scheme.	1.6.72
National Dock Labour Board ...	National Dock Labour Board Pension Fund.	1.4.73
National Union of Teachers ...	National Union of Teachers Staff Superannuation Scheme.	1.4.72
NATIONAL HEALTH SERVICE		
England and Wales—		
Department of Health and Social Security.	National Health Service Superannuation Scheme (England and Wales).	1.1.74R
Scotland—		
Scottish Office, Superannuation Division.	National Health Service Superannuation Scheme (Scotland).	1.1.74R
National Industrial Fuel Efficiency Service Limited.	The National Industrial Fuel Efficiency Service Superannuation Scheme.	1.4.73
National Institute of Agricultural Botany.	The National Institute of Agricultural Botany Superannuation Scheme 1975.	1.4.75
Natural Environmental Research Council.	Natural Environment Research Council Superannuation Scheme.	1.6.72
Freshwater Biological Association	Natural Environment Research Council Superannuation Scheme.	1.10.75
Marine Biological Association of the United Kingdom.	Natural Environment Research Council Superannuation Scheme.	1.10.75
Scottish Marine Biological Association.	Natural Environment Research Council Superannuation Scheme.	1.10.75
Nature Conservancy Council ...	Nature Conservancy Council Superannuation Scheme.	1.11.73
North of Scotland Hydro-Electric Board.	Hydroboard Superannuation Fund.	1.4.73
Northern Ireland Civil Service ...	The Principal Civil Service Pension Scheme (Northern Ireland) 1975.	1.6.72
Northern Ireland Electricity Service.	Northern Ireland Electricity Service Superannuation Scheme.	1.1.74R
Northern Ireland Health and Personal Social Services.	Northern Ireland Health Services Superannuation Scheme.	1.1.74R
Northern Lighthouse Board ...	Northern Lighthouse Pension Scheme.	1.6.72
Pay Board	Pay Board Pension Scheme ...	1.4.73
The Police Authority	The Police Pensions Regulations ...	1.1.74R
The Post Office	The Post Office Staff Superannuation Scheme.	1.1.74R
Price Commission	Price Commission Pension Scheme...	1.4.73
Protech International (UK) Limited	Protech International (UK) Limited Pension and Life Assurance Plan.	1.1.74R
Retreat (The), York	The Retreat, York, Pension Scheme.	1.1.75

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
Royal College of Art	Royal College of Art Retirement Benefits Scheme.	1.9.74R
Royal Household	Royal Household Pension Scheme 1972.	1.6.72
St Andrew's Hospital, Northampton	St Andrew's Hospital, Northampton Pension Scheme.	1.1.75
Science Research Council	The Science Research Council Principal Superannuation Scheme.	1.6.72
Scottish Agricultural Colleges and Research Institutions (Organisations listed below). Animal Diseases Research Association. East of Scotland College of Agriculture. Hannah Research Institute. Hill Farming Research Organisation. Macaulay Institute for Soil Research. North of Scotland College of Agriculture. Rowett Research Institute. Scottish Agricultural Development Council. Scottish Horticultural Research Institute. Scottish Institute of Agricultural Engineering. Scottish Society for Research in Plant Breeding. West of Scotland College of Agriculture.	Department of Agriculture and Fisheries for Scotland Superannuation Scheme 1975. (Note: any enquiries regarding transfer payments for these Organisations should be addressed to Scottish Office Superannuation Division.)	1.4.75
Scottish Industrial Estates Corporation.	Scottish Industrial Estates Corporation Pension and Life Assurance Scheme for Permanent Staff.	1.8.74
Scottish Transport Group	Scottish Transport Group Staff Pension Fund.	1.6.73
The Shaftesbury Homes and "Arethusa".	The Shaftesbury Homes and "Arethusa" Retirement and Death Benefits Plan.	1.9.72R
Social Science Research Council ...	Social Science Research Council Superannuation Scheme.	1.4.73
South of Scotland Electricity Board	South of Scotland Electricity Board Superannuation Scheme.	1.1.74R
States of Guernsey	The States of Guernsey Pension Scheme for the Established Staff and Employees of the States of Guernsey 1948.	1.10.72R
	The States of Guernsey (Pensions and other Benefits) Scheme 1972.	1.10.72R
States of Jersey	Public Employees Contributory Scheme.	1.4.73R
	Telecommunications Board Pension Fund.	1.4.73R
	Civil Service (Administration) Jersey Rules 1963.	1.4.73R
	The Hospital Medical Staff Pension Scheme.	26.2.75R

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
States of Jersey—*Cont.*	The Postal Pension Scheme... ...	1.4.73R
	The Teachers' Superannuation Scheme.	1.4.73
Sugar Board...	The Sugar Board Pension Plan ...	1.4.73
Sutton Housing Trust	The Sutton Housing Trust Pension Scheme 1974.	1.4.74
TEACHING—Education Authorities in England and Wales— (Department of Education and Science.)	Teachers' Superannuation Scheme (England and Wales).	1.1.74R
Scotland— (Scottish Office Superannuation Division.)	Teachers' Superannuation Scheme (Scotland).	1.1.74R
Northern Ireland— (Department of Education, Northern Ireland)	Teachers' Superannuation Scheme (Northern Ireland).	1.1.74
Thames Water Authority	The Lee Conservancy Catchment Board Pension Scheme.	1.6.73
Technical Education and Training Organisation for Overseas Countries.	Joint Inter-University Council / Council for Technical Training for Overseas Countries (UC/TETOC) Superannuation Scheme.	1.4.73
Tavistock Institute of Human Relations.	Tavistock Institute of Human Relations Retirement Benefit Plan (1974).	1.10.74R
Trinity House Lighthouse Service...	Trinity House Lighthouse Service Pension Scheme.	1.6.72
Trustee Savings Banks	Trustee Savings Banks Superannuation Scheme.	1.4.73R (to 1.6.72)
Trustee Savings Banks Inspection Committee.		
United Kingdom Atomic Energy Authority.	Principal Non-Industrial Superannuation Scheme.	1.6.72
British Nuclear Fuels Limited ...		
National Radiological Protection Board.	Protected Persons Superannuation Scheme.	1.6.72
Science Research Council ...		
The Radiochemical Centre Ltd...		
United Kingdom Atomic Energy Authority.	UKAEA Industrial Superannuation Scheme.	1.10.73
British Nuclear Fuels Limited ...		
The Radiochemical Centre Ltd...		
University Institutions (Academic Staff).	Universities Superannuation Scheme.	1.4.75
UNIVERSITIES		
Aberdeen	University of Aberdeen Superannuation and Life Assurance Scheme.	1.8.74R
Dundee	University of Dundee Superannuation and Life Assurance Scheme.	1.8.74R
East Anglia	University of East Anglia Staff Superannuation Scheme and Staff Supplementary Dependants Pension Scheme.	1.8.74
Edinburgh	University of Edinburgh Technicians Pension Life Assurance Scheme.	1.8.74R
	University of Edinburgh Staff Pension Fund, Cash Benefits Scheme, Widow's Pension Scheme and Life Assurance Scheme.	1.8.74R
Newcastle-Upon-Tyne	University of Newcastle-Upon-Tyne Retirement Benefits Plan (1971).	1.10.74R

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Employer	*Name of Pension Scheme*	*Operative Date*
Manchester	University of Manchester Superannuation Scheme.	1.1.74R
St Andrew's	University of St Andrew's Superannuation and Life Assurance Scheme.	1.8.74R
Wales and Welsh National School of Medicine.	University of Wales and Welsh National School of Medicine Pension and Life Assurance Schemes.	1.8.73
Water Companies Association, acting on behalf of all the Water Companies.	Water Companies Association Pension Scheme.	1.4.74
Welsh Development Agency ...	Welsh Development Agency Superannuation Scheme.	1.1.74
Welsh National School of Medicine	See under Universities, Wales.	

1 *January* 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 50

ADJUSTMENT OF PAY RESEARCH RATES FOR DIFFERENCES IN PENSIONS BENEFITS

Further Memorandum by the Government Actuary

Introduction

1. When I gave evidence to the Sub-Committee on 31 January, I agreed to submit a further memorandum setting out the basis and assumptions I would make if I were asked to review now the Deduction for superannuation benefits last calculated in 1973. The method used for calculating the deductions is described in the joint CSD/GAD paper of September 1976. In brief the difference in prospective superannuation benefits was evaluated and expressed as a percentage of salary, and from this the amount by which it was necessary to reduce civil servants' pay to offset this (the Deduction) was calculated.

2. The limitations of this memorandum must be made clear at the outset. The Deduction formed part of an integrated arrangement for determining salaries in the Civil Service which, as described in the above-mentioned paper and the earlier CSD paper, compares the remuneration of a civil servant currently doing a particular job with that of a person doing a comparable job elsewhere—the analogue. In this context, " remuneration " means pay plus fringe benefits, including in particular the prospective pension and associated benefits attaching to the job.

3. As has already been stated to the Sub-Committee in evidence from CSD and GAD, pensions are allowed for in civil servants' pay in three ways:

(*a*) directly, in the case of male civil servants, through a 1½ per cent contribution for family benefits;

(*b*) indirectly, as part of the pay research process, through the reduction made to the analogue rates to take account of outside employees' pension contributions. In making the comparisons which set the rates for civil servants the full amount of employees' contributions—typically some 5 or 6 per cent—is deducted, except only where the contribution also covers family benefits. In this case allowance is made for the contribution already made by civil servants.

(*c*) indirectly, as part of the pay research process, through the further Deduction made from pay research rates to allow for differences in pensions benefits. This is the Deduction which was last calculated at 1¾ per cent in 1973, on the basis of the Government Actuary's Department's advice at that time.

4. This memorandum deals only with the third deduction and therefore reviews only a very small part of the whole pay determination procedure at a time when that procedure is itself wholly suspended. Moreover, it is not in my power to review fully even this part of the superannuation adjustment, since I do not have any up-to-date information about the analogue schemes investigated in 1973, nor in particular about the pensions increases awarded in those schemes.

5. I can, however, set out the basis that I would consider it appropriate to use at this time regarding interest rates, salary inflation and price inflation were the pay research exercise to be repeated now, and describe how this would differ from that used in 1973. I can then give some indication, based on information regarding the practice of pension schemes in general, of the assumptions which might be made regarding pensions increases and the effect on the Deduction. In doing this I shall adopt the same basic approach as I did in 1973.

6. In 1973, it was found that superannuation benefits in the Civil Service were worth on average some 2½ per cent of salary more than superannuation benefits in comparable jobs elsewhere—the analogue jobs. The corresponding Deduction from Civil Service salaries was 1¾ per cent. Differences in pensions increases provisions alone were evaluated at some 1½ per cent of salary (out of the total of 2½ per cent of salary above) and if there had been no other differences in superannuation benefits the corresponding Deduction would have been calculated as ¾ per cent.

Interest and inflation bases

7. The principal elements entering into the calculation of contribution rates for civil servants are the assumed future relationships between interest rates and salary and

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

price inflation; the absolute values of these rates are, for this purpose, far less important than their relative values. For example, the contribution rate on a basis of 8 per cent interest, 6 per cent salary inflation and 4 per cent price inflation (as used for the 1973 calculations) would be only very slightly affected by a change to, say, 14 per cent interest, 12 per cent salary inflation and 10 per cent price inflation.

8. In choosing the basis it is important to bear in mind the time scale to which it relates. The comparison is not concerned with former civil servants who are now retired. Pensions to civil servants now in post will be paid to them after their retirement and to their widows after their death and may still be in payment 50 years hence. Thus the assumptions underlying the basis should be those that appear likely as a long-term average rather than those expected to apply in the immediate future. Similarly, when using past experience as a guide, it seems appropriate to look back not at the last year or two but to the experience over a much longer period.

9. The basis should be that appropriate for assessing contributions to a funded pension scheme with similar benefits, as the absence of an invested fund backing the Civil Service pension scheme is a feature of Government finance which is not relevant to the question of comparative remuneration. At the present time I would use for this purpose a rate of interest exceeding inflationary increases in salary by 1½ per cent*, and prices by 3½ per cent; these are both long-term averages. This basis puts a higher value on Civil Service pension benefits than that used in 1973. It is based on a consideration of experience over a long period in the past and likely trends in the future, and represents the view that the present adverse relationship between inflation and the returns achieved on investments will not persist in the long term, but that a return to a positive margin of yield will occur. Indeed, experience suggests that higher positive returns than have now been assumed for the future have been far from unusual in the past. The basis also assumes that pay will rise in relation to prices, which has been the normal experience until the very recent past. For comparison with the 1973 basis the average gross rate of interest, over the time scale we are considering, would be taken as 8½ per cent, which together with the assumptions above implies averages of 7 per cent for salary inflation and 5 per cent for price inflation. An explained in paragraph 7 above, similar results would be obtained by assuming 14 per cent interest, 12½ per cent salary inflation and 10½ per cent price inflation as the importance lies in the differences between the rates. Moreover, the continuation, at least for a few years, of higher rates of interest or inflation would not be inconsistent with the long-term averages assumed.

10. The Chairman of the Sub-Committee suggested that the experience of the last 50 years might be looked at as a guide to the future. In fact the figures available show that over the 50 years 1926–76 prices increased by an average of 4¼ per cent per annum. Turning to earnings, I do not have figures for 1926, but the average increase over 1924–76 was 6¼ per cent per annum. Apart from anything else, these averages, which include the heavy inflation of the last few years, show just how wide a gap there can be between a long-term average and the experience of a short period such as 1973–76.

11. The Chairman of the Sub-Committee also asked how the basis used for the present purpose related to that on which the terms for contracting-out of the national insurance scheme are based. At best only a partial comparison can be made here, as post-retirement increases do not enter into contracting-out and so there was no necessity to allow for pensions increase or the rate of price increases when advising on the terms. Further, different considerations affecting the time scale apply to the two calculations. For the purpose of the calculations made for this paper, and for those in 1973, the cost of superannuation benefits is estimated in terms of a contribution rate payable throughout the whole period of service. For contracting-out, the contribution rebates are to apply for a fixed period of 5 years, i.e. up to 1983, at which time new calculations will be made for the contribution rebates during the next five-year period. Since the terms for contracting-out may then be changed and since employers may at any time reverse their election to contract-out, it was appropriate to put more emphasis on short-term factors in choosing the basis. The basis was stated at the time to be 9 per cent interest (cf 8½ per cent interest in paragraph 9) and 8 per cent salary inflation (cf 7 per cent in paragraph 9), thus allowing for a margin of interest over pay inflation of 1 per cent (cf the margin of 1½ per cent given in paragraph 9).

* Separate allowance is made for normal salary progression with advancing age and responsibility.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The assumptions regarding pensions increases

12. The question of what allowance to make for the difference in pensions increase between the Civil Service and the analogues is particularly difficult at the present time, quite apart from the lack of data referred to in paragraph 4 above. It is not simply a matter of putting into the calculations the rates of increase which analogue schemes award on pensions at the present time; the comparison is between post-retirement increases to pensions which will start to be paid in future to analogue employees now actively at work and to their widows and other dependants, and those which will then be awarded under the Pensions (Increase) Acts. In 1973 it was assumed that there would be a tendency among analogue employers ultimately to bring their pensions increase practice nearer to that provided by the Pensions (Increase) Acts. In the event there was not enough time between the passing of the 1971 Act and the onset of rapid inflation for a pattern to emerge of the likely behaviour of analogue employers in conditions of more moderate inflation. But I would still consider it unrealistic to assume that a substantial gap will continue indefinitely between the scale of increases granted in the Civil Service scheme and that in analogue schemes. Indeed, this view is reinforced by one new factor which has emerged since 1973. Under the Social Security Pensions Act 1975, part of the pensions provided by contracted-out schemes will be fully protected against inflation by the State scheme; if a scheme is not contracted-out, corresponding protection will be provided as part of the upper-tier benefits of the State scheme. In either case, therefore, pensioners will have at least part of their earnings-related benefits protected against inflation, and the employer (whether Civil Service or analogue) will only have the remainder to deal with.

13. Thus, on the basis that the Pensions (Increase) Acts will continue as they stand now, I would assume that there will in the long term be some narrowing of the gap between pensions increases in the analogue schemes and those under the Acts. However, employers will not have been able to make much progress towards this objective since 1973; indeed the gap has probably widened. Moreover, the possibility of fluctuations of inflation about the long-term average must be allowed for. It seems that in periods of high inflation employers will fall further behind the provisions of the Acts than had previously been expected. For these reasons, I would now assume a wider average divergence than I did then. It would be less difficult to arrive at an assumption of an average long-term divergence if there was some information on what the analogue schemes are doing now, information which I would require if the pay comparison arrangements were to be revived. A reasonable provisional assumption would be that the difference in the rates of pensions increases would average 2½ per cent in the long term. In terms of the bases described in paragraph 9, this would imply a lead of interest rates over the rate of pensions increase in the analogue schemes of 6 per cent.

Conclusion

14. On the basis described above, the difference in value of the benefits on grounds of pensions increase alone is assessed at 3 per cent, leading to a Deduction of 2 per cent —about 1¼ per cent greater than the corresponding Deduction calculated on my 1973 basis (see paragraph 6). This is only a provisional conclusion. If a pay research exercise were to be conducted now, a fresh assessment would have to be made in the light of all the information then available.

Government Actuary's Department

25 *February* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 51

ADJUSTMENT OF PAY RESEARCH RATES FOR DIFFERENCES IN PENSION BENEFITS

Second memorandum submitted by Mr Geoffrey Heywood, actuarial adviser to the Sub-Committee

1. Following the submission of my first memorandum dated 10 November 1976, a meeting of the Select Committee was held on 31 January 1977, at which the Government Actuary, Mr E A Johnston, and the Deputy Secretary of the Civil Service Department, Mr F G Burrett, were present. During the discussion the Government Actuary agreed that the deduction of 1¾ per cent of Civil Service salaries to allow for the difference in pension benefits between the Civil Service Scheme and the Analogue Scheme calculated in 1973 had in the event proved to be too small.

This percentage takes into account not only the increases in pensions after retirement, linked to the Retail Price Index (RPI), in the Civil Service Scheme, but also the other conditions affecting benefits in the Civil Service Scheme as compared with the Analogue Scheme. These are, for example:

(*a*) Pension age
(*b*) Method of calculating pensionable salary
(*c*) The scale of benefits
(*d*) Abatement of benefits to take account of National Insurance benefits
(*e*) Benefits payable on death in service and after retirement
(*f*) Ill-health benefits
(*g*) Contributions payable for personal family benefits
(*h*) Withdrawal benefits

The Government Actuary first arrived at a figure of 2½ per cent of salaries and this was adjusted to a " true money rate " of 1¾ per cent of salaries, the actual calculations being set out in detail in paragraph 10 of the Document GC 64. The corresponding percentages limited to pension increases were stated to be 1½ per cent and ¾ per cent respectively.

I would emphasise that these figures of 2½ per cent and 1¾ per cent respectively allow not only for increases in pensions but also the difference in pension benefits generally.

2. In the above calculations the assumptions made by the Government Actuary may be summarised as follows:

	Civil Service Scheme %	*Analogue Scheme* %
Rate of interest	8	8
Rate of salary inflation	6	6
Rate of pension increase	4 (RPI)	2½

3. At the meeting on 31 January 1977 the Government Actuary agreed to submit a further memorandum and the purpose of this submission is to comment on his new assumptions and also to set out my own opinion as to what assumptions are appropriate in present day circumstances.

4. In his latest memorandum the Government Actuary has made the following assumptions:

	Civil Service Scheme %	*Analogue Scheme* %
Rate of interest	8½	8½
Rate of salary inflation	7	7
Rate of pension increase	5 (RPI)	2½

Using the above assumptions he then arrives at a figure of 3 per cent of salaries which, adjusted to a " true money rate ", becomes 2 per cent of salaries, but he states in paragraph 14 of his memorandum dated 25 February 1977 that these figures are in respect of increases in pensions after the time of retirement only and do not include other differences in pension benefits. They are not therefore strictly comparable to the widely quoted percentages of 2½ per cent and 1¾ per cent calculated in 1973 and referred to in paragraph 1.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

5. In my first memorandum I gave figures indicating the wide range of results obtainable according to the assumptions made. In this memorandum after much consideration I set out the assumptions which I would make to calculate the required percentages at the present time. I agree with the Government Actuary that one must take a long term view. I also agree that the absolute rates of interest, salary inflation and pension increase assumed make little difference to the results, since it is the difference between these rates which are important. It also appears that in periods when the RPI is small, say 2½ per cent or 3 per cent, then the pension increase in the Analogue Scheme would either be very small or go by default on the principle of " de minimis ". If the increases are at the very high rates which we have seen in recent years the increases in the Analogue Scheme would be less than half. In this connection I set out below a table which I have obtained from the National Association of Pension Funds giving the result of a survey which they carried out relating to pension increases over a period from December 1974 until October 1975. During this period the increases in the RPI on a 12 months basis was about 20 per cent for January 1975 on January 1974 and reached a peak of nearly 27 per cent for August 1975 on August 1974, falling to just below 26 per cent for October 1975 on October 1974. The results may be summarised as follows:

NUMBER OF SCHEMES

	Private sector				Public sector	Total
	No increase	Guaranteed percentage increase	No guaranteed increase	Total		
100 per cent of increase in RPI.	—	—	5	5 (6%)	11	16
70 to 99 per cent of increase in RPI.	—	4	14	18 (20%)	—	18
40 to 69 per cent of increase in RPI.	—	4	21	25 (28%)	—	25
10 to 39 per cent of increase in RPI.	—	18	15	33 (38%)	—	33
No increase	7	—	—	7 (8%)	—	7
	7	26	55	88 (100%)	11	99

The above table shows that during the above period, which indeed was exceptional and represented the highest increases in the RPI which we have seen, the average increase in pensions in the private sector, expressed as a percentage of the RPI, was about 47 per cent.

I have also had regard to the fact that increases in the Civil Service Scheme are as of right, whereas virtually all those in the private sector are ex gratia, and also the point made by the Government Actuary that with the introduction of the Social Security Pensions Act 1975 that part of pension provision representing the second tier pension, be it provided by the State or contracted out, will be indexed. Taking all in all, I would therefore make the following assumptions in determining the required percentages:

	Civil Service Scheme %	*Analogue Scheme* %
Rate of interest	8½	8½
Rate of salary inflation	7	7
Rate of pension increase	6½(RPI)	2½

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

6. The method adopted by the Government Actuary to determine the percentage differences to be applied to salaries is to calculate contribution rates for new entrants. I consider that this does not fully reflect the differences between the Civil Service Scheme and the Analogue Scheme, because the high rates of increase in the RPI which we have experienced in recent years impose liabilities on the Civil Service Scheme at the higher ages which to be met would require a higher contribution rate than that applicable to new entrants. If the new entrant contribution is assumed to be appropriate to all members a balance of liability will fall on the Government. It seems therefore more appropriate to examine the present population of Civil Servants and estimate a current actuarial valuation position.

7. We have carried out calculations on the bases and assumptions set out above and as a result the percentage difference which I would recommend as being appropriate to reflect the differences between the Civil Service Scheme and the Analogue Scheme, including not only increases in pensions after retirement but other differences in benefit as well, is 7 per cent. The corresponding figure expressed as a " true money rate " is 5 per cent. The application of the above percentages would, in my opinion, preserve equity between members in active service in the Civil Service Scheme and members in active service in the Analogue Scheme.

At Appendix A I set out a summary of all the above figures.

Geoffrey Heywood
Fellow of the Institute of Actuaries
Fellow of the Faculty of Actuaries

5 April 1977

APPENDIX A

SUMMARY OF RESULTS

	GA 1973	GA 1977	GH 1977
	Per cent	Per cent	Per cent
Rate of interest	8	8½	8½
Rate of inflation	6	7	7
Rate of increase in the RPI	4	5	6½
Rate of pension increase in the Analogue Scheme	2½	2½	2½
Total pension difference	2½	3*	7
TMR total pension difference	1¾	2*	5

* Pension increase only.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 52

ADJUSTMENT OF PAY RESEARCH RATES

Letter from Mr E A Johnston, CB, Government Actuary dated 22 April 1977

1. Thank you for letting us have sight of Mr Heywood's memorandum of 5 April.

2. I should like to make one or two comments of substance on Mr Heywood's second memorandum. But first of all I should make it clear that I did not agree during discussion that the deduction of 1¾ per cent of Civil Service salaries calculated in 1973 had in the event proved to be too small. What I did say (Q1570) was that a fresh assessment of this figure, made in the light of current circumstances, would differ, which is not the same thing.

3. On the substance of what Mr Heywood says I would not wish the Sub-Committee to think that I accept his conclusion that the application of a deduction of 5 per cent to "true money rates" would "preserve equity between members in active service in the Civil Service and members in active service in the analogue scheme".

4. Whilst professional opinions as to the proper assumptions to make regarding interest, salary inflation and pensions increases may differ, there are three major comments I would make on Mr Heywood's paper. Firstly, the assumption that in the long term (with which we are necessarily concerned) pay will increase faster than prices by no more than ½ per cent a year is extremely low in the light of past experience.

5. Secondly, as he points out, the NAPF Survey (which I was aware of and had taken into account) was made at a time when increases in the Retail Price Index were the highest which we have yet seen. In these circumstances one would expect non-guaranteed pensions increases to fall their farthest behind the RPI. Thus one would expect the ultimate proportion of the RPI covered by pensions increases in the schemes covered by the Survey considerably to exceed the 47 per cent produced from the NAPF 1975 figure. The long-term assumptions made both by Mr Heywood and myself imply that inflation will ultimately be lower than it has been recently. Yet Mr Heywood's assumption of 2½ per cent increases in analogue schemes while the Retail Price Index is increasing at 6½ per cent per annum implies that in the long term only 38 per cent of price rises would be covered, well below the ratio shown in the NAPF Survey. My long-term assumptions implied a ratio of 50 per cent.

6. The third point arises from the comment in paragraph 5 of Mr Heywood's memorandum, that in periods when the RPI is increasing by no more than 2½ or 3 per cent, pensions increases in the analogue schemes would either be very small (by implication very much smaller than 2½ or 3 per cent) or go by default. But where schemes have become accustomed to giving some protection against inflation it seems likely that they would continue to do so even if inflation rates were much lower even if the intervals between increases were longer. Indeed, such circumstances might provide them with an opportunity to catch up with the Retail Price Index if they had fallen behind it previously. In any case, a number of schemes now have a built in guarantee, which may be 3 per cent or 5 per cent, and these would be obliged to give full protection when inflation was only 3 per cent or below.

7. A further point is that Mr Heywood's 5 per cent pay differential includes some allowances for differences other than in post-retirement increases between the pension schemes. Although these other differences would be allowed for if a full exercise were to be conducted, there is no up to date information about the analogue schemes which were investigated in 1973, and his figure therefore requires revision. Even then, the comparison of pension schemes is only meaningful in the context of a full comparison of all the terms of service, including pay and fringe benefits, which it has not of course been possible to conduct due to the suspension of the pay research method of determining Civil Service pay. These latter points are outside the actuary's brief, but must be borne in mind if the actuarial work is to be seen in its proper perspective.

8. If the Committee publish Mr Heywood's report, I would respectfully suggest that they consider publishing this letter along with it.

E A JOHNSTON,

22 *April* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 53

DECISION TO SUSPEND CIVIL SERVICE PAY RESEARCH

Letter from Mr W L Kendall, Secretary General to Mr D F Hubback, Special Adviser to the Sub-Committee, dated 6 April 1977

Thank you for your letter of 23 February which we discussed subsequently on the telephone.

The only question upon which the Staff Side would wish to place a further view before the Sub-Committee is Civil Service pay and, in particular, the current suspended status of the Civil Service Pay Agreement.

There seems, to judge from some of the questions addressed by members of the Sub-Committee, to be some misunderstanding of the Staff Side's position so far as the suspension of the Pay Agreement in 1975 is concerned. The suspension was an arbitrary and unilateral act of the Government and there was—and still is— no question of the suspension being agreed by the Staff Side or, for that matter, by the PRU Steering Committee of the National Whitley Council.

The Staff Side's attitude has been to oppose consistently the suspension of our Pay Agreement. We have been the only industry singled out for the arbitrary suspension of its agreed pay bargaining arrangements in the incomes policy White Papers and, not surprisingly, this fact causes considerable resentment amongst civil servants. This resentment is exacerbated by the fact that never before, during successive economic crises and/or incomes policies, has our Pay Agreement been suspended.

It is the unanimous view of the constituent unions of the National Staff Side that the Pay Agreement, and the machinery of pay research that it embodies, should be restored without delay. I hope, therefore, that this clear statement of the Staff Side's position will remove any misconceptions that may exist on this question.

W L Kendall

Secretary General

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 54

DECISION TO SUSPEND CIVIL SERVICE PAY RESEARCH

Letter from Mr Frank Cottam, TU Side Secretary JCC to the Chairman, dated 18 April 1977

Thank you for your letter of 15 April and the copy of Bill Kendall's letter which was attached.

As you may know the Industrial Civil Service have only once used the Pay Research Unit (PRU) to determine the pay of Industrial Civil Servants. Shortly after that PRU was suspended as a result of Government policy. This was done unilaterally by the Government or possibly in consultation with the TUC at the time of the Social Contract Mark I.

However, the TU Side of the JCC have a policy of returning to PRU as soon as it is possible and the Official Side can be persuaded to do so. In other words our position is very much similar to that of the Staff Side.

Frank Cottam
TU Side Secretary
JCC

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 55

Memorandum submitted by the Civil Service Pensioners' Alliance

Introduction

1. This memorandum is submitted on behalf of the Civil Service Pensioners' Alliance, the objects of which in accordance with its constitution, are "to improve the method of calculating all Civil Service pensions and to maintain their purchasing power, to promote the social well-being of members and to take part in any matters which will benefit the pensioner in receipt of or qualified to receive Civil Service pensions paid from UK funds".

2. The six separate papers that follow cover the following subjects:—

(*a*) the Civil Service pensions increase arrangements;

(*b*) the counting of unestablished service for pension purposes;

(*c*) Civil Service widows' pensions, including

(i) rate of pension, and

(ii) post-retirement marriages.

(*d*) equality of pensions as between men and women civil service pensioners;

(*e*) retrospection of superannuation improvements, and

(*f*) access to the Parliamentary Commissioner on Civil Service pension questions.

3. There may be other aspects of Civil Service superannuation, retirement and pensions on which the Sub-Committee may require the views of the Alliance, and its representatives would be pleased to be given the opportunity to explain any points and, if necessary, to provide further information or memoranda.

Pensions Increase Arrangements

4. The Pensions (Increase) Act 1971 was originated by the Labour Government in the early part of 1970 with the object of providing for the inflation-proofing of public service pensions and eliminating the necessity for separate Acts of Parliament on each occasion action was taken to up-rate public service pensions. Following the General Election of June 1970, the incoming Conservative Government took up the proposed Bill which then went through all stages with the full support of Parliament. The Act provided for a review every two years, but this was changed to annual reviews by the Superannuation Act 1972. During the passage of the 1971 Act some consideration was given to the possibility of the inclusion of pay levels as the criteria, or part of the criteria, for up-rating pensions, but the term "cost of living" was accepted as giving a broad definition as given in Section 2(5): "On any review under this section the cost of living shall be assessed by such means as the Minister thinks appropriate." Public service pensioners' organisations have accepted the use of the index of retail prices as the basis for compensation for the loss in the money value of pensions in the absence of any other means of assessment, but even during the passage of the 1971 Act it was made known that this was not fully satisfactory as pay levels were not included, and consideration has continued to be given to the possibility of some use of pay levels as an alternative.

5. However, the Social Security Pensions Act 1975, which intends to provide for occupational pensions of all employees to be "fully protected against inflation", will give a common arrangement for all occupational pensions, including those of civil servants, to be increased in line with changes in the price levels, and public service pensions now qualifying under the Pensions (Increase) Act 1971 will be increased at the same time and by the same percentage as the State additional component pension. The 1975 Act defines State pensions as a basic component (the national retirement pension) and an additional component (the equivalent of an occupational pension) with the basis component up-rated annually in line with the movement of earnings or prices whichever is the more advantageous, and the additional component in line with the movement of prices. It would have been much better if the maintenance of the value of both components could have been on common criteria, that is earnings or prices, as undoubtedly when the Act is implemented in 1978 the recipients will in due course become confused with the differences in treatment of the two parts of the new pension structure. This view was ventilated during the consideration of the Bill in the House of Commons, and it was then contended by the Minister

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

of State, Mr B K O'Malley, that to provide for the inclusion of earnings in the criteria for increasing the additional component would add to the total cost. He added that the matter would be borne in mind for the future.

6. The substitution of price levels in the 1975 Act for cost of living as in the 1971 Act has taken away the powers of the Minister for the Civil Service to have discretion in the matter. Under the 1975 Act the Secretary of State for Social Security will have the duty to review both components of pensions and by Order to increase the amounts concerned but the Minister for the Civil Service will separately authorise public service pensions increases by the specified percentage given by the Secretary of State for Social Security, the reason for this separate action being the continued maintenance of the authority of the Minister for the Civil Service for public service pensions.

7. There has been criticism of the index-related arrangements of public service pensions and suggestions have been made that such increases should now be governed by the increases granted under the Social Contract. The Alliance believes that it would be impractical to mix a basic percentage increase related to prices with a temporary pay restriction related to a sum of money, unless the whole pattern of the pensions increases were re-structured on money values. Such a change would produce so many anomalies between the amounts then received by individual pensioners that would give rise to the need to make some modifications which would be incapable of common application. Ignoring the basis of an individual pension entitlement either in years of pensionable service or pay levels at retirement would give rise to confusion and injustice which would show the impracticability of such interference in a relatively ordered system. It may be of interest to note that the changes in the pay at the maximum of the outer-London scale of an executive officer of £1,910 at the 1st December 1970 gave a comparison of £4,257 at the 1st December 1976 showing an increase of 122·8796 per cent, but an executive officer retiring on the 1st December 1970 would receive a pension increase of 112·8663 per cent from the 1st December 1976, which shows that if there was any serious consideration of changing pensions increases from cost of living to some relationship with current pay adjustments, it would necessitate additions to bring pensions to the equivalent pay levels.

8. The 1971 Act in its arrangements for regular review of pensions made an adjustment in the pensions of those already retired prior to 1969 to take account of the cost of living changes since their retirement with additions to bring the figures up to date for April 1971 and the first increase under the new arrangement was paid as from the 1st September 1971. The 1972 Act in providing for annual reviews amended the payment date to the 1st December of each year and had produced a regular arrangement for payment. The 1975 Act does not provide for a fixed month of the year in which payment is made although it could be that such a pattern may emerge when the Act is implemented.

9. The provisions for a method of inflation-proofing of all pensions under the 1975 Act should meet any criticisms alleging that public service pensioners have advantages over private sector pensioners in this respect. Such a broad allegation is quite limited in its application at present as many private sector pensioners have advantages not received by public service pensioners. The 1975 Act still requires consideration but the principle of index-linked occupational pensions for all is of considerable value.

10. It is worthy of note that interference in the regular movement of civil service pay in accord with the accepted norm of pay comparison in the private sector inevitably creates unsatisfactory comparison in the pensions of those retiring whilst the pay restriction is imposed. Index-linking has not, and is unlikely to eradicate such anomalies which are shown in the pensions of those retiring in the 1950s and again in the 1960s when the regular pay changes were withdrawn and the current position will provide a similar, or maybe worse relativity in the future which may well go on for the lifetime of the individual pensioner. The figures for pensions with the effect of the initial increases under the 1971 Act are given in the appendix to this memorandum. Once a trough has been created, as in the 1950s, this will become accentuated in the passing years and the current effect of the Social Contract will need to be examined to see if some remedy can be made.

11. The arrangements for pensions increases provide that the amount of the increase is calculated by applying to the pension the percentage rise in the cost of living—as measured by the retail prices index—over the twelve months ended at June of each year with the increase being paid from the 1st December, and to cover the gap between June and December a margin has been built into the first increase a pensioner receives

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

which is intended to compensate for the loss of pension value in the five months. It has not been found possible to complete the processing of the increases in less than five months, although it might reasonably be expected that the computer operation could be reduced to two months. As the implementation of the Social Security Pensions Act 1975 will involve the basic and additional pensions being increased on a common date, the five months period of processing may well remain as the Department of Health and Social Security require this for increasing the national insurance retirement pension.

12. However the built-in margin provided in the initial public pensions increase does not adequately cover the gap. For example, in the first payment of the pensions increase included in the adjustment arising from the 1971 Act the figure of 18 per cent was given in lieu of 14·4 per cent, so that 3·6 per cent was added to cover the five months gap. With the passage of time the accumulated additions to pensions from that time would be the equivalent of a current index figure of 160·9 per cent as at the 1st December 1976, when the most recent pensions increase was paid. In fact, the index figure for November 1976 was 165·6 per cent so that from the 1st December 1976 the pensions increase has not equated with the full change in the index figure. From the time of the payment of the increases since the 1st September 1971 this has repeatedly occurred so that on each occasion the percentage increase granted has not reached the figure to eliminate the effect of inflation, and the burden of loss has been consistently borne by the pensioner. It is appreciated that the rate of inflation has been such as to aggravate the condition; nevertheless it is considered that in the absence of a possible reduction in the time-span of the gap some injection of an additional figure is necessary to cover adequately the full effect on pensions payments.

13. Public service pensioners' organisations have been pleased to make a contribution to the thinking out of improvements and will continue to do so. In general civil service pay has been adjusted in accordance with pay in the private sector so that to some extent civil service pay has moved in arrear of the private sector, but with the gradual development of its principles of superannuation from the 17th century onwards, the Civil Service has inevitably led the private sector in this, and the implementation of the 1975 Act will be the commencement of the full extension of more adequate standards of living for all who have retired after years of employment, and Parliament may well be proud of the enactments of the past to give public servants a reasonable measure of superannuation conditions as the forerunner of similar arrangements for all in employment.

Unestablished service

14. Among the major sources of grievance common to serving and retired civil servants alike is the variation of treatment in the counting of unestablished service for pension purposes.

15. The subject has a long history going back to the introduction of the 1887 Superannuation Act. Before that date unestablished service was ignored for this purpose in all cases. From then onwards it could count if it were followed by established service and the authorities were satisfied that the individual circumstances justified such special treatment. It was in this period, persisting until 1935, that varying Departmental procedures were developed, often illogical and inconsistent. For example, some Departments allowed unestablished service which was similar in character to the subsequent established service to be reckoned in full. Elsewhere unestablished service counted in full on the issue of a qualifying certificate, though this procedure was not followed in all such cases, nor in all Departments. There was no consistent pattern. In different parts of the Service the same class of work performed in an unestablished capacity could count in full or only as to half, or not at all.

16. The 1935 Superannuation Act put an end to these unsatisfactory arrangements by providing that from and including the 27 June of that year all unestablished service after age 18 could be regarded as the equivalent for pension purposes of half the same period of established service. This accorded with the recommendations of the 1929–31 Royal Commission.

17. Apart from the 1946 Superannuation Act, which gave retrospective effect back to the 2 January 1919 of the provisions of the 1935 Act in this respect, "half-counting" continued until mid-July 1949.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

18. It was in 1949 that a series of events occurred the final outcome of which resulted in the present situation by which unestablished service counts in full from the 14 July 1949 but only as to half for any earlier period. An amendment of the Superannuation Act of that year was carried in Committee, but defeated at the Report stage, which would have counted in full all unestablished service that had reckoned as half under the 1935 and 1946 Acts. In place of this amendment the Government of the day introduced "full counting" from a current date (the 14 July 1949), earlier unestablished service continuing to be subject to the half-counting provisions of the 1935 and 1949 Acts back to the 2 January 1919.

19. Neither at that time nor at any time subsequently has any convincing case been made in justification, on grounds of equity or justice, of this arbitrary arrangement, which was clearly invoked to rescue the 1945–50 Government from the political dilemma resulting from the afore-said wide-ranging amendment of the 1949 Act.

20. The Government's amendment came under fire immediately upon its coming into operation. In particular, the 1953–55 Royal Commission was highly critical. It concluded that "there is no question of merit or principle outstanding. It is in fact now common ground that it is right that unestablished service should reckon in full; the 1946 decision certainly affords a precedent for retrospection of the kind claimed and supports the argument that if a certain treatment is right at one point in time it is also right at others. It is our view that the sole consideration is that of cost."

21. Despite a Parliamentary campaign supported by nearly 400 Members of Parliament in 1959–61, successive Governments have turned down the claim for full-counting, for the most part on grounds of cost.

22. Six years ago the cost was calculated at between £9 and £9¼ million for each of the first five years, decreasing by stages to £5 million per annum in 1991–92. Three years later it was put at £11 million a year at first for existing pensioners, declining to £4 million by 1990, with the addition of £9 million declining to £4 million per annum for later retirees. These figures include the re-calculation of both pensions and current and future (but not past) lump sums. Finally in 1975 the annual cost of the resulting increases in pensions, excluding all lump sum adjustments, was estimated at £13½ millions immediately, dropping to £8 million by 1991–92. Subsequent inflation will have affected these figures, so too will the intervening decease of many of the prospective beneficiaries. The long-term decline in total cost also stems from the latter cause.

23. In 1974 it was estimated that there were approximately 400,000 serving civil servants and 100,000 civil service pensioners affected. The former will be between 43 and 65 years old and include a considerable number of industrial personnel. Almost all the latter would be over 60, the majority being over 65.

24. On the question of cost Mr G E P Thorneycroft, later to be Chancellor of the Exchequer, said in 1949:

> "But every doing of justice of this character must cost money. I do not believe we are justified in saving money by doing less than justice to the servants of the Crown".

Unhappily, he was not able to implement these sentiments when in office later. Similar indications of support have been expressed by other prominent politicians with equally unproductive results.

25. In the correction of this long-outstanding grievance the cost could be conveniently spread over a period of years, thus lessening the immediate impact on the Exchequer. A scheme along these lines was pressed by the staff and pensioners' interest in 1974–75, but it was rejected by the Civil Service Department. Providing for the up-rating of pensions only, and ignoring lump sums, the annual cost ranging over a 15-year period would have risen from £7 million in the first year to £11 million by 1981, but falling to £8 million by 1991. Given the present conditions of financial stringency, this is probably the only way in which the problem can be effectively resolved in the lifetime of the majority of the prospective beneficiaries.

26. In 1974 the Wider Issues Review Team, set up by the Civil Service Department the previous year to identify factors causing disaffection in the Civil Service, reported:

> "Those who served as temporary civil servants prior to July 1949, an important albeit diminishing proportion of the total staff with temporary service, remain

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

aggrieved that those years do not count for superannuation in the same way as established service, and this is likely to remain a source of strong grievance with them if it is not rectified."

The Alliance fully endorsed these views and can vouch for the even stronger feeling of resentment on this issue among civil service pensioners, already directly and adversely affected by the present unsatisfactory arrangements, in many cases applicable to them to their continuous and continuing loss for many years.

27. But for the fact that over the years the authorities have been able to recruit unestablished staff and retain it for lengthy periods, the State machine might easily have broken down from time to time in the past. The staff concerned, if only because of the inestimable value of their services in time of difficulty and need, are pre-eminently worthy of equality of treatment with their established colleagues, particularly when with the passage of time they are required to retire often against their own wishes, as is the case in many instances at the present time.

Widows Pensions

(A) Rate of pension

28. Under the 1972 Principal Civil Service Pensions Scheme the contributory provisions for the widows of civil servants dying while still serving or in retirement were improved by raising the rate of the widow's pension from one-third to one-half of the husband's pension entitlement at the date of his death. A further improvement gave the widow the full amount of the husband's pension for the first three months of widowhood. Regrettably these improvements were applied only to the widows of post-29 February 1972 retirees—provided the latter had paid the appropriate contributions. The widows of pre-1 March 1972 retirees continued, subject to contributions having been paid, to receive only the one-third pension without any entitlement to the three months 100% pension.

29. The Alliance regrets the omission from the scheme of the widows of pre-1 March 1972 retirees and continuously since then has sought an amendment of the scheme to bring such widows within its scope. All such representations have been consistently repulsed by the Civil Service Department, quite wrongly, it is suggested, on any grounds of equity or compassion. If, as the new provisions suggested, it was considered desirable to improve the pension position of the widows of post-1972 retirees, how much more needful were the claims of older widows whose husbands whilst still serving had paid whatever contributions were demanded of them towards the then Civil Service widows pension scheme. The National Insurance contributory widows pension provisions do not discriminate in this fashion between the widows of past and present contributors. It should be noted too that exclusion from the new scheme still applied even though the retired husband was prepared to pay the additional contributions requisite to secure the improved benefits for his prospective widow.

30. After lengthy correspondence and discussions with the Civil Service Department, and a delegation to Lord Jellicoe, then the Lord Privy Seal, in April 1973, it seemed clear that the Department could not be moved to make any concession on any aspects of the matter. In an effort to promote fruitful negotiations, the Alliance in association with the Post Office Veterans and the First Division Association, Pensioners' Group, then concentrated on the three months 100 per cent provision as an immediate objective. This approach to a compromise agreement made no difference; it also was rejected. Regrettably the Civil Service Department has not subsequently moved from that uncompromising stance. Nevertheless, it is still the Alliance view that this modest proposal is the minimum concession acceptable in settlement of the claim for equality of treatment between the widows of pre- and post-1972 retirees, and the matter is now brought to the Expenditure Sub-Committee's attention in the hope that it may be able to lend a measure of support to the claim. The Civil Service National Whitley Council, Staff Side, which negotiated with the Civil Service Department the agreement from which stemmed the 1972 Scheme, fully supports the compromise arrangement referred to above.

31. Costing the arrangement at all accurately appears to present difficulty. In 1973 it was put at about £½ million. This was an official estimate. It seemed modest enough at the time, though it still formed part of the Department's case against any concession.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Subsequently, in the following year, the Department increased the estimate to £5 million, rising possibly to £15 million by 1987. The former figure has proved to be an exaggeration and the latter is consequential upon it. Allowing for pension increases, £2 million would be nearer the mark. An assurance in April 1975 that the official calculations were based on the Government Actuary's estimates "and as such they are, of course, reliable" was not particularly reassuring considering recent comments on similar estimatzs from the same official source. It transpired however that the £5 million estimate assumed retrospective application back to 1949 to the widows of all deceased civil servants—a claim which the Alliance does not make. Further correspondence revealed that the more correct estimate, as at April 1975, would be about £¾ million per annum. An attempt to obtain relevant statistics from the Paymaster General's office, on which an even more reliable estimate might have been based, was resisted by the Department. Incidentally, none of the above estimates appears to take into account any contributions which pre-1 March 1972 pensioners might be expected, and expecting, to pay towards the improved provisions of the 1972 scheme.

32. It is emphasised that the Alliance does not seek retrospection in respect of this claim It has been repeatedly explained that payment of the three-months full pension from a current date would be acceptable.

33. In all the circumstances the Alliance finds it increasingly difficult to understand or accept the Department's persistent objection to this modest improvement in the 1972 scheme. As one of our members, not a possible beneficiary, has expressed it:

> "Widows form a substantial part of those on very low incomes and I venture to suggest that before long society will recognise that the traditional one-third of her husband's pension is a harsh infliction on an ageing widow."

(B) *Post-retirement marriages*

34. It is desired to draw attention to an increasingly irksome provision of the Civil Service contributory widows pension provisions by which the widow of a post-retirement marriage cannot receive a widow's pension based on her husband's contributions to the scheme. The reasons for this are well understood; no scheme would remain actuarially sound for long if the very young widows of elderly pensioners were able to draw widows pensions for anything up to forty or fifty years following the husband's death. This difficulty might be partly overcome by setting a maximum of, say, twenty years difference in the ages of the pensioner and his wife. Where this difference was exceeded total exclusion from the scheme could result. There would be the difficulty of collecting the appropriate contributions, particularly where the pensioner had not been previously married and had not therefore made any provision under the scheme, nor paid for it, for a prospective widow. The same problem would arise, though to a lesser degree, where such a provision had been made by the pensioner whilst still in the Service and for a first wife, and this had lapsed on her death, whether before or after his retirement. The present scheme provides widows pension cover for one wife at a time, and if she dies prior to the husband's retirement further contributions thereupon cease to be payable for her. Where the marriage or re-marriage occurs before retirement it does not matter what discrepancy there may be between the ages of the parties though the unpaid contributions in respect of the earlier part of the husband's service will have to be deducted in bulk from his lump sum payment on retirement. An anomaly is thus created under the present arrangements as between a marriage occurring just before and one taking place shortly after retirement. The parallel Civil Service scheme by which the pensioner may allocate part of his pension to his spouse allows such an allocation to be made in the case of a post-retirement marriage provided the husband is not over 70 years of age at the date of the marriage and that application is made within three months thereof. The amount which the pensioner needs to sacrifice by way of pension in these circumstances is greater than the benefit to his prospective widow—in many cases substantially greater—in accordance with the strictly actuarial basis on which this is calculated. Actuarial provision for similar contingencies is not made in the Civil Service contributory scheme and it is presumably for this reason that the latter has not hitherto covered post-retirement marriages. There is no wholesale exclusion of such marriages from the National Insurance widows pension provisions, though a continuing widow's pension, following an initial six months' widows allowance, is not payable unless the widow is at least 40 years old.

35. The present irksome exclusion of post-retirement marriages from the Civil Service contributory widows pension scheme, if it is to be reversed without untoward actuarial

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

consequences or a substantial subvention from public funds, will probably call for some upward adjustment in the rates of contributions. This is a matter on which the present contributors will need to be consulted, as in the past in such circumstances, through the Civil Service National Whitley Council, Staff Side, which negotiated the present scheme with the Civil Service Department, and its constituent staff associations and trade unions. Whether raising the contributions will be permissible under the third phase of the Social Contract for the purpose of contracting-out of the 1975 Social Security Pensions Act is not yet clear, though that Act would appear to require that adequate widows pension entitlement should be a feature of contracted-out occupational pension schemes and itself does not exclude the widows of post-retirement marriages.

Equal Pensions

36. Equal pay was introduced by "instalments" in the non-industrial Civil Service over a seven-year period from 1955 to 1961, but the resulting inequalities in pensions awarded before and during that period have never been adjusted. The effect is shown below, the example chosen being that of a man retiring on a pension of £400 per annum compared with the pension of a woman retiring at the corresponding point on the pay scale:

Date of retirement	*Man's original pension*	*Current pension with pension increases*	*Woman's original pension*	*Current pension with pension increases*
	£	£	£	£
31 December 1954	400	1560	313	1227
31 December 1955	400	1492	325	1225
31 December 1956	400	1422	338	1201
31 December 1957	400	1372	350	1158
31 December 1958	400	1332	363	1208
31 December 1959	400	1325	375	1241
31 December 1960	400	1310	388	1273
31 December 1961	400	1267	400	1267

These inequalities would persist until the 31 December 1963 due to the then practice of averaging Civil Service pay over the last three years of service when assessing the rate of pension at that time.

37. The Alliance is under instruction from its members to press for the early removal of these anomalies from the Civil Service superannuation arrangements. In August 1975 the matter was raised with the Occupational Pensions Board which was then looking into equality of status for men and women in occupational pension schemes, but apart from an acknowledgement of our submission on the above lines in Appendix 2, their report (CMND 6599) made no direct reference to the matter. This omission is explained in paragraph 2·21 of the report indicating that the Government preferred that inequalities in pensions, whether State or occupational, should be dealt with separately from the question of equal status. The Government not having yet pronounced on the former question, it is suggested that it would not be inappropriate for the Expenditure Sub-Committee, since it is investigating developments within the Civil Service since the Fulton Report, to express its views about this grievance among women civil service pensioners.

38. A recommendation to remove the above-mentioned anomalies would no doubt call for suggestions as to implementation. Just as the introduction of equal pay was spread over a number of years, so the adjustment of the pensions anomalies arising therefrom may suggest a similar phasing-in. The Alliance would prefer implementation in one operation, right across the board, and it advances this suggestion as worthy of sympathetic consideration in view of the length of time the pensioners concerned have waited for their anomalous position to be rectified. But if progress with the claim could only be made by phasing-in, we would not be averse to such an operation, though it is hoped that in-that event the position of those women who retired prior to, or in the early part, of the seven-year period referred to in paragraph 36 above would receive first attention.

39. We have no reliable information as to the number of women pensioners involved or as to over-all cost. Almost without exception the women concerned would now be between 74 and 83 years old, with some even older. This is an added reason for the matter to be dealt with expeditiously, and as far as possible, without phasing.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Retrospection

40. Inevitably in examining the disparities in pension payments, such as the examples given above as to the effect of troughs, the objection to making any changes to remedy the anomalies can be based on the contention that it is improper, maybe unacceptable, to change the conditions of service or pension from that applying at the time a person joins or retires from the service. Until recently it was accepted that any provision for unestablished service prior to the 14th July 1949 to count in full was not made because of the overall cost, but it is now contended that individuals entering the Civil Service are well aware of their conditions of service and should accept that any changes in the future cannot be back-dated. There is a firm barrier to any improvement or change being applied retrospectively.

41. Serving civil servants can obtain back-dated improvements in service conditions on the basis of a package deal, but where changes in pensions schemes arise those already retired, having no propsects of a package deal, also have no possibility of back-dated benefits because of this iron curtain of no retrospection. The widows' pension improvements are a particular example of this.

42. Fortunately, the Pensions (Increase) Act, 1971, made specific arrangements for review of past conditions, but provided for the benefits of such re-appraisal to be paid from a future date. It is considered that where possible, improvements should be extended to those already retired where the change can be applied from a current date and not the past. It is not possible to foresee what future instances may arise, but the Alliance considers that the limit of the effect of no retrospection should be applied in this manner with benefits provided from a current or future date.

Parliamentary Commissioner

43. In the Second Report from the Select Committee on the Parliamentary Commissioner for the Administration for Session 1975–76 (HC 480), paragraphs 9 and 10 deal with the previously expressed view of the Select Committee that the Parliamentary Commissioner's jurisdiction should be widened to include personnel matters. It has been the contention of the Government that the facilities for making any representations within the normal arrangements through the National Whitley Council and the staff associations should be capable of dealing with any matter. The Civil Service Pensioner's Alliance is recognised as the body representing civil service pensioners and is given full facilities to put forward its views to the Civil Service Department.

44. Nevertheless, it is considered that there is an inadequacy in the current arrangements for dealing with civil service pensioner's individual cases which appear to have an element of maladministration. A recent case has arisen where in the view of the Alliance a pensioner has been denied the full value of his service due to a technical omission in procedure on appointment in a permanent capacity which was presented to the Permanent Secretary to the Civil Service Department and subsequently to the Prime Minister. In the view of the Alliance the conclusion by the Permanent Secretary was reached on the basis of irrelevant matter and the decision of the Prime Minister was similarly influenced.

45. The need for objective impartial examination of such a case has been emphasised by this particular instance and has confirmed the view of the Alliance in the value of having access to the Parliamentary Commissioner through a Member of Parliament which at present is not possible.

Conclusion

46. In each of the foregoing papers the intention has been to highlight the main problems that beset the existing Civil Service superannuation arrangements and to examine some of the proposals which have been put forward for the remedying of these problems. Summarised, the conclusions reached and the recommendations made are as follows:

47. (1) Mixing a percentage increase related to prices with a temporary pay restriction related to a sum of money would produce innumerable anomalies. (Paragraph 7).

(2) Changing the basis of pension increases from the cost of living to equivalent pay levels would be most costly. (Paragraph 7).

(3) It is hoped that a fixed month of the year for the payment of pension increases will emerge from the implementation of the 1975 Social Security Pensions Act. (Paragraph 8).

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(4) Pensions anomalies stemming from pay restraints in the 1950s and 1960s still remain to be rectified. (Paragraph 10).

(5) The waiting period each year from the end of June to the 1 December is inadequately compensated for by the present payment of an initial addition—in 1971 of 3·6 per cent—and should be supplemented to cover the full effects ,of inflation in this five-months interval. (Paragraph 12).

48. (1) After setting out its historical background, the claim for the full-counting for pension purposes of unestablished service prior to the 14 July 1949 is re-affirmed (Paragraph 27), the present arrangements being neither logical, equitable nor justifiable. (Paragraph 19).

(2) The failure to correct this long-outstanding grievance was identified by the officially-sponsored Wider Issues Review Team as a factor causing disaffection among Civil Service staff and pensioners. (Paragraph 26).

(3) Cost, the official reason for resisting the proposed change, could be spread over a period of years, thus easing the immediate impact on the Exchequer. (Paragraph 25).

49. (1) The widows of pre-March 1972 retirees were excluded from the improved widows pension provisions under the 1972 scheme and a compromise proposal to give such widows, in common with widows whose husbands retired on or after March 1972 100 per cent of their late husbands' pension entitlement for the first three months of widowhood has been consistently rejected, despite National Staff Side support on compassionate grounds. (Paragraph 30).

(2) Retrospection is not sought, only the extension of the new rule to all future civil service widows regardless of the date of their husbands' retirement. (Paragraph 32).

50. (1) The present exclusion from benefit of the widows of post-retirement marriages is irksome and anomalous. It applies only to the contributory scheme, not to the allocation arrangements, nor to the national insurance widows pension provisions. (Paragraph 34).
(2) Some upward adjustment of contributions on actuarial grounds might be required on rectification of the anomaly. (Paragraph 35).

51. (1) Women civil service pensioners who retired before the 1 January 1964 suffer the depression of their pensions owing to equal pay not having been introduced in the Civil Service until 1955. Figures are given showing that currently the loss on comparison with a male "equivalent" rises to over 75 per cent of the original pension. (Paragraph 36).
(2) The gradual implementation of rectifying provisions would be considered if the women pensioners longest affected were given first attention. (Paragraph 38).

52. The ban on improvements being applied retrospectively would not be breached if such improvements were extended to retirees from a current or future date. (Paragraph 42).

53. (1) The present facilities for rectifying maladministration in civil service pensions and superannuation matters are inadequate in that access to the Parliamentary Commissioner through a Member of Parliament is precluded. (Paragraph 44).

(2) The relevant Select Committee has criticised this limitation and suggested its removal, a course which the Alliance fully supports. (Paragraph 43).

A Tibbitts
Chairman

Frank Jago
Hon General Secretary—Civil Service Pensioners' Alliance

April 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Reprinted from The Civil Service Pensioner, No 90

PENSIONS (INCREASE) ACT, 1971

The tables given here (by courtesy Civil Service Dept.) show the effect of the Act on pensions granted for retirement at 31st December each year, presuming forty years' service Outer London rates and the last three years at the maximum rates.

Col. 1 = Year of Retirement.

Col. 2 = Pension on retirement —"basic pension".

Col. 3 = Pension produced by operation of the Multipliers (Schedule I of the Act).

Col. 4 = Actual pension on 1.4.71—1971 rate.

We have calculated the pension on the same basis for a retirement on 31.12.71, given for comparison.

	Clerical Officer				Executive Officer				Higher Executive Officer			
	1	2	3	4	1	2	3	4	1	2	3	4
Dec.	1939	175	534	598	1939	263	803	948	1939	325	992	1171
	1944	192	585	691	1944	275	839	990	1944	337	1028	1213
	1946	207	532	628	1946	306	718	847	1946	359	843	995
	1948	220	491	579	1948	316	689	813	1948	384	837	988
	1950	227	476	562	1950	325	669	789	1950	400	825	972
	1951	235	482	569	1951	333	667	787	1951	411	815	962
	1952	252	481	568	1952	352	661	780	1952	433	806	951
	1953	270	491	579	1953	377	673	794	1953	466	824	972
	1954	284	493	582	1954	396	671	792	1954	490	824	972
	1955	294	492	581	1955	411	678	800	1955	511	835	985
	1956	311	493	582	1956	439	687	811	1956	544	843	995
	1957	335	494	583	1957	474	690	814	1957	584	846	998
	1958	360	505	596	1958	511	717	846	1958	627	880	1038
	1959	379	529	624	1959	540	754	890	1959	665	929	1096
	1960	393	544	642	1960	559	773	912	1960	691	956	1128
	1961	409	547	645	1961	580	776	916	1961	718	961	1134
	1962	425	545	643	1962	595	763	900	1962	736	944	1114
	1963	443	557	657	1963	617	776	916	1963	764	961	1134
	1964	463	564	666	1964	653	795	938	1964	823	1002	1182
	1965	484	562	663	1965	692	804	949	1965	878	1020	1204
	1966	508	568	670	1966	732	818	965	1966	938	1049	1238
	1967	520	567	669	1967	748	816	963	1967	959	1046	1234
	1968	543	566	668	1968	777	810	956	1968	993	1035	1221
Mar.	1969	548	—	646	Mar. 1969	784	—	925	Mar. 1969	1003	—	1184
Sept.	1969	561	—	657	Sept. 1969	802	—	930	Sept. 1969	1027	—	1191
Mar.	1970	575	—	656	Mar. 1970	823	—	938	Mar. 1970	1056	—	1204
Sept.	1970	598	—	658	Sept. 1970	857	—	943	Sept. 1970	1099	—	1209
Mar.	1971	623	—	660	Mar. 1971	895	—	949	Mar. 1971	1148	—	1217
31.12.71		—	—	663	31.12.71		—	—	948	31.12.71		—	—	1227

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

	Senior Executive Officer 1	2	3	4		Chief Executive Officer 1	2	3	4		Principal 1	2	3	4		Assistant Secretary 1	2	3	4
Dec.	1940	430	1313	1549	Dec.	1940	525	1603	1892	Dec.	1939	550	1678	1980	Dec.	1939	750	2289	2701
	1944	438	1337	1578		1944	527	1608	1897		1944	552	1685	1988		1944	752	2289	2701
	1946	467	1055	1245		1946	556	1305	1540		1946	582	1367	1613		1946	797	1871	2208
	1948	490	1068	1261		1948	588	1281	1512		1948	615	1340	1581		1948	850	1852	2185
	1950	500	1030	1216		1950	607	1250	1475		1950	634	1305	1540		1950	913	1880	2218
	1951	513	1007	1188		1951	628	1224	1444		1951	655	1275	1505		1951	963	1816	2143
	1952	538	937	1106		1952	663	1149	1356		1952	689	1268	1496		1952	1017	1757	2073
	1953	576	1013	1195		1953	707	1237	1460		1953	734	1284	1515		1953	1050	1766	2084
	1954	605	1014	1197		1954	740	1218	1438		1954	767	1275	1505		1954	1083	1789	2111
	1955	629	1022	1206		1955	768	1241	1464		1955	793	1282	1514		1955	1108	1780	2100
	1956	671	1057	1248		1956	814	1255	1481		1956	845	1298	1532		1956	1175	1797	2120
	1957	724	1048	1237		1957	875	1257	1495		1957	917	1328	1567		1957	1258	1822	2150
	1958	753	1058	1249		1958	949	1333	1573		1958	1002	1407	1660		1958	1333	1872	2209
	1959	847	1183	1396		1959	1026	1433	1691		1959	1084	1514	1787		1959	1457	2035	2401
	1960	895	1238	1461		1960	1086	1502	1773		1960	1147	1586	1871		1960	1574	2177	2569
	1961	939	1256	1482		1961	1141	1527	1802		1961	1205	1612	1902		1961	1692	2264	2672
	1962	969	1243	1467		1962	1176	1508	1780		1962	1241	1591	1817		1962	1703	2183	2576
	1963	1011	1272	1501		1963	1226	1542	1820		1963	1293	1627	1920		1963	1758	2212	2610
	1964	1078	1313	1550		1964	1312	1598	1886		1964	1373	1672	1973		1964	1916	2334	2754
	1965	1136	1320	1558		1965	1396	1687	1991		1965	1453	1688	1992		1965	2076	2412	2846
	1966	1204	1346	1588		1966	1482	1691	1996		1966	1534	1715	2024		1966	2183	2441	2880
	1967	1225	1336	1576		1967	1515	1653	1951		1967	1569	1712	2020		1967	2183	2382	2811
	1968	1268	1321	1559		1968	1569	1635	1929		1968	1624	1692	1997		1968	2235	2329	2748
Mar.	1969	1282	—	1513	Mar.	1969	1586	—	1871	Mar.	1969	1640	—	1935	Mar.	1969	2357	—	2781
Sept.	1969	1314	—	1524	Sept.	1969	1627	—	1887	Sept.	1969	1664	—	1907	Sept.	1969	2405	—	2790
Mar.	1970	1352	—	1541	Mar.	1970	1676	—	1911	Mar.	1970	1717	—	1967	Mar.	1970	2497	—	2847
Sept.	1970	1410	—	1551	Sept.	1970	1750	—	1925	Sept.	1970	1773	—	1950	Sept.	1970	2560	—	2816
Mar.	1971	1473	—	1561	Mar.	1971	1836	—	1946	Mar.	1971	1860	—	1972	Mar.	1971	2670	—	2830
31.12.71		—	—	1578	31.12.71		—	—	1987	31.12.71		—	—	1996	31.12.71		—	—	2858

329

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 56

Supplementary Memorandum from the Civil Service Pensioners' Alliance

1. This further paper is submitted in supplementation of Part II of the Civil Service Pensioners' Alliance memorandum on the above subject.

2. It is becoming generally accepted by those responsible for occupational pensions, despite what may be said by those less familiar with pensions arrangements, that there is a real necessity to at least maintain the money value of the pension given to an employee on retirement, and that to achieve this is best provided by index-linking. The provisions of the Social Security Pensions Act, 1975, expected to be implemented in April 1978, include index-linking for the State scheme and a like condition for contracted-out employers' schemes, and as the Pensions (Increase) Act 1971 and the Superannuation Act 1972 will be superseded by the relevant Sections of the 1975 Act, any immediate changes in public service pensions increase arrangements (necessarily by legislation) would create serious complications in relation to the 1975 Act before it was even implemented. It is therefore imperative that the public service pensions increase arrangements should be undisturbed until they are superseded by the 1975 Act.

3. As explained in the main submission, alterations in the use of criteria for index-linking may well require re-assessment and possible adjustments to take account of adverse effects on relativities except where, as in the case of the basic pension, incomes or prices levels can be used as alternatives in which the beneficiary is given the benefit of the index which is to his advantage. To apply the level which was to his disadvantage would clearly be inadequate and unjust; this would also apply to any possible use of wages levels as criteria. It must be recognised that if the standard of living of public service pensioners is not to be adversely altered the money value of the pension has to be maintained with cover for any rises in the cost of living.

4. The present annual pensions increases place the burden of rises in the cost of living upon the pensioner in that his pension is devalued even at the time the increase is made and continues for the following twelve months. The provision in the 1975 Act for an increase *at least* annually is welcomed as this should permit increases as and when the need arises which could be more frequently than once a year, and so reduce the period in which a pensioner bears the full brunt of inflation. The likely consideration of a specified percentage rise in levels to trigger increases is anticipated for discussion when the implementation of the 1975 Act is confirmed.

6 *May* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

Parliamentary Commissioner for Administration

1. This paper supplements Part VII of the Civil Service Pensioners' Alliance memorandum on the above subject.

2. The Government's observations on the Second Report of the Select Committee on the Parliamentary Commissioner (Cmnd 6764) reject the Committee's recommendation to extend the Commissioner's powers to investigate personnel matters in the public services.

3. In its observations the Government state "The Parliamentary Commissioner was not established to deal with relations between the State as employer and its employees. This applies as much to those seeking Crown employment as to those already in Crown employment. If either category were able to complain to the Parliamentary Commissioner about personnel matters they would be in a particularly privileged position, since they would have an additional grievance machinery not open to the outside employee or potential employee." (Cmnd 6764, paragraph 3).

4. Constitutional objection is also expressed in the "area of selection" within the Civil Service in that, like the Parliamentary Commissioner the Civil Service Commissioners are appointed directly by the Queen and are independent of the Government or any Government Department. (Cmnd. 6764, paragraph 4).

5. The Alliance makes no comment on the possibility of privileged status as described above, being acquired by serving or potential civil servants, but it contends that this possibility does not apply in the case of civil service pensioners to whom at the present time the normal avenue of complaint for the serving civil servant, the Civil Service Whitley machinery, is not open. The Alliance has repeatedly asked for representation on the Civil Service National Whitley Council, Staff Side, but this has always been refused. Even membership of the Council's Joint Superannuation Committee has been denied to the Alliance.

6. If comparison is made with the corresponding machinery for National Insurance retirement pensioners, here again the civil service pensioner is at a disadvantage. The former may seek redress through the local appeals tribunal and the National Insurance Commissioner, and in the last resort can go to the House of Lords with his grievance. No such facilities are open to the civil service pensioner.

7. As indicated above, access to the Parliamentary Commissioner is denied to the civil service pensioner on the grounds that the Civil Service Whitley machinery and the associated staff organisations adequately cover his requirements. This view has been supported by the National Staff Side who in evidence to the Select Committee on the 15 December 1971, per HC215 of 12 April 1972, pages 2 to 15 inclusive, denied the need for any special or additional arrangements for the redress of civil service pensioners' complaints. However, on the 26 April 1974 the National Staff Side informed the Alliance that it had by then recognised "that the interests of pensioners may well raise different considerations from those of serving civil servants who have an active trade union machine ready to deal directly with departments on their behalf".

8. On the 26 January 1972, Sir William Armstrong, then Head of the Home Civil Service, informed the Select Committee: "We have thought a great deal about superannuation cases, or perhaps more strictly cases raised by pensioners, because on the face of it these are no longer employees, so that the straightforward employer/employee relationship does not hold". "They are ex-employees. It is also true that the staff associations do not speak for them in quite the same direct way as they do for serving civil servants. The difficulty that we see about this is a more practical one, and we are necessarily starting from the Government's position in relation to their employees and considering whether, while maintaining that position in relation to serving civil servants, you could admit the Parliamentary Commissioner into the area of former civil servants in relation to their pensions. The practical difficulties about that are the kind that are very familiar. Many of the issues that pensioners raise have their roots right back in his or her service; they relate to whether he did or did not opt for something or other, whether changes in regulations were explained to him at the time when he was an employee; so that it is very difficult to disentangle the position". (HC 215, page 18)

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

9. Paragraph 10 of the Select Committee's First Report for Session 1971–72 reads as follows: "In relation to superannuation questions (including those covered by sub-paragraph (*c*) of paragraph 10), where the employer/employee relationship does not exist and the accepted procedures do not apply, Your Committee consider that the case for admitting the Parliamentary Commissioner has special force". "Your Committee note that each of the witnesses from whom they took evidence accepted that his other arguments relating to personnel questions had less relevance to questions of superannuation. The only particular objection made was the Head of the Civil Service's mention of practical difficulties. Your Committee cannot think that these would be insuperable". (HC 215, pages v and vi)

10. "Justice", the British Section of the International Commission of Jurists, in its recently published report "Our Fettered Ombudsman" re-iterates its Committee's support for the inclusion of personnel matters for investigation by the Parliamentary Commissioner. Paragraph 36 of the report states that the necessary amendments of the Parliamentary Commissioner Act, 1967, Schedule 3, "have three times been recommended for reconsideration by the Select Committee on the Parliamentary Commissioner and were the subject of a Private Member's Bill in 1975, and in our view should clearly go."

11. On the 22 December 1976 Mr Charles Fletcher-Cooke, Chairman of the Select Committee, introduced Bill 32, Clause 2 of which sought to repeal the aforesaid limitations on the Parliamentary Commissioner's enquiries. He was supported in this by two other members of the Select Committee. The Bill received a First Reading, but facilities for further progress with it were not forthcoming. (Hansard (Commons) 22 December 1976 column 687, 4 February 1977, column 1013 and 11 February, 1977 column 1929).

12. It is desired to emphasise that the Alliance is concerned with the exclusion of civil service superannuation and pension matters from the Parliamentary Commissioner's jurisdiction and seeks such amendment of the Parliamentary Commissioner Act, 1967 as is necessary to remove that restriction.

6 *May* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 57

Civil Service Department comments on the Memorandum by the Civil Service Pensioners' Alliance

(a) Civil Service Pensions Increase Arrangements

1. There are two particular points in the evidence of the Civil Service Pensioners' Alliance on this subject on which we would wish to comment: the suggested link to wages for pensions and the 5-month gap on initial award.

2. Firstly, the CSPA has long campaigned for the increase awarded to Civil Service pensions to be related to pay increases. In support of this argument, it can be noted that, amongst OECD countries, 12 have some form of link with earnings for their public service pensions, these being Austria, Belgium, France, West Germany, Greece, Iceland, Ireland, Japan, Luxembourg, the Netherlands, Norway and Spain. Nevertheless, the Civil Service Department has always resisted this suggestion. We believe that we should maintain the purchasing power of a pension after award, not increase its value in real terms. Thus pensions are linked to the cost of living, not to a wages index or to the salary movements of the pensioner's former grade. Over almost any period of time in the past, earnings have risen more quickly than prices and over a reasonable period in the future this is likely once more to be the case. Thus, the link of public service pensions to the rise in earnings would, in general, cost far more than a link with prices. By way of comparison, a public service pension in payment in 1971 would have had increases, under the present arrangements, of 100·8 per cent today. Had those increases been related to an index of national earnings or of national weekly wages the increase would have been 126·8 per cent or 150·0 per cent respectively. For this reason, the Government has chosen to restrict public service pensions increase to the rise in the Retail Prices Index.

3. Secondly, the CSPA argue that the margin built in to the first increase a pensioner receives is not sufficient to cover the 5 months from the end of the review period in June to the payment date in December. It might be helpful for the Committee to have some further explanation of what actually is done here. Cost of living increases are computed from mid-June to mid-June and that 12-month period is split into 2 retirement periods of July to December and January to June. All pensioners retiring during either of these 6-month periods are treated as though they retired at the mid-point of the period giving rise to eligibility for increases covering 9 months or 3 months of the review period. In addition, these pensioners would then expect to receive compensation to cover the 5-month period from the end of the review period to the payment date of 1 December. In fact, the Act provides that each of the 6-month retirement periods is moved back by 5 months so that rather than increases covering periods of 9 and 3 months the pensioner receives increases covering periods of 14 and 8 months respectively.

4. The pensioner will only receive increases which are not based on December price levels to the extent that the "historical" 5-month period preceding the beginning of the review period does not reflect the 5-month period preceding the payment date. Since this 5-month gap is included in the next annual review, the actual period from July to November will be picked up accurately and the comparison will then be between the original "historical" 5 months and the 5 months July to November in the next review year. As time progresses we are therefore comparing a 5-month period at about the time a man retired with a current 5-month period and any short-fall or excess will simply reflect the differing rates of inflation which pertain. In times of rapidly accelerating rates of inflation there will be some marginal short-fall; in times of decelerating rates of inflation there will be over-compensation. Over the years these marginal adjustments will probably cancel each other out.

(b) Unestablished Service

5. As the CSPA memorandum makes clear, this is a problem of very long standing. Until 1887, unestablished service did not reckon for pension at all. The discretion then allowed to reckon such service in certain circumstances resulted

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

in divergent practices, which only came to an end when the 1935 Act provided that, in future, half-reckoning should be the rule. In 1946, the Government of the day sought to iron out some of the anomalies created before 1935 by providing that half-reckoning should apply to service given from the beginning of 1919 onwards, unless better terms had already been conceded to the individuals concerned. This Act also provides that service in the Forces during the 1939-45 war which preceded entry into the Civil Service should be treated as unestablished service for superannuation purposes, so that those whose entry to the Civil Service was delayed by the war should be no worse off than those who came into the Service during the war.

6. In 1949, the Government introduced a Bill, the primary purpose of which was to introduce a widows' pension scheme into Civil Service superannuation arrangements. The Opposition introduced, however, and carried in Committee, an amendment which would have resulted in all unestablished service back to 1919 reckoning in full for pension if the officer was subsequently established. This would have been a very costly improvement in Civil Service superannuation terms and could have had repercussions for other public service pension schemes, particularly local government schemes, where there was a similar division between pensionable and non-pensionable service. The amendment was, therefore, defeated at the Report stage but full reckoning of unestablished service from the date of the passing of the Bill (14 July 1949) was conceded. An immediate and substantial increase in superannuation costs was thus avoided but a considerable part of the increase in expenditure on Civil Service superannuation since 1949 clearly stems from this concession.

7. Since 1949 there has been sustained pressure for reversal of the Government's decision but successive Governments of both parties have consistently felt unable to accept the claim, primarily on grounds of cost, which would still be substantial. There is in addition a question of principle involved. The claim essentially involves going back and retrospectively improving terms and conditions of service which were accepted by the people concerned when they came into the Service and successive Governments have taken the view that it would be unjustifiable to concede this particular claim without conceding all other similar claims for retrospective adjustments that have been, or could be made by other public sector employees.

(c) *Widows' Pensions*

(i) *Rate of Pension*

8. This, again, is essentially a question of retrospective application of an improvement in Civil Service superannuation arrangements. When widows' pensions were introduced in 1949, it was on the basis that the pension would be one-third of the husband's pension and that individual civil servants should bear half the cost, either by deductions from their lump sum retirement benefits or by periodical deductions from salary over the remainder of their careers. A limited amount of retrospection was allowed so that those who had retired since the introduction of the scheme was announced could provide cover for their wives, but clearly application of the scheme to all existing male pensioners was not practical.

9. The 1972 improvements involved improving the widow's pension to one-half of the husband's pension for future service and gave existing staff the option to increase past service benefits to this level, on payment, if they wished. A short-term pension (basically for 3 months but for 6 months, if there are 2 or more children) at the rate of her husband's pay, if he dies in service, or at the rate of his pension, if he dies after retirement, was also introduced. Individual civil servants are still required to meet half the cost of the benefits and the periodical contribution rate was increased from 1¼ per cent of salary to 1½ per cent, with consequential increases in deductions from lump sum retirement benefits for those who do not meet their shares of the cost during service. This revised scheme started in June 1972, but a period of 3 months retrospection was allowed to cover, on payment, those who had retired since the enabling legislation was passed. It would, however, have been impractical to go back and apply the new benefits to widows of men who retired long before the new scheme came into operation.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

The National Insurance arrangements, which are financed on a pay-as-you-go basis and which are heavily subsidised by the Exchequer, are not relevant and therefore provide no precedent for an occupational scheme system, which is more in the nature of a funded superannuation scheme.

10. The Alliance's claim that at least the short-term pension could be granted to the widows of all pensioners who die in future, whether or not their husbands contributed to the new scheme must obviously command sympathy. Similar changes in widows' pension arrangements have, however, been made in all other public service pension schemes and the claim could not therefore be conceded for the Civil Service alone. It also has to be viewed against the background of many other claims for the application of improved superannuation terms to those who have already retired and there is no intrinsic justification for conceding this particular claim.

(ii) *Post-retirement marriages*

10. Widows' pension arrangements in the Civil Service and in the other public service pension schemes were drawn up on the basis that they would provide cover only for the wives to whom scheme members were married during their service and to whom the members were still married at the time of their deaths. This limitation can lead to the slightly anomalous situation that the widow of a man who marries for the second time just before he retires will be covered whereas the widow of a man who remarries just after retirement is not, even though the husband may have contributed in full for a pension for his first wife. It avoided, however, the complications that arise for schemes in connection with men who leave fairly early in their careers with preserved pensions; the possibilities of having to provide for divorced wives, and the need to consider making provision for " death-bed " marriages.

11. These problems and difficulties are now being dealt with in the wider context of the social security legislation. Under the Social Security Pensions Act 1975, any occupational scheme that is contracted-out of the additional component of the new state scheme benefits will be required to provide a widow's pension irrespective of the date of the marriage and the Civil Service and other public service schemes will be amended to provide pensions in respect of post-retirement and post-resignation marriages. The limitations imposed on employers by current incomes policy demand, however, that this improvement should apply only to contracted-out service, that is on service after the new state scheme comes into force on 6 April 1978. There will thus be a gradual build-up of cover for these particular widows and the improvement will not apply to the widows of men who retire or leave the Civil Service before that date.

(*d*) *Equal Pensions*

12. Because Civil Service pensions before 1972 were based on average pensionable pay received in the last 3 years of service, before the advent of equal pay for men and women, women civil servants received smaller pensions than men of the same grade and length of service. The transition to equal pay was achieved in 7 annual instalments over the years 1955 to 1961 and it was therefore not until 1963 that women attained equal superannuation benefits. The Alliance's claim is that the pensions of those women who retired before 1963 should now be brought up to the level that they would have reached had equal pay been introduced in one instalment in 1955.

13. There is, of course, no case for treating women who retired before 1955 differently from those who retired from then onwards and the Alliance's claim is essentially one of full retrospection of the principle of equal pay in its effect on pensions. Once again, this is not something that could be conceded to Civil Service pensioners alone and it would have to be applied to other public services, many of whom introduced equal pay at a later time and in a different manner from that adopted in the Civil Service. Despite the lapse of time since equal pay was achieved in the Civil Service, acceptance of the Alliance's claim could, therefore, add substantially to public service pension costs and it could result in rather more anomalies and problems than it would resolve.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

(e) *Retrospection*

14. Each of the claims discussed under the previous 4 headings of this paper involve retrospective application of improvements in pension terms and, as we have shown, acceptance of any or all of them would involve increased costs and, in most cases, the emergence of other anomalies and difficulties. These are, however, not the only claims that can be made for retrospection in either the Civil Service or in other public service pension schemes and, because they have no particularly distinguishing merits of their own, acceptance of any one of them would establish a precedent for accepting all the others. It is clear that, if all improvements in superannuation terms had to be applied to all those who had already retired as well as to those retiring in future, the improvements would need to be smaller in number and in extent than would otherwise be the case. Moreover, the retrospective application of changes is bound to give rise to a certain amount of unfairness between individuals, who have taken decisions (or not taken decisions) on the basis of terms or conditions as they were and who would find, after the retrospective change, that some different course of action would have been more beneficial. For all these reasons, we believe that retrospection in superannuation matters is rarely, if ever, a practical proposition and that the principle of no retrospection should not be breached even if to the limited extent proposed by the CSPA.

(f) *Parliamentary Commissioner*

15. The Government's views have been given in two White Papers (Cmnd 4661 and 5166) and reaffirmed in its observations on the Second Report of the Select Committee on the Parliamentary Commissioner for Administration (Cmnd 6764). The position of the pensioner was dealt with in paragraph 9 of Cmnd 5166.

16. The Civil Service pensioner should be compared with other occupational pensioners who have no outside appeal machinery. It would therefore be unreasonable to place him in an advantageous position in relation to other occupational pensioners by allowing him a further source of redress through the Parliamentary Commissioner for Administration.

14 *June* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 58

CIVIL SERVICE STATISTICS PROVIDED BY THE CIVIL SERVICE DEPARTMENT (i)

TABLE I

CIVIL SERVICE—NON-INDUSTRIAL MANPOWER 1968–76

STAFF IN POST

Department	Date									
	1 April 1968	1 April 1969	1 April 1970	1 April 1971	1 April 1972	1 April 1973	1 April 1974	1 April 1975	1 April 1976	1 April 1977
Defence	116,164	112,650	112,100	111,840	127,674	129,467	128,516	130,230[1]	130,063[1]	125,886[1]
Health and Social Security ...	68,199	69,411	70,160	71,811	74,554	78,490	83,022	88,403	92,846	95,398
Environment	36,299	35,621	36,735	38,806	38,621	40,791	42,266	44,098	46,187	32,157[9]
Transport	—	—	—	—	—	—	—	—	—	13,072
Inland Revenue	63,568	65,217	68,610	69,765	71,925	70,679	69,777	74,171	80,250	83,859
Home Office	18,746	19,737	20,990	21,743	23,312	24,563	25,037	27,059	28,510	28,962
Customs and Excise	18,005	17,790	17,850	17,949	18,608	23,464	24,790	28,362	29,390	29,346
Employment	28,538	29,732	30,549	31,099	32,019	33,453	28,049[6]	19,044[7]	45,835[8]	46,665
Other Departments	121,024	119,877	136,006	135,412	109,657	110,093	110,093	112,774[2]	115,425[2]	115,785[2]
TOTAL	470,543	470,035	493,000	498,425	496,370[3]	511,000[4]	511,848[5]	524,141	568,506	571,130

Source: Departmental Returns.

Produced 14 June 1977.

NOTES ON TABLE I

Staff of the Post Office are excluded throughout.

[1] Includes staff in the Royal Ordnance Factories for whom there is no financial provision in Estimates.

[2] Includes staff in the Royal Mint for whom there is no financial provision in Estimates.

[3] Some 5,000 staff of Trustee Museums and Galleries etc on 1 July 1971 removed from Civil Service numbers. Two thousand staff hived in from local authorities to Unified Courts Service on 1 January 1972 and some 6,8000 staff hived out to the Civil Aviation Authority on 1 April 1972.

[4] Some 3,200 staff of the Atomic Weapons Research Establishment hived in on 1 April 1973.

[5] Three hundred and fifty staff transferred out to British Library on 1 July 1973.

[6] Four thousand two hundred staff of the Training Services Agency hived out on 1 April 1974.

[7] Twelve thousand five hundred staff of the Employment Service Agency hived out on 1 October 1974.

[8] Includes staff of the Manpower Services Commission and its agencies who were reclassified as civil servants on 1 January 1976. (This figure has been amended to include the staff of the Health and Safety Commission.)

[9] Includes 2,056 staff in PSA (Supplies Division) for whom there is no financial provision in Estimates.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

CIVIL SERVICE STATISTICS PROVIDED BY THE CIVIL SERVICE DEPARTMENT (ii)

NON-INDUSTRIAL CIVIL SERVANTS' WAGES AND SALARIES 1968–77

Department	Date								
	1968–69	1969–70	1970–71	1971–72	1972–73	1973–74	1974–75	1975–76	1976–77
	£'000	£'000	£'000	£,000	£'000	£'000	£'0'0	£'000	£'000
Defence	137,471	145,294	165,746	219,047	251,051	269,709	325,652	465,070	493,193
Health and Social Security	70,963	76,991	86,843	102,183	116,695	134,749	183,039	252,167	285,223
Environment	50,869	55,361	66,466	77,089	95,820	94,382	125,539	167,848	168,556†
Inland Revenue	73,154	78,622	89,965	108,100	117,106	124,374	168,348	231,843	266,039
Home Office	21,894	24,638	28,549	35,374	43,103	48,235	58,112	101,704	116,803
Customs and Excise	25,485	26,931	29,957	34,713	42,940	51,538	69,556	99,233	105,407
Employment	31,103	33,957	38,257	46,601	53,462	41,603	81,109	69,185*	159,438‡
Other Departments	167,753	188,171	213,531	217,334	224,565	241,677	312,157	413,253	436,175
TOTAL	578,692	629,965	719,314	840,441	944,742	1,006,267	1,323,512	1,800,303	2,030,834

Source: Treasury GE(P)1 Division.

Notes:

* Excludes the cost of staff in the Manpower Services Commission and its Agencies (£61·756 million).
† Excludes the cost of staff in the Supplies Division of PSA now on a trading fund basis.
Includes the cost of staff in the Department of Transport.
‡ Includes the cost of staff in all Agencies in the Department of Employment Group.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

CIVIL SERVICE POSTS AT DEPUTY SECRETARY LEVEL

Memorandum submitted by the Civil Service Department Manpower Group

1. The number of posts at Deputy Secretary and Permanent Secretary levels, each year since 1968, is set out in Table 1 below. Although the Open Structure, as such, was not set up until 1 January 1972 it is possible to identify posts at this level in the separate classes prior to that date. The appropriate posts from those classes that were incorporated into the Open Structure have therefore been included in the figures for the purpose of showing the position between 1968 and 1972.

TABLE 1

OPEN STRUCTURE POSTS AT DEPUTY SECRETARY AND PERMANENT SECRETARY LEVELS

Grade	Date								
	1.4.68	1.4.69	1.4.70	1.4.71	1.4.72	1.4.73	1.4.74	1.4.75	1.4.76
Permanent Secretary ...	26	28	25	24	24	22	24	26	26
Second Permanent Secretary	8	8	10	11	13	18	19	16	18
Deputy Secretary	113	111	115	120	125	142	145	152	156
TOTAL	147	147	150	155	162	182	188	194	200

NOTE:

From 1 April 1975 figures are actual approved posts; earlier figures are based on numbers reported in connection with the preparation of Supply Estimates. All the figures are nevertheless, broadly comparable.

2. The discontinuity in grade titles resulting from the creation of the Open Structure in 1972 can result in difficulties in the comparison of figures before and after this date. For example there were, in 1968, 101 Deputy Secretaries and Permanent Secretaries (source—Financial Secretary's Memorandum 1968-69) and yet in terms of the numbers employed on work at these levels the correct figure for comparison with the 200 for 1 April 1976 is 147 as shown in Table 1 above.

3. Furthermore, in considering increases in the numbers at this level account must be taken of the staff on intermediate pay points between Deputy Secretary and Permanent Secretary levels. The numbers each year since 1968, are shown in Table 2. Table 3 records the total of Table 1 and Table 2.

TABLE 2

	Date								
	1.4.68	1.4.69	1.4.70	1.4.71	1.4.72	1.4.73	1.4.74	1.4.75	1.4.76
Number	23	24	18	16	10	12	12	9	9

TABLE 3

CIVIL SERVICE POSTS AT DEPUTY SECRETARY LEVEL AND ABOVE

Date	1.4.68	1.4.69	1.4.70	1.4.71	1.4.72	1.4.73	1.4.74	1.4.75	1.4.76
Total...	170	171	168	171	172	194	200	203	209

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

4. The growth over the period represents a percentage increase of 23 per cent. This must be seen against the background of a growth in the non-industrial Civil Service from 471,000 to 565,000 (20 per cent.) over the same period. There are several reasons for this growth in the number of top posts: a general increase in work to be done in fulfilment of existing policies; the increasing complexity and involvement of Government which calls for high-level studies of new policies and then the supervision of their implementation; the emergence of very large departments, with an inescapable strengthening of the top posts; the upgrading of posts where the level of responsibility as significantly changed; the adjustment of pre-Fulton professional hierarchies to match those of the traditional administrative structure.

5. Power to approve the creation of new posts at this level is not delegated to Departments. Proposals are critically scrutinised by CSD, and if acceptable, are submitted to the Prime Minister for his approval. Nevertheless, information about the reasons for the creation of each post is held in the individual case files and is not collated. It is therefore not possible, without considerable research, to analyse in detail the reasons for the creation of new posts since 1968.

Civil Service Department

Manpower Group

June 1976

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

DEPLOYMENT OF SCIENTISTS IN THE SERVICE: SCIENCE GROUP

Departments	Science Group					
	Principal Scientific Officer (£5,514–£7,205)	Senior Scientific Officer (£4,185–£5,778)	Higher Scientific Officer (£3,254–£4,454)	Scientific Officer (£2,149–£3,527)	Assistant Scientific Officer (£1,276–£2,560)	Total
Agriculture, Fisheries and Food ...	154	202	240	338	710	1,691
Civil Service Department	15	15	6	5	—	49
Defence	1,447	2,562	2,876	1,809	2,029	11,263
Energy	16	13	9	4	5	67
Environment/Property Services Agency	206	306	399	332	178	1,517
Health and Safety Executive	31	67	106	87	—	305
Health and Social Security	22	25	23	11	5	97
Home Office	76	125	115	84	88	506
Industry	308	462	457	328	303	2,010
Overseas Development Ministry ...	58	85	77	44	49	332
Royal Ordnance Factories	2	12	39	36	96	185
Scottish Office (Central Services) ...	43	60	63	67	96	344
Other Departments	24	13	14	11	9	93
TOTAL	2,402	3,947	4,424	3,156	3,568	18,459

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

DEPLOYMENT OF SCIENTISTS IN THE CIVIL SERVICE: SCIENCE GRADES NOT IN SCIENCE GROUP

Departments	Science Grades not in the Science Group		
	Chief Scientist Officer (Lower Band) (£11,670)	Deputy Chief Scientific Officer (£10,180–£11,190)	Senior Principal Scientific Officer (£8,650–£9,798)
Agriculture, Fisheries and Food	3	7	37
Civil Service Department	1	4	3
Defence	13	120	407
Energy	—	3	17
Environment/Property Services Agency	3	23	70
Health and Safety Executive/Commission	—	4	10
Health and Social Security	1	2	8
Home Office	1	8	9
Industry	4	40	108
Overseas Development Ministry	2	4	13
Royal Ordnance Factories	—	—	—
Scottish Offi e (Central Services)	1	3	11
Other Departments	—	7	15
TOTAL	29	225	708

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

APPENDIX 59

BAND RECRUITMENT OF SCIENTISTS

Memorandum submitted by the Institution of Professional Civil Servants

Banded Recruitment

1. When the Institution gave evidence to the General Sub-Committee of the Expenditure Committee on 15 November it was asked (Question 199) to provide further details of the survey recently conducted jointly with the Civil Service Commission on the effectiveness of the banded recruitment arrangements for the Science Group.

2. Banding in recruitment to the Scientific Officer and Higher Scientific Officer grades was introduced at the beginning of 1974. The bands were defined as a reference frame for recruiting to these grades, each of which embraces a wide range of specialised work, and were designed to help to ensure an appropriately balanced intake of staff. The band definitions are given as Annex A.

3. The scheme was reviewed at the beginning of 1976 and the Commission provided details of the results of recruitment in 1975. The figures are shown as Annex B. It will be noted that 17 candidates with 1st Class Honours degrees and 36 candidates with Class 2(i) Honours degrees were recruited to band 2 posts in the Scientific Officer grade. The corresponding figures for recruits to the Higher Scientific Officer grade were 6 and 17.

4. The Committee may also be interested in the percentage offers of appointment that were declined. These figures are given as Annex C.

5. If the Committee requires further information on the survey we shall, of course, be happy to supply it.

27 *January* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX A

DEFINITION OF NORMAL RECRUITMENT BANDS FOR POSTS TO BE FILLED IN SCIENCE GROUP GRADES

HIGHER SCIENTIFIC OFFICER GRADE POSTS

Band I

These posts require a deep knowledge of the fundamentals of relevant science, as would normally be provided by a good honours degree and some experience of good quality scientific work, as well as a proved ability for advanced theoretical or experimental research or for contributing significantly to development processes with little supervision and guidance. Such posts will involve individual research or leading a small R & D team, when they will call for the demonstration of some management potential, including possibly the managing of work contracted to industry.

Band II

These posts require a good knowledge of relevant science as would normally be provided by an HNC or a degree together with some years of sound technical experience, but are generally acting in a supporting role in R & D. Posts in the band often call for a very good practical approach, or the ability to apply well-tried theoretical knowledge, and often call for the capability of undertaking responsibility for small groups of staff engaged on reasonably straight-forward work.

SCIENTIFIC OFFICER GRADE POSTS

Band I

Posts requiring a deep knowledge of the fundamentals of relevant science, as would normally be provided by a good honours degree, as well as the capability for advanced theoretical or experimental research, or for contributing to development processes, all with limited supervision and guidance. Posts in this band generally need a scientifically minded innovator, with indications of management potential, who should be able to lead an R & D team at an early age.

Band II

Posts requiring a sound knowledge of the fundamentals of relevant science as would normally be associated with good academic qualifications, but generally not as challenging as posts in Band I. Thus they would not normally call for dedicated research activities or for unsupervised participation in development projects. They will therefore generally need a broadly based young scientist with clear potential to play a full part at an early age in a team undertaking or managing R & D work.

Band III

Posts requiring a good general knowledge of relevant science as would normally be provided by an HNC or pass degree, and generally acting in a supporting role in R & D. Posts in this band often call for a good practical approach or the ability to apply well-tried theoretical knowledge, and with potential to develop into a supervisor of R & D work.

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.

ANNEX B

SCIENCE GROUP—BANDED RECRUITMENT 1975

SELECTION PERIOD: 1 JANUARY 1975—31 DECEMBER 1975

Key:—

(*a*) Candidates recommended for appointment.

(*b*) Candidates for whom the Commissioners' Certificate of Qualification was issued.

	Scientific Officer			Higher Scientific Officer	
	Band I	Band II	Band III	Band I	Band II
1st Hons degree—					
(*a*)	59	30	1	95	12
(*b*)	35	17	—	39	6
2(i) Hons degree—					
(*a*)	99	52	6	117	28
(*b*)	59	36	5	67	17
2(ii) Hons degrees—					
(*a*)	46	81	7	29	15
(*b*)	35	65	7	17	7
Pass or 3rd Hons degrees—					
(*a*)	13	41	18	25	12
(*b*)	9	27	14	22	4
HND/HNC—					
(*a*)	2	17	13	—	10
(*b*)	2	12	9	—	4
Others*—					
(*a*)	116	79	11	—	3
(*b*)	—	1	—	—	2
TOTALS—					
(*a*)	335	300	57	266	80
(*b*)	140	158	35	145	40

(*a*) 1,038 (*b*) 518.

* Includes candidates who declined appointment before their examination results had been declared.

ANNEX C

SCIENCE GROUP—BANDED RECRUITMENT 1975

SELECTION PERIOD: 1 JANUARY 1975—31 DECEMBER 1975

	Percentage of offers of appointment declined
Scientific Office grade—	
Band I	58
Band II	47·5
Band III	39
Higher Scientific Officer grade—	
Band I	46
Band II	50
Overall	50

27 *January* 1977

House of Commons Parliamentary Papers Online.
Copyright (c) 2006 ProQuest Information and Learning Company. All rights reserved.