

PRIME MINISTER

THE EFFICIENCY OF CENTRAL GOVERNMENT: LASTING REFORMS

1. You asked for a brief account of the work with which I am associated and for my thoughts in connection with the Cabinet meeting of 1 May.

EXISTING WORK

2. The 29 "Rayner projects" which you commissioned last June were all completed by the year end. In the main, the work was done by officials of first class quality. Some Ministers provided enthusiastic leadership.

3. The project officials' reports recommended potential annual savings of £80 million and once-for-all savings of £50 million.

4. I have been impressed with the quality of most of the "proposed action" documents sent me by Ministers and have agreed them in respect of 22 projects. The extent to which Ministers have been able to accept the recommendations in principle and the pace at which, subject to consultation, they plan to implement them are heartening. The greatest boldness has been in respect of recommendations which affect activities inside government and the greatest hesitancy in respect of those which bear upon client groups.

5. The possible savings associated with the 22 projects on which there are now agreed action documents amount to £18 million per annum and £8.12 million once-for-all. But it will not be possible to go firm on these savings until consultations are concluded. In some cases, savings will be ascertainable only when further work is completed.

6. The most important projects awaiting decision are those in the Department of Health and Social Security (arrangements for paying social security benefits, £50 million per annum) and the Manpower

Services Commission (£8 million pa and £41.5 million once-for-all). Officials will report to Ministers shortly on the former after examining the proposals' implications for Post Office counter-services. The MSC is to decide on the latter on 22 April.

7. You have asked Mr Channon to take responsibility for following up the wider implications of the projects. He is in touch with several Ministers on such matters as organisational stream-lining; "nannying" of local authorities; excessive administration; and modernisation. Success here is perhaps even more important than a successful conclusion to the projects themselves.

8. I am involved in two pieces of work stemming directly from the projects, on which I shall report to you in the autumn:

- Statistics: Following the project on the statistical services of Departments of Industry and Trade, I am co-ordinating a review of the Government's statistical services, consisting of an exercise on the Central Statistical Office and of a series of exercises conducted, on "scrutiny" lines, for Ministers in their own departments.
- Repayment: The disadvantages of the allied service system were highlighted more than once. I am supervising a study by officials of the Treasury, CSD and Property Services Agency of the case for supplying PSA goods and services more completely on a repayment basis.

9. Cabinet decided last autumn to embody the "project" approach in a new programme of "scutinies", beginning this year. A list has been circulated to Ministers. It contains 37 scrutinies. I am taking a close interest in 16 of these on your behalf, but am in touch with all of them. I have also been asked by Treasury Ministers to interest myself in two additional reviews, of the United Kingdom Treasury and Supply Delegation in the USA and of the Rating of Government Property Department. The scrutiny programme contains excellent subject matter and examining officers of comparable quality to last year's "projects".

10. The general lessons I would draw out so far as these:

- a. While a scrutiny may produce excellent results in the field examined and help the Minister to tighten his grasp of it, its main value lies in enabling him to become a stronger manager generally by pointing up for him telling questions which he can apply elsewhere. (The review of maintenance economy in the Bath District of the PSA by DOE Ministers, now involving MOD Ministers, is a good example of this.)
- b. The scrutiny technique is widely useful. It can be used well beyond the "scrutiny programme".
- c. Its most important features are persistence during the analysis and determination in seeing the results through to the completion of action documents.
- d. Determined Ministers will best succeed if they make a specific official responsible for and themselves monitor progress to implementation.

11. Finally, Cabinet agreed last October that it should have an annual statement on the cost of governing and that Ministers should scrutinise the running costs of their own departments. I offered advice on this in my letter to the Home Secretary of 22 February. This is a promising and important exercise because it enables Ministers to reach down into their departments and establish and question the cost of activities. I look forward to knowing how it works in practice.

LASTING REFORMS

12. Some Ministers and officials are by temperament, training and experience very good managers. But I doubt whether the Lord President's exercises of last year, the ongoing efficiency work of departments and the exercises in which I am associated can by themselves produce the lasting effects on the way in which the institutions and culture of Whitehall actually operate which your Administration wants.

Recn 1 13. I recommend that, building on and extending its experience so far, Government should decide on a programme with two aims:

- i. Less Government, using fewer staff better.
- ii. A more robust and reliable managerial framework, including
 - Better control and management of resources by Ministers in their Departments.
 - Better collective control and management of resources by Cabinet.
 - Updated priorities for Whitehall.

LESS GOVERNMENT, USING FEWER STAFF BETTER

14. What follows complements Mr Channon's paper on Civil Service manpower.

15. Mr Channon's paper shows what the Civil Service costs. These figures are very large indeed. It helps me to get them into perspective to remind myself that even my small unit* costs the taxpayer £6,500 a month.

16. The route to reduce cost is "less Government using fewer staff better". I suggest that this means looking at what causes staff numbers and thinking the unthinkable.

17. The "unthinkable" occurs in two sorts of question: "How much work should government do?" (For example, a Minister might ask, "What does this activity add to the common good? Would it matter if I stopped doing it?"). The second question is, "How should it be done?". (For example, a Minister might ask, "Could I do this with half the staff? Do the working methods used give me and the taxpayer value for money?")

18. But I believe very firmly that the "unthinkable" needs setting in the context of a well thought-out manpower policy. Such a policy might have as its aims:

- reducing the scale and scope of government activity by ceasing or reducing functions

* One US, one Economic Adviser, one Executive Officer, one Personal Secretary.

- taking in no more qualified manpower than can be justified
- using this manpower to provide services to Ministers and to the public which are of good quality, cost-effective and satisfying for staff.

19. There are both Service-wide and departmental issues here.

Recn 2

In the former case, I recommend that in order to get the radical reform it wants, your Administration should address itself to some stringent test questions, eg

- a. Can we reduce the number of functions and activities identified with basic command units (in some cases Assistant Secretary, in others at higher or lower grade levels) by 25 per cent?
- b. Can we reduce the length of the Civil Service hierarchy by at least three grades, so taking fewer people in and making more elbow room available for the talent we do consume? Prima facie candidates for examination are those of Second, Deputy and Under Secretary, Senior Principal and one point in the Executive ladder, but others will be able to advise better than I which six or so grades might be looked at.

20. On departmental issues, I am struck by the force of two recent remarks by Ministers. Mr Jenkin referred in the Budget debate to the need for unremitting pressure by Ministers on the cost of administration. I agree that leadership by Ministers in getting down to brass tacks is of great importance.

21. Another Minister has told me that he needs the "seeing eye" of someone who is "managerially motivated" to help him.

22. Ministers plainly need someone to prepare the issues for them.

Recn 3

I recommend that it should be that of a senior official of proven aptitude for action. He should work up for his Minister and Permanent Secretary ways of saving and simplifying.

23. These thoughts may be helpful:

a. The official should draw on knowledge where it resides. This will often be well down at the CA/CO - HEO/SEO levels, especially in executive or administrative operations.

b. Things to be reviewed might include:

- Activities and functions that consume large staff and other resources.
- Complexity of rules and regulations and its relationship with staff numbers.
- Areas of work with high staff turnover or absenteeism.
- Scope for mechanisation.
- Need for, cost and intelligibility of administrative forms sent out by the department.
- Cost of meetings, official travel, non-vocational training.

A MORE ROBUST AND RELIABLE MANAGERIAL FRAMEWORK

24. A Minister recently told me that his management problem was a practical one, a combination of the lack of "managerially motivated" officials, ignorance of the right questions to ask and a feeling that he could not make things happen differently. He thought that a few simple pointers to good management would help.

25. I understand that view. I have already suggested in my advice to Ministers on departmental running costs questions about their department as a whole and about its component parts. The scrutiny programme also provides for detailed questioning of work. I am very ready to talk to Ministers about their experience so far and to offer them further suggestions. (I would in any case like to talk to Ministers in the course of the work mentioned below) But I am convinced that the issues demand something more than simple pointers.

26. I attach an Appendix containing extracts from my recent submission on "conventions" (which I now call "lasting reforms"). You have commissioned work on these but it may be helpful to set out here the main aims as I see them.

27. All my experience of business and Whitehall convinces me that your Administration is right to work for excellence in two types of management, by Ministers in their departments and by Ministers collectively around the Cabinet table.

28. That is easier said than done. My recommendations try to help by dealing with both formalities and people.

29. The formalities may seem humdrum and un-British. But they involve something that I regard as of crucial importance to good management anywhere, especially in government with its responsibility for huge assets, namely identifying and fixing accountability for managing resources.

30. In brief, I am recommending defining or clarifying:

- the managerial role of the Minister, from whom authority descends (recognising that management is but one of his duties)
- the responsibility and the accountability of officials under him, especially that of Accounting Officers and key managers
- the financial framework within which management takes place
- the aims and methods of central control and the desirable balance between this and departmental control.

31. I do not intend this work to be elaborate or protocolaire. I shall be at pains to include in it practical advice, for example on looking back at policies which have captured resources and on establishing whether implementation of agreed policies has brought the looked-for benefits.

32. I have also included two suggestions aimed at testing the way central control works in practice and in relation to departmental control, ie the operation of the annuality rule and the cost effects of regulations and standards, eg in the health and safety field.

33. I firmly believe that such work is necessary and that it would crown much useful thinking that had been going on slowly over the last 10 years or so.

34. My recommendations on people are of extreme importance, in my view. Definition and systems, however clear and excellent, are no good unless those who have responsibility care about and work for value for money, are encouraged to do so and are rewarded for achievement.

35. In brief, I am recommending the examination of changes which would update the priorities of Whitehall and bring on "managerially motivated" men and women, by

- a steady progression towards the employment in posts responsible for finance and resources of those qualified in financial management and management accountancy
- revising the rewards and promotion system, so as to encourage good managers
- devising a "succession policy" so as to fill management posts, especially senior ones, with individuals with the right track record.
- providing good leadership and good working conditions for staff, especially those well down the line and those representing the Government to its clients and customers.

SUMMARY

36. My recommendations are

Recn 1
(para 13)

A plan of lasting reform, embodying two aims - less government, using fewer staff better, and operating within a more robust and reliable management framework.

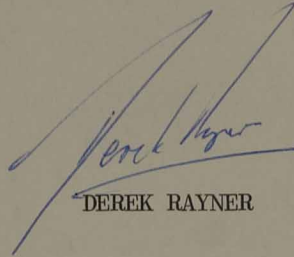
Recn 2
(para 19)

As part of the first aim the Government should ask stringent questions about the numbers of functions needed and of grades in the Civil Service hierarchy.

Recn 3
(para 22)

Also a senior official of proven aptitude for action should be responsible for the preparation of savings and simplification in each department.

37. I am making no formal recommendation in respect of the second aim, since the work outlined in the Appendix to this minute has already been commissioned.



DEREK RAYNER

18 April 1980

APPENDIX

THE EFFICIENCY OF CENTRAL GOVERNMENT: LASTING REFORMS

[Note: The following edited extracts relate to the four aims for a programme of lasting reforms outlined in paragraph 13 of my minute of 18 April and to the programme of work which you have authorised.]

THE SCALE OF GOVERNMENT ACTIVITY

1. I firmly believe that it should be possible to reduce the scale of Government activity by diminishing its functions and to reduce the length of the Civil Service hierarchy. I think it very important for the morale of the nation that the Government should adopt a determined but measured approach to these tasks, allowing time to think it through.
2. Civil Service manpower policy is the subject of Mr Channon's paper and is not further considered here. But I see it as part and parcel of a complete programme of reform.

THE MANAGEMENT OF RESOURCES IN DEPARTMENTS

3. Your Administration is working for excellence in two types of management, by Ministers in their departments and by Ministers collectively around the Cabinet table.
4. There are obviously limits to the extent to which Ministers can or should become managers of their departments and of the resources in their charge. Moreover, the responsibilities of Ministers differ according to the nature of their departments. Nevertheless, under the authority vested in them by the Prime Minister and by Parliament, it is indisputably they who have the ultimate power of management. Indisputably, too, the only power under which their officials act is delegated to them by their Minister. But there is in many minds a lack of clarity about the respective roles of Ministers and officials. I therefore recommend that
 - a. The managerial authority of the Minister should be defined so that his role is plainly established and understood vis-a-vis that of his officials.

Recn 1

b. No less important, the good habits that Ministers practise Qua manager can be defined for succeeding generations of Ministers. One good habit that exemplifies the whole is the need to look back at the reasons why resources were committed to particular policy objectives and to compare performance achieved with target intended.

5. It follows from defining the Minister's role that one must define the managerial role of officials. From top to bottom, officials should know the nature and extent of their personal responsibility for resources. I recommend that the responsibility and accountability of officials should be clarified in working instructions, somewhat as follows -

Recn 2

a. The authority under which officials operate is that of Ministers. They have no external accountability of their own, notably to Parliament and its Select Committees where their task is to explain what has been done for and in the name of Ministers.

b. The authority delegated by a Minister to his Permanent Secretary should be both general and specific; the expectations Ministers have of the official heads of their departments should be defined on an across-Whitehall basis in the interests of consistency and have added requirements special to particular departments.

c. This should replace the existing letter of appointment issued to a new Accounting Officer by the Permanent Secretary to the Treasury and should include specified duties on such items as the control of money and manpower; management of the personnel of the department; the control of operations and organisation; and control of the assets in the department's keeping, with a special emphasis on land, buildings and other property. (For reasons explained below I attach particular importance to the Permanent Secretary's overall responsibility for the management and care of his Minister's most important asset, namely staff.)

d. Below the Permanent Secretary, the line of accountability for authority delegated by the Minister should continue in a clear line to the lowest levels of the department. Neither the Minister nor the Permanent Secretary can manage everything himself. It is essential to good management that specific managerial authority should be delegated to specific officers who should then be given the opportunity to put it to good use. Accordingly, I would propose a definition which inter alia

- specified the management responsibility of heads of units or blocks of work beneath the Permanent Secretary;
- nominated some of those heads as Assistant Accounting Officers so that the burden of explanation before the Public Accounts Committee was shared effectively;
- in the annual procedures for reporting on staff placed a much heavier emphasis than at present on capacity to use resources effectively and economically; and
- enabled Ministers and senior officials to hold their subordinates consistently and fairly to account.

6. The Permanent Secretary has two right-hand men, the Principal Finance and Establishment Officers. In part, the results I should like to see span the divide between "spending" departments and the "central" departments (HM Treasury and the CSD), but it is nonetheless sensible to mention them here. I recommend as follows -

Recn 3

a. At present money is managed by the PFO and other resources by the PEO. The PFO looks to the Treasury; the PEO looks to the CSD. This can cause discontinuity in the management and control of resources. As a matter of general principle, it would be right to re-integrate the control of resources within departments, but it may not be practicable in all cases because of the scale and complexity of functions and resources. Nevertheless, I regard the maximum feasible re-integration possible as a result to be worked for.

b. There is a question of huge importance about the nature of the skills which should be brought to bear on the management of resources, notably money. As part of recommendation 3, I recommend a planned and progressive movement towards these results -

- The PFO should be qualified in financial management or management accountancy.
- Until that can be achieved, no PFO should be appointed who has no familiarity with the contribution which can be made to his work by people with such qualifications.
- The PFO's subordinate staff should have either appropriate qualifications acquired outside the Service or appropriate training acquired inside the Service.
- Such qualified staff should be employed also in units reporting to the Permanent Secretary charged with the examination of operations and management systems and with the duty of probing in depth where the Minister or the Permanent Secretary think this necessary.
- Such staff should have an absolute right of entry to any part of the department; their programme of work should be decided by the Permanent Secretary in consultation with the Minister; and - allowance made for the greater accountability I want to see - it should not be open to line management to "veto" the application of their findings. (Similar arrangements should be in force in respect of audit staff working to the PEO, as he is now, namely staff inspectors, O & M and management services, whose functions and training should be ~~examined~~ examined.)

THE MANAGEMENT OF RESOURCES AT THE CENTRE

7. As we face public expenditure over the next two decades it seems clear that the best possible balance between the collective responsibility of Cabinet and the several responsibilities of departmental Ministers is needed.

8. I recommend that -Recn 4

- a. The aims and practices of central control should be restated to update the Plowden concept of partnership between the spending and central departments to take account of modern circumstances; to provide a clear postulation and understanding of the respective responsibilities of the spending and central departments; and to provide a basis on which the types, numbers and qualifications of the staff needed by the central departments can be stipulated.
- b. Particular attention should be paid in this to -
 - i. the tasks of the central departments in assisting the Cabinet to play its collective role in the allocation and control of resources, including the means by which the Cabinet can be assured that systems and operations through which the need for resources is calculated and the resources themselves are managed or spent are well devised and economical;
 - ii. the correct balance, in present circumstances, between controls over micro and macro volumes of expenditure; and
 - iii. the regime for financial management by Ministers and officials (see below).
- c. The role and responsibilities of the central departments in relation to systems of control within departments and to the efficiency and effective use of resources should also be stated as matters of principle and practice.

9. I make that recommendation because, in my view, the relationship between the Cabinet as a whole and individual Ministers must be one in which the former looks to the latter to take the responsibility for good management in their departments. But transitory Ministers have to rely upon the Civil Service to provide them with and to operate good systems of resource control and management. This

obviously introduces the risk that, in terms of management, the Minister is merely a decorative element. The underlying structures and practices which outlast successive Ministers should therefore be of quality which convinces Ministers that they are standing on firm ground. It is, even so, unreasonable for Ministers to divest themselves of their constitutional responsibility for, and they need a means of, satisfying themselves that the systems are of good design and effectively administered.

The financial framework

10. There is already much interesting work going on in Whitehall to reform and strengthen this. I would regard the main points as these (necessarily for the purposes of this minute expressed in a very summary form).

- a. The planning and control of public expenditure would be more effective if particular departments were responsible for particular Public Expenditure Survey programmes, rather than these being divided between departments as some at present are.
- b. The Votes for which a department is responsible should cover
 - i. its own operational and administrative costs,
 - ii. grants to bodies outside the department whose costs it meets wholly or partly and
 - iii. benefits, grants and payments for whose administration the department is responsible.
- c. The presentation of expenditures should be in a format covering the management needs of the Minister in charge, those of the Treasury and Civil Service Department. It should promote better cost control, facilitate the development of management accounting systems and underpin the delegation of financial authority to appropriate levels of management (which could then all the more readily be held accountable for that authority).

Recn 5

11. I recommend that the work at present going on in and between the Treasury and Civil Service Department should be brought together with a view to the submission of proposals to Ministers later this year covering -
- the structure of Public Expenditure Survey programmes
 - the relationship between these and the organisation of departments
 - the presentation of information on departmental expenditure in the Supply Estimates, taking account of the needs of Ministers and senior officials, line management, the central departments and Parliament
 - the clarification of accountability for particular blocks of departmental expenditure.

Recn 6

12. I should like to make two subsidiary recommendations. First, I recommend that the so-called "annuality rule" should be examined.

13. This is the rule under which money Voted for consumption in a particular year must be consumed in that year if the budget for the succeeding year is not to be reduced by a corresponding amount. There are two broad arguments. It is claimed that allowing flexibility between financial years will promote better money management and avoid the incentive to an end-year spending spree. On the other hand, it is said that flexibility would lessen the pressure on departments to improve their financial control and the accuracy of their estimating techniques and give the impression that Ministers are relaxing their grip on public spending.

14. It is argued further against flexibility that it would tend to increase public expenditure. This is because at present departments "aim off" from their public expenditure programmes so as to avoid exceeding their cash limits. "Aiming Off" leads to a shortfall in expenditure of about £1 billion per annum. Under end-year flexibility that shortfall would be decreased because the under-spend achieved by departments in year 1 would be carried forward into year 2 so that the department would "aim off" from a higher

total; in year 2 therefore it would be likely to spend more than it otherwise would. (The fact that this argument can be made is an interesting comment on the existing state of central control, I think.)

15. These arguments need examination. My instinct is that existing "annuality" arrangements do much to encourage the "easy come, easy go" attitude to public money, but I am quite prepared to believe that I am mistaken about this.

16. My second additional recommendation is somewhat similar, in that it also relates to the way in which existing financial planning mechanisms operate to pick up and warn Ministers about costs which may be unseen at first. The Treasury, in consort with the Ministry of Defence, CSD and PSA, have argued to me that there is a need for greater cost-consciousness in the imposition and application of regulations and standards (eg housing, fire, health and safety). This is because compliance may be complex to operate and expensive for both central and local agencies to police and for the private and public sector to respond to. The aim would be to ensure that departments are conscious of the costs arising from new and existing regulations and standards and take steps to avoid unnecessary costs.

17. As part of the current round of scrutinies, the Health and Safety Commission is examining the costs and benefits of regulations in its field. I recommend that lessons derived from this exercise and from other experiences should be promulgated by the central departments.

Recn 7

THE CULTURE OF WHITEHALL

18. I have a high regard of long standing for many senior officials, whom I regard as among the most dedicated, hard-working and effective people I know. Equally, the junior staff I have encountered this time round convince me that the Government is the fortunate employer of a wealth of talent and enthusiasm for the public good.

19. However, permanence; privacy; a certain lack of definition of roles; the steady accretion of pay and rewards; excellent pension arrangements; the "easy come, easy go" attitude of the nation over the last 25 years or so have made a government a comparatively comfortable place to be.

Rewards and penalties

20. It is a real conundrum in a system of hierarchical progression through grades and automatic, incremental progression through pay scales to reward equitably those who do very well and penalise those who are slack. In business, higher management decides who should be rewarded by special advancement or special payment, but the two sets of circumstances are so different as to rule out any easy read-across from one to the other.

21. However, I regard rewarding success and making the best use of talent early as so important that I recommend that, building on work already in hand, proposals should be brought forward to Ministers in respect of these propositions -

- a. that success in post where no further hierarchical progression is possible should be rewarded by bonus payments or by personal promotion (as opposed to the upgrading of the post);
- b. that it should be made possible to advance individuals by two or more grades in recognition of their track record, potential and the needs of the Service; and
- c. that individuals should no longer be entitled to automatic annual increments.

22. I attach much more importance to rewarding success and bringing talented people on early than to penalising the time-server, but I am certain that as part of the above means must be found of bringing the cost home to the slack or the profligate.

Management succession

23. Management skills are, I believe, still underrated where they are in fact essential to the efficiency, cost-consciousness and indeed effectiveness of Government. Government has increasingly taken on tasks which were unknown in Whitehall when many of the qualities which denote top officials were developed. Concurrently there has been a growth in the numbers of scientific and professional staffs, many of whose skills are limited to their specialism. Such skills are often of a high order. Too often, in my view, the recognition of this fact has led to their appointment to management positions for which they have had no training nor indeed aptitude (this being the only way in which their excellence can be recognised).

24. I am conscious of many activities to improve awareness of management skills, both by internal and external courses and by secondment to industry, and of work through such devices as the Senior Appointments Selection Committee to bring on suitable people. Therefore, rightly or wrongly, I do not lay the blame for management incompetence where it occurs at the door of training or opportunity to learn from observing management in the private sector. Rather it springs primarily from the indifference of political leadership over the years to the quality of management in their departments, such indifference often arising from total lack of experience of running large organisations, and from too-ready acceptance that the accountability for the way the department discharges its responsibility is through the Accounting Officer and his answerability to the Public Accounts Committee.

25. My recommendations for defining the respective responsibilities of Ministers and officials and the framework for accountability within departments should, if successful, go part of the way towards producing reform. But I think it is also necessary that each department should have a clear plan of succession to its key management posts. Such a plan would affect both individuals and specific management practices, eg length of time to be spent in posts acquiring experience and the training to be undertaken. The issues are of such importance that it would be unreasonable to expect departments to take them on their own. So I recommend that the Personnel Group of the CSD should prepare a model "succession policy" for the Service as a whole, which can then be applied to themselves by departments with such central co-ordination as may be needed. This policy might be submitted to Ministers in draft later this year.

Recn 9

Staff morale

26. Ministers usually have a close relationship with their Private, Permanent and Deputy Secretaries. Their relationships with their other staff are increasingly formal and remote according to grade and location. This is particularly important given that the big battalions in the Civil Service are not engaged in policy work in Whitehall, but on operational and functional work in the provinces, very often in direct contact with the public. Unless enough time is set aside to gain a better knowledge of people at work, at all levels, and a consistent interest is shown in the views of staff on the difficulties they face and the suggestions they have to alleviate these I doubt whether Ministers will be actively supported in their drive to improve efficiency and reduce costs.

27. Too often staff perceive Government's intended economy drives through overall cuts in numbers and rarely by the removal or simplification of functions. Government proposals often add to the tasks to be done. The traditional responses to inefficiency or malpractice seem invariably to lead to additional checking and monitoring while the responsibility for interpreting and implementing complex instructions (as in Social Security benefits) rests on the most junior staff.

28. The use of appropriate office equipment to offset labour intensive tasks seems to me too infrequent. The development of the use of computers has been uneven. Some departments have an over-capacity; others continue to do tasks in a manner appropriate to an earlier age. Modern typewriters, printing equipment, desk calculators, word processing and mini-computers all have a part to play in upgrading the quality of life at clerical level. In my judgment there is room for more development in these fields, although I acknowledge that some advances have been blocked by the staff associations.

29. Personnel policies have been centralised in the CSD since Fulton. The Pay Research Unit does a professional job in assessing pay comparability through detailed job comparisons and the present pension arrangements are generous in my view. Even so, civil servants often feel they are a deprived class as their masters, the politicians, in general show scant attention to the quality of the working environment. Accommodation ranges from the very good to very poor and decor from gimmicky modern to shabby or even decrepit. Work services can be slow to respond to problems of heating, broken windows and necessary maintenance while the provision of food and amenities can be very poor compared with large employers of similar staff.

30. I believe that Ministers who show positive interest in the well-being of their staffs can reap large benefits in terms of loyalty but that they and their senior officials have to work hard to keep leadership in their own hands. Such leadership would improve the working environment, often at very little cost, and lead to an improvement in productivity through greater staff stability and reduced absenteeism. (I should like to see an analysis of staff turnover, particularly in the London area and the South, as the level that I have come across in my random visits is alarmingly high, in some cases

45 per cent per annum. Such staff are often engaged where the training period is 13 weeks long and during their early months, after training, they need to refer continually to supervisor grades for guidance. This frustrates the supervisors and does not prevent low standards of competence and productivity at clerical level.)

Recn 10

31. I recommend therefore that -

- a. a policy for enabling staff to give of their best should be formulated; and
- b. the Government should seize the psychological advantage in presenting it.

32. I would like to make a further recommendation here. The National Staff Side, in a paper they have put to me, have argued that the possibility of being called upon to explain to a Select Committee, perhaps several years after the event, every action and every decision severely inhibits effective management, makes for "alibi consciousness" and produces mountains of paper in order to record actions and justify decisions, purely in case of future need. They have argued further that the establishment of "departmental" Select Committees will add to the burdens of explanation and justification. They do not complain about all this, but have suggested that the implications for Civil Service efficiency and resources should be appreciated by both Parliament and the Government.

33. I sympathise with this to the extent that as a nation we need to recognise the costs as well as the benefits of Parliamentary accountability. I therefore recommend an experiment whereby in the next session of Parliament a department should keep a record of the cost of resources committed in support of Ministers' and their senior officials' Parliamentary work and that the results should be published in a suitable form.