71. Hotel Development Incentives Scheme: Draft White Paper, Note by the President of the Board of Trade

72. Public Expenditure, Memorandum by the Chancellor of the Exchequer

73. Social Services: Responsibility for the Early Days of Sickness, Memorandum by the Chancellor of the Exchequer

74. Electoral Reform, Note by the Secretary of State for the Home Department

75. Reduction of Ministry of Public Building and Works Direct Labour Force, Memorandum by the Lord President of the Council

76. Electoral Reform: Reduction of the Age of Voting to 18: Increase in Electorate, Memorandum by the Secretary of State for the Home Department

77. Reduction of Ministry of Public Building and Works Direct Labour Force, Memorandum by the Chancellor of the Exchequer

78. Special Drawing Rights in the International Monetary Fund: Draft White Paper, Memorandum by the Chancellor of the Exchequer

79. The Fulton Committee Report on the Civil Service, Note by the Prime Minister

80. Special Drawing Rights in the International Monetary Fund: Draft White Paper, Note by the Secretary of the Cabinet
CABINET

HOTEL DEVELOPMENT INCENTIVES SCHEME:
DRAFT WHITE PAPER

Note by the President of the Board of Trade

I informed the House of Commons on 20th March that I would publish a White Paper giving details of the Hotel Development Incentives Scheme announced in summary form that day.

I attach a draft White Paper, taking account of comments on earlier drafts by the Working Party on Industrial Investment and the Committee on Home Publicity.

I invite my colleagues to approve the White Paper for publication as soon as possible.

C.A.R.C.

Board of Trade, S.W.1.

30th April, 1968
World tourism is developing rapidly; rising living standards, increased leisure and developments in air transport ensure that it will continue to grow. In the six years up to 1967, the number of overseas visitors coming to this country as tourists or on business rose from 2½ million to 4 million, and their estimated expenditure here rose from about £180 million to £245 million. (Receipts have not grown as fast as the number of visitors owing to the changing pattern of tourist traffic and the increasing number of short visits.) By 1970 the number of visitors to this country may have risen to about 6 million and they may spend about £300 million. Fares paid by overseas visitors to British airlines and shipping companies also help our balance of payments.

2. We want the growth in the number of overseas visitors to this country to continue since their spending here is an important invisible export. At the moment, the total expenditure of overseas visitors — including fares to British shipping and airlines — accounts for £1 in every £10 of the country’s invisible earnings. We also need to cater successfully for the majority of people in this country who still take all or some of their holidays in the United Kingdom. There must be no lack of opportunity for them to holiday here as comfortably and as enjoyably as they would abroad. Otherwise we should lose the “import saving” element in home holidaymakers’ expenditure which, like earnings from overseas visitors, assists our balance of payments.

3. Tourism is not one industry. It covers many trades and activities: the hotel and catering trades; entertainment, cultural activities and sport; transport, shops and other services; and all the facilities that enable visitors to enjoy the attractions which nature and history have given to this country. Overseas visitors, whether on holiday or not, share the same services and activities as our own people.

The place of hotels in the economy

4. Adequate accommodation — with courteous, efficient service at prices which people are willing to pay — is crucial to the success and growth of tourism and essential for business travellers, from home or overseas. Not everyone stays in hotels. Caravanning and camping are growing in popularity, and many people stay with relatives and friends, in hostels or in rented accommodation. But of our overseas visitors, over 60% spend at least part of their stay in hotels, and 25% of all the nights spent here by overseas visitors are passed in hotels. This proportion may increase with the growth of inclusive tours to Britain — a type of holiday normally based on hotel accommodation. While, therefore, it is important that there should be sufficient tourist accommodation of all types, it is essential that there should be sufficient hotel accommodation to keep pace with demand if tourism is to achieve its full potential.

5. Of the total spending by overseas visitors in this country it has been estimated that around £75 million a year is spent in hotels by overseas visitors here on business or for pleasure. The hotel industry will make its maximum direct and indirect contribution to the credit side of the balance of payments account only if it can meet both business and holiday demand.

6. The number of holidays taken by British people in this country each year is about 30 million, and is therefore of major significance to our tourist industry. Accommodation to match
changing tastes and needs is important to this large market. As well as catering for our own holidaymakers, hotel accommodation must, of course, be available for businessmen travelling within this country and has a part to play in the expansion of industry in Development Areas.

The need for more investment

7. Present information suggests that new hotel bedrooms are being provided at the rate of about 3,000 a year - with some 5,000 beds. But it is not known how many of these are additions to the amount of hotel accommodation and how many simply replace accommodation going out of use. The British Travel Association has estimated that, on the basis of expected tourism growth, there will be a serious shortage of hotel accommodation by 1970 unless there is an early increase in the estimated rate of new building. Pilot surveys carried out in Nottingham and Edinburgh for the Hotel and Catering Economic Development Committee and the Scottish Tourist Board respectively support the forecast of a shortage.

8. A shortage of hotel accommodation will not of itself necessarily lead to sufficient new investment unless the level of profitability to be expected is as good as that offered by alternative investment opportunities, with comparable risks. There is evidence that investment in hotel building is already lagging. Some further insight into the problems of hotel development has been gained through the operation of the Board of Trade experimental Hotel Loans Scheme. This was introduced on a temporary basis in January 1967 to assist hotel developments offering prospects of achieving increased earnings from overseas visitors. The experimental scheme closed for new applications on 31st March, 1968. Despite the limited nature of the scheme, it has already provided evidence that the profitability of investment in new hotels is less than that of comparable investment in manufacturing industries. Similar conclusions have been reached by the Hotel and Catering E.D.C. which commissioned a study of the return on investment in new hotel accommodation published on 14th February, ("Investment in Hotels and Catering").

9. There is room for further study of the characteristics of demand, the general level of efficiency, and the ways in which this can be increased. But the need for more investment is urgent. The Government has, therefore, considered what incentives could best be provided to succeed the experimental loans scheme, in order to stimulate investment in new hotel accommodation and to encourage the improvement of existing accommodation to cater for growth and changing demand.

10. Advice on the form that Government assistance might take has been received from a number of bodies. Trade associations, the Hotel and Catering E.D.C., the Hotel Loans Advisory Committee and the British Travel Association were asked for their views on the experimental loans scheme. The suggestions which they made have been taken into account in formulating the proposals described below.

11. In particular the Government has carefully considered the report of the Hotel and Catering E.D.C., (para. 8 above) which recommended that hotels should receive tax allowances for capital expenditure on buildings, investment grants for expenditure on plant and equipment, and Government loans. The Government has concluded that tax allowances, the benefits of which would be felt only over a period of time, and only when profitability had been established, would not offer immediate
help towards the financing of hotel development. Nor is the investment grants system appropriate to the special circumstances of the hotel industry. The Government has therefore decided to introduce a new system of hotel development incentives specifically designed to meet the special circumstances of the hotel industry and, in particular, to stimulate investment in medium and lower priced accommodation for which the need is likely to be greatest.

Hotel Development Incentives

12. The Government propose to give assistance towards the capital cost of providing new hotel accommodation and the extension and improvement of existing hotels in Great Britain in the following ways:

1. Hotel development grants will be available for new hotels; for extensions to existing hotels which provide more bedrooms for letting; and for some items of fixed plant and equipment in connection with improvement schemes.

2. Loan assistance will be available in appropriate cases towards financing new hotels, and bedroom extensions and improvements to existing ones.

Eligibility

13. Hotels and other establishments primarily concerned in offering accommodation and meals overnight, or for longer periods, to travellers and visitors without their necessarily having booked in advance will be eligible for consideration for grants and, in appropriate cases, for loan assistance. Establishments such as clubs catering for restricted groups of people, or those which only offer accommodation on a longer term residential basis or only against advance reservations, will not be eligible. Moreover grants and loan assistance will only be available for establishments which already, or after taking advantage of the scheme, will regularly provide at least 10 bedrooms for the accommodation of travellers and short-term visitors and have at least one public room available for their common use at all reasonable hours. In the area of the Greater London Council the minimum requirement will be 25 letting bedrooms. Unlike the experimental loans scheme, the new scheme of assistance will not be confined to hotels which can show good prospects of significant overseas earnings.

14. Careful consideration has been given to the size of hotel which could qualify for Government assistance. Both large and small establishments have an important part to play in providing accommodation. The need to concentrate assistance where it will be most likely to yield appreciable results in terms of additional accommodation dictates the need for some qualifying minimum. This, however, must be set at a point which does not exclude hotels in rural areas, where demand throughout the year may not be enough to justify a large establishment. The minimum has also been selected to encourage suitable hotels now below this size to expand their accommodation to at least ten bedrooms.

Hotels in Development Areas

15. The Chief Secretary to the Treasury announced on 9th February 1968 an extension of the Development Commission's activities to enable it to make loans to small hotels, guest houses, etc., in rural parts of the Development Areas (excluding the area covered by the Highlands and Islands Development Board...
where similar arrangements already exist). This loan assistance
is being administered by the Development Commission through the
Council for Small Industries in Rural Areas and may cover up to
75% of the total cost (building, equipment, working capital) of
new accommodation in hotels, guest houses, boarding houses and
similar establishments, subject to a maximum loan of £25,000.
This assistance is confined to establishments in rural parts of
Development Areas, which normally include country towns having
a population of up to 10,000. It will therefore primarily
benefit smaller establishments than those to which the Hotel
Development Incentives scheme will apply.

16. The Government has also proposed to relieve hotels in
certain rural parts of Development Areas from Selective Employment
Tax by making them eligible for full refund of the tax from
September next. The establishments and areas to which this relief
would apply are described in the Finance Bill now before Parliament.

17. In keeping with the Government's policy of giving special
assistance to investment which will help expansion and employment
in the Development Areas, the new hotel development incentives will
provide for a higher rate of grant in these areas (see paragraph
18(4) below).

Rates of Grant Proposed

18. The rates of grant will be:-

(1) New hotels. For new hotels, a grant will be payable of
20% of expenditure on buildings and fixed equipment
(excluding expenditure on the purchase of land and of
any existing buildings on the land) but subject to an
upper limit of grant calculated on the basis of £1,000
for each letting bedroom created by the development.

(2) Grants for extensions. For extensions which provide not
less than five additional bedrooms for letting, bringing
the total number of letting bedrooms to not less than ten
(25 in the area of the G.L.C.), a grant will be payable
of 20% of expenditure on constructional work and fixed
equipment (excluding expenditure on the purchase of land
and existing buildings) subject to an upper limit of
£1,000 for each additional letting bedroom created by
the development.

(3) Improvement schemes. A grant will be payable of 20% of
expenditure on purchasing and installing certain
specified items of fixed plant and equipment (see
paragraph 23(b) below) in respect of expenditure on such
items of not less than £1,000 in any one financial year
of the concern claiming the grant. Such grants will
only be available in respect of hotels possessing at
least 10 letting bedrooms after the improvements have
been completed (25 such rooms in the G.L.C. area).

(4) Development Areas. The rate of grant in these areas will
be 25% for all three forms of assistance, subject to an
upper limit of £1,250 per additional bedroom in respect
of new hotels and extensions. Hotels in Development
Areas will have to satisfy the other criteria of
eligibility for assistance including the minimum
requirement of ten bedrooms or more for letting.
19. Examples of grant on new hotels, and extensions involving five or more additional bedrooms are given below: (Figures in parentheses are for Development Area hotels)

<table>
<thead>
<tr>
<th>New hotels</th>
<th>Cost of constructional work &amp; Fixed equipment</th>
<th>Average Cost per bedroom</th>
<th>Maximum grant</th>
<th>Grant per bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>00 bedrooms</td>
<td>£1,000,000</td>
<td>£10,000</td>
<td>£100,000 (£125,000)</td>
<td>£1,000 (£1,250)</td>
</tr>
<tr>
<td>50 bedrooms</td>
<td>£250,000</td>
<td>£5,000</td>
<td>£50,000 (£62,500)</td>
<td>£1,000 (£1,250)</td>
</tr>
<tr>
<td>20 bedrooms</td>
<td>£80,000</td>
<td>£4,000</td>
<td>£16,000 (£20,000)</td>
<td>£800 (£1,000)</td>
</tr>
</tbody>
</table>

Extensions bringing the number of bedrooms to 10 or more

| 10 extra bedrooms | £50,000 | £5,000 | £10,000 (£12,500) | £1,000 (£1,250) |
| 8 " | £20,000 | £2,500 | £4,000 (£5,000) | £500 (£625) |
| 5 " | £20,000 | £4,000 | £4,000 (£5,000) | £800 (£1,000) |

Note: Grants will be calculated by taking the expenditure on constructional work – including for example, work on kitchens and public rooms – and on fixed equipment, and dividing this by the number of additional letting bedrooms provided to produce a "cost per bedroom". If this is under £5,000, the grant will be 20% of the total expenditure (25% in Development Areas). If the cost per bedroom is £5,000 or more, the grant will be £1,000 (£1,250 in Development Areas) for each bedroom created by the development.

Effect of new system of grants

20. The system of grants described above is designed to have its main impact on the provision of additional hotel bedrooms. The inclusion of a ceiling figure for the grant, related to the number of bedrooms, has two purposes. First it is designed to provide an effective stimulus to expansion of bedroom accommodation. Secondly, the limit has been set at a point which provides for the maximum rate of grant to be offered for accommodation at medium and lower prices, where profitability tends to be lower, and where, therefore, in the absence of special assistance, investment is in greater danger of lagging behind demand. The further development of tourism from overseas and of holidaymaking in this country can be expected to produce a growing need for modern accommodation in these price ranges and growth in 'package holidays' and inclusive tours is likely to contribute to the same trend.

Loan assistance

21. Although hotel development grants on the basis outlined above should act as a considerable stimulus to development, there could nevertheless still be difficulties for companies, particularly new enterprises which cannot charge their assets, in raising capital for the whole of the balance of the expenditure involved. In suitable cases loan assistance will be available in addition to grants. To qualify for consideration for loan assistance, the same criteria of minimum size will have to be met as for hotel development grants.
22. New hotel projects may be eligible for loan assistance towards expenditure on constructional work and fixed equipment (excluding expenditure on the purchase of land and of existing buildings) provided that such expenditure exceeds £20,000. Loans of up to 30% of this expenditure may be given; exceptionally, one of up to 40% may be payable in the case of a new hotel to be built and operated by a small enterprise which may have special problems in raising capital.

23. Extensions and improvements to existing hotels which have or which would, on completion of the development, have ten or more letting bedrooms (25 in the G.L.C. area) may be eligible for loan assistance of up to 50% of expenditure on constructional work and fixed equipment (excluding expenditure on the purchase of land and existing buildings), provided that this exceeds £10,000.

Maximum amount and terms of loans

24. Loans will be made at Government lending rates. The maximum amount of loan which could be payable will be £500,000 for any one project. For new hotels, the maximum period of loan will be twenty years. In such cases there is an unremitting period during construction and, possibly, in the initial operation of a completely new establishment. In appropriate cases, the commencing date for the repayment of capital may be deferred for up to three years; and capitalisation of interest for up to three years may also be permitted.

For extensions and improvements to existing hotels, the maximum period of loan will be 15 years and no capitalisation of interest or deferment of repayments will be permitted.

25. What is meant by "fixed equipment"

25. (a) New hotels and extensions

In the case of new hotels, and extensions to existing hotels involving at least five additional bedrooms for letting, the range of fixed equipment which may qualify for grant or loan assistance will be the same. Fixed equipment in this context means equipment which is not easily detached by, for example, mere unscrewing or unplugging. It will include, for example, fixed heating boilers and radiators; ventilation plant; built-in piping; service tanks and cisterns; fixed baths, shower units and basins; fixed sinks; sprinkler systems; lifts; built-in furniture. It will not include, for example, telephone, radio and television equipment; public address systems; clocks and time recorders; blinds and curtains; night storage and portable heaters; moveable furniture; floor coverings; loose furnishings; crockery or kitchen utensils.

(b) Improvement schemes

In the case of improvement schemes which do not qualify as extensions to existing hotels because no, or less than five additional bedrooms are involved, grants will only be payable on a specified range of fixed equipment, and incidental installation costs, provided that the expenditure involved amounts to £1,000 or more in the financial year of the concern claiming the grant. The range of fixed equipment eligible for improvement grants will not be as wide as the fixed equipment qualifying as part of a new hotel or extensions. It will, however, cover major items of equipment such as fixed bathroom and lavatory equipment; fixed centrally installed plant for water heating, space heating, ventilation or air conditioning; fixed centrally installed plant for water softening or filtering; fixed machinery or plant for the preparation, storage and serving on the premises of food and refreshment; fixed mechanically operated lifts, hoists, escalators and luggage handling equipment.
Advisory Committee

26. The Board of Trade have been advised by an Hotel Loans Advisory Committee in administering the experimental loans scheme. This Committee, under the Chairmanship first of Sir William Slimmings C.B.E. and now of Sir Leonard Cooke, O.B.E., has rendered valuable service to the Board of Trade and will continue to deal with outstanding applications under the experimental scheme. The Committee will also be consulted about the details of the new scheme outlined in this paper. It is not yet clear whether it will be necessary to set up an Advisory Committee in connection with the new scheme.

What types of undertaking will be eligible

27. Subject to the exceptions set out below, grants will be available and loan assistance may be given to all persons (including companies, firms, partnerships and individuals) carrying out qualifying hotel projects and securing their operation as hotels for a minimum period. (It is not the intention to preclude payment of grants or the giving of loan assistance in appropriate cases where the owner and operator of the hotel are not the same person.)

Local authorities

28. Grants and loan assistance under the scheme will not be available to local authorities.

Nationalised industries

29. Some nationalised industries have, or may have, powers to build, operate, or invest in hotels. The Government consider it desirable that the public sector should play its part in the expansion of hotel accommodation on comparable terms with the private sector. Those nationalised industries which have powers to invest in hotels will therefore be eligible for hotel development grants on the same terms as the private sector. They will not however be eligible for loan assistance under this scheme, nor will their subsidiaries be eligible for such loan assistance, since they have access to Government loans under their own borrowing powers.

Projects already in receipt of assistance from public funds

30. Hotel projects in respect of which an offer of Government assistance has been accepted, whether by way of grant or loan, will not be eligible for consideration for grants or further loans under the new scheme. For example, an applicant who has already accepted the offer of a loan from the Board of Trade under the experimental Hotel Loans Scheme will not be able to claim a grant or receive a loan for the same project under the new scheme, even if the project might otherwise be eligible. It is for the applicants concerned to decide whether to continue with applications for projects already under consideration which might at a later date be eligible for consideration under the new scheme.

Tax treatment of hotel development grants

31. Hotel development grants will be treated for tax purposes as capital receipts in the hands of recipients, in the same way as grants made under the Industrial Development Act, 1966. This means that these grants will not give rise
to a liability to Corporation tax or Income Tax, as the case may be. Any element of grant attributable to fixed plant and equipment or to the alteration of an existing building incidental to the installation of the plant or equipment will be treated as reducing the capital cost of these assets for the purpose of tax allowances.

**Period of Operation and Cost**

32. The Government intend to introduce legislation as soon as possible to provide the necessary powers for the payment of hotel development grants and for the giving of loan assistance. Subject to such legislation, hotel projects, which satisfy the criteria described in this paper, will be eligible for hotel development grants and for consideration for loan assistance where work on such projects begins on the site after 31st March, 1968 and before 1st April, 1971. Provided the project will be completed by 31st March, 1973. Temporary fencing work and site clearance e.g., demolition of existing buildings, carried out before 31st March, 1968 will not render a project ineligible for consideration provided no new development work (including provision of utility services) has been undertaken on the site before 31st March, 1968.

33. Expenditure by the Government on grants and, in appropriate cases, on loan assistance in any particular year will depend primarily on the nature and timing of investment decisions by the industry. Grants will not be payable until a project has been completed and the expenditure eligible for consideration verified. Legislation will not be possible during the current session and it is unlikely for this reason that any payments could be made during the 1968/69 financial year. Not all investment in 1968/69 will be eligible for consideration if only because some of it will involve projects begun before the qualifying date. Complete figures of capital investment in both licensed and unlicensed hotel accommodation in Great Britain are lacking but investment may be running at an annual rate of about £15 million. If investment were to rise to £20 million a year – of which perhaps £15 million might represent eligible expenditure – then grants could cost about £3 million. Loan assistance would not be appropriate or even sought in every case so the gross expenditure on loan assistance would be less than £5 million, all repayable with interest at Government lending rates.

34. The Government's legislative proposals will provide for grants and loans on the terms described in this paper for projects undertaken within the period mentioned in paragraph 30. The Government may also wish to seek power to extend assistance beyond that period, but any further assistance would not necessarily be on the same terms or criteria.

**Administration**

35. The proposed legislation will include the necessary provisions against abuse of the incentive scheme, including penalties for fraud. It will also include power to impose conditions on the making of grants, and to secure information and such undertakings as are necessary to avoid abuse. For example, recipients of assistance will be required to ensure the operation of the hotels for a minimum period and there will be powers to secure repayment of grant in certain circumstances. Loans will be governed by the terms of loan agreements.
Applications

36. It will not be possible for any applications for grants or loans to be accepted for consideration until Parliament has approved the necessary legislation, but applications will then be considered even though the project is already under construction, provided that it started after 31st March 1958. Intending applicants should, in the meantime, retain all documents and evidence which could help to establish eligibility and substantiate expenditure. The Board of Trade will announce in due course details of arrangements for submitting applications but none will be accepted until after the enactment of legislation.

37. The Board of Trade will consult the British Travel Association, the Scottish and Wales Tourist Boards, the Hotel and Catering EDC, and trade and other associations on the scheme before issuing more detailed guidance and before applications are invited. In the meantime, no enquiries about individual cases can be answered by the Board of Trade or other Departments until arrangements for submitting applications have been announced.

Registration of Establishments

38. There is at present no comprehensive list of hotels in this country, showing the accommodation and facilities they offer, or the prices they charge. A number of organisations issue excellent guides giving a selected list of hotels, but there is a need for something more comprehensive, catering for all tastes. Such lists of hotels would greatly help efficient marketing.

39. The Government therefore proposes that the legislation should include powers to require the registration of hotels and similar establishments so that, in due course, more comprehensive information on hotels and other accommodation as appropriate will be available for the benefit of the tourist industry and the public generally.

40. The British Travel Association, the Scottish and Wales Tourist Boards and other bodies have done work in the field of hotel classification. The Board of Trade will seek their views, and those of other organisations, on the way in which registration might best be introduced, and information published, on a self-financing basis. There is no intention of creating a Government monopoly of hotel guides; information on location, size, facilities and prices of hotels could be made available on a commercial basis to organisations wishing to publish selective guides.

41. In its further consideration of hotel registration, the Government will wish to take account of work being done in the field of hotel booking systems including the feasibility study of computerised systems being commissioned by the Hotel and Catering Economic Development Committee.

Looking ahead

42. The proposals for grants and loan assistance in this paper provide a firm basis for the hotel industry to plan investment to meet the challenge of tourism growth at home and from overseas as a new era in air transport approaches. These proposals will make investment in hotel development more remunerative and ease the problems of capital financing.
43. But the industry must play its part in providing the right kinds of accommodation in the right places to cater for growth and to make it easier for tourists to enjoy visiting all parts of the country, not just London or the best known tourism centres. There must be unremitting attention to service and efficiency. The results of research carried out by Universities, the industry's Economic Development Committee, and by other bodies must be applied by individual hotel operators to their own undertakings.

44. The Government is now considering what further measures may be necessary to promote the development of a successful tourist industry, and whether these will call for organisational changes of any kind. The arrangements for administering the hotel development incentives scheme will be determined in the light of decisions to be reached on these matters. The Government intends to announce its conclusions later this year.

Board of Trade,
London, S.W.1.
CABINET

PUBLIC EXPENDITURE

Memorandum by the Chancellor of the Exchequer

Following the Cabinet's decision (CC(63) 24th Conclusions, Minute 5) that public expenditure should be kept under periodic review, the Steering Committee on Economic Policy considered the first of the regular reports. My colleagues in Cabinet will wish to see the paper which I circulated to the Steering Committee on Economic Policy about the difficult prospect we face on public expenditure. This prefaced the table giving the monthly Running Tally, of which copies have already been circulated.

The Steering Committee approved the proposals set out in paragraph 10 of my paper and I draw the Committee's conclusions to the attention of my colleagues so that they can be guided by them.

R. H. J.

Treasury Chambers, S.W.1.

13th May, 1968
PUBLIC EXPENDITURE REPORT

Memorandum by the Chancellor of the Exchequer

The Cabinet have decided to keep public expenditure under regular review, through this Committee, in relation to the development of the economy as a whole (C.C.(68)24th Conclusions, Item 5, Conclusion (2)). This memorandum is circulated for the first of these reviews. Next month I shall bring the 1968 Public Expenditure Survey before my colleagues.

The economic context

2. We have announced our plans for a massive shift of resources to exports and for raising productive investment to a level which will enable Britain to gain and keep the required competitiveness in world markets. Those plans were contained in the Prime Minister's statement of 16th January on Public Expenditure (Cmd 3515) and in the Budget Statement and the economic forecasts which were published with it (H.C.151, Part III). The January decisions implied an average annual rise in public expenditure in the period 1967-68 to 1969-70 of 2.8 per cent - 1.2 per cent in 1968-69 over 1967-68 and 1 per cent in 1969-70 over 1968-69. Figures for public expenditure consistent with this plan were used in arriving at the Budget judgement, and for this purpose they were expressed, as in the published Budget forecasts, in terms which show their effect on demand. In that form, they take account of the different degrees of impact on resources involved in the different forms that public expenditure takes - capital expenditure, purchase of goods and services, transfer payments and so on.

3. The Committee, in these reviews of public expenditure, will be concerned with the inter-relation of demand in the form of private and public consumption and investment, and of imports and exports, within a total determined by the rate of growth that can be achieved without prejudicing the achievement of the necessary surplus on the balance of payments. At this stage nothing that has emerged over the past month makes it necessary to revise the assessment of the situation and outlook on which the Budget judgement was founded. The unemployment trend has risen over the past two months and does not yet show signs of the expansionary influence of rising export orders. But at the same time the external deficit has continued to run at a very high level during the early months of this year. These somewhat contradictory trends do not however call for any departure from the Budget strategy.

4. This, however, is precisely what would be involved in a decision to allow public expenditure to grow faster in 1968-69 or
1969-70 than the January plan envisaged. This would be a decision either to aim at less improvement in the balance of payments (or in the productive investment by which that improvement is to be sustained), or to go for greater reduction of private consumption.

5. Confidence is still sensitive to the way in which we treat public expenditure, as the element in the economy most directly under our own control. If our action on this front puts confidence at risk again, our present strategy, severe though it is, might not then get us home.

The expenditure prospect

6. But the public expenditure trend that is emerging amounts to a material departure from our January plan. The figures are set out in the Annex to this memorandum. They are still provisional: they come from the returns for the 1968 Public Expenditure Survey, and these are still under examination by the spending Departments and the Treasury. I am using them here merely to give a broad indication of what the Survey is likely to show us in greater detail.

7. For 1968-69, the figures show an increase of 5.2 per cent taking account only of items that have already been formally approved. This appears in Part A of the Annex. But, as Part C of the Annex shows, there are other items of additional expenditure in 1968-69 which may emerge but which have not yet been formally approved. So we now face the possibility of an aggregate increase over 1968-69 of over 5.2 per cent, as against the 4.5 per cent implied in the January White Paper.

8. For 1969-70, the position is worse still. As Part A of the Annex shows, the 1968 Survey is likely to come out above the January figures by an amount which is unlikely to be less than £200 million but which might even exceed £250 million. On top of this, there are again the potential additions already identified in Part C of the Annex for 1969-70, which could add over £32 million. In short, the January figures indicated an increase of about 1 per cent in 1969-70 over 1968-69; the figures that we now have suggest an increase of well over 2 per cent. And we still have almost the whole of two years in which further additions of expenditure affecting 1969-70 could arise and which are at present not foreseen at all.

9. I hope that the work which remains to be done by officials in preparing the Public Expenditure Survey will bring these figures back nearer to those in our January plan. To the extent that it does not, the Survey itself and the contingency planning for savings which was commissioned by the Cabinet (C.C.(68)24th Conclusions, Item 5, Conclusion (1)) should provide us with the material from which to work out how best we can recover the position.

10. In the meantime, I seek my colleagues' endorsement to the following action-

(a) Spending Departments should declare and implement forthwith any savings that they have found in carrying out the Cabinet's instruction to search for economies in 1968-69 (C.C.(68)24th Conclusions, Item 5, Conclusion (1));

(b) They should pursue their search for further savings in 1968-69 and also in 1969-70. The inter-Departmental Public Expenditure Survey Committee should co-ordinate
this work and report at the same time as they submit the 1968 Survey itself;

(c) Decisions on new proposals which would add to public expenditure should be postponed until we can take stock next month when we have the Survey and the Medium Term Economic Assessment.

R.H.J.

H. M. Treasury,
Gt. George Street,
LONDON, S.W.1.

2nd May 1968
### CONFIDENTIAL

PUBLIC EXPENDITURE
(excluding debt interest and nationalised industries' capital expenditure)

RUNNING TALLY AS AT 23RD APRIL, 1968

£ million
(1968 Survey prices)

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<tr>
<td>1. January totals (Cmnd.3515) converted to 1968 Survey prices</td>
<td>15,681</td>
<td>15,742</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Contingency reserve</td>
<td>-</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Total approved expenditure</td>
<td>15,681</td>
<td>15,817</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| PART B - PRINCIPAL ADDITIONS BETWEEN 16TH JANUARY 1968 AND 23RD APRIL 1968 INCLUDE |
|---------------------------------|--------|--------|--------|--------|--------|
| Agricultural Subsidies | 31 | 40 | | | |
| Family Allowances | 26 | 54 | | | |
| Revised Social Security Assumptions | 32 | 62 | | | |
| Rolls Royce R.B.211 | 8 | 12 | | | |
| Redundancy Fund | 16 | 18 | | | |

(1) With contingency reserve uncommitted
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General assistance to tourism</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>An inter-departmental working party is currently considering proposals for further assistance to tourism.</td>
</tr>
<tr>
<td>Subsidised use of consultants by small firms</td>
<td>-</td>
<td>5</td>
<td></td>
<td>This is on the assumption that the small pilot scheme (which has been approved for 1968-69) is a success and that legislation for a bigger scheme is approved.</td>
</tr>
<tr>
<td>Hunt Committee on Intermediate Areas</td>
<td>-</td>
<td>?</td>
<td>?</td>
<td>Unquantifiable at this stage because the Committee's recommendation are not yet known; the cost could be substantial.</td>
</tr>
<tr>
<td>Fishing subsidies</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>Proposals have been referred back to officials for further consideration.</td>
</tr>
<tr>
<td>Increase in borrowing powers of the National Film Finance Corporation</td>
<td>-</td>
<td>-</td>
<td></td>
<td>Board of Trade have in mind a proposal to increase by £6m the NFFC's borrowing powers for period beginning 1970-71.</td>
</tr>
<tr>
<td>The Arts</td>
<td>-</td>
<td>-</td>
<td></td>
<td>The Minister is pressing for an annual rate of increase of the order of 20 per cent on all provision for the Arts from 1970-71 onwards. Acceptance of this, together with other proposals in the pipeline would result in a level of expenditure in 1970-71 of £24m higher than what the Treasury consider reasonable, rising to some £55m in 1972-73.</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Codd Commission on</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td>medical education</td>
<td></td>
<td></td>
<td></td>
<td>The Commission's report has just been published and is about to be considered by departments. Work on costing these recommendations has begun and the cost of implementing them could be substantial.</td>
</tr>
<tr>
<td>Child care</td>
<td>-</td>
<td>-</td>
<td>1-2</td>
<td>The Home Secretary has now published a White Paper on children and young offenders and hopes to begin to implement the proposals in 1970-71. The cost will build up to £35m. a year eventually. The Treasury reserved its position on the date of implementation and the Home Secretary has accepted this.</td>
</tr>
<tr>
<td>Defence: transitional expenditure</td>
<td>40</td>
<td>15</td>
<td>15</td>
<td>F.111 cancellation payments - £35m., mainly in 1968-69; other transitional expenditure - £10-15m., a year. All figures very approximate.</td>
</tr>
<tr>
<td>Technology: aircraft projects</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
CABINET

SOCIAL SERVICES: RESPONSIBILITY FOR THE EARLY DAYS OF SICKNESS

Memorandum by the Chancellor of the Exchequer

The Family Allowances and National Insurance Bill (which inter alia increases family allowances by 3s. 0d. from October next) was given its Second Reading on 2nd April; but Committee Stage has been deferred pending a final decision on the future of Clause 2, which would abolish payment of national insurance benefit for the first three days of sickness or unemployment. It is now necessary to decide whether to retain or to withdraw this Clause, so that the Bill can start its Committee Stage next week.

Background

2. On 11th January the Cabinet (CC(68) 4th Conclusions, Minute 3) invited me to consider with the Minister of Social Security the possibility of making reductions in social security expenditure to offset the continuing cost of a further increase in family allowances (beyond the 7s. 0d. increase already announced for April).

3. On 13th January the Minister wrote to me offering savings on two fronts. One was the limitation of unemployment benefit for occupational pensioners in the light of the Report of the National Insurance Advisory Committee which has now been published. The other was that benefit for the first three days of sickness or unemployment (at present payable retrospectively if the beneficiary is sick or unemployed for 12 days) should cease to be payable at all. The Minister estimated that, after allowing for all the side effects of other social security benefits, this would save £15 million in the first full year, and more thereafter as the level of benefit and the number of beneficiaries increased.

4. On 5th March (CC(68) 17th Conclusions, Minute 2) this proposal was approved by the Cabinet as part of a package deal including also agreement to increase family allowances by 3s. 0d. a week from October, 1968. I announced the decision in my Budget Speech, and it was embodied in Clause 2 of the Family Allowances and National Insurance Bill published the next day.

5. Opposition to the introduction of three absolute waiting days quickly developed; and on 2nd April the Cabinet considered (CC(68) 25th Conclusions, Minute 2) a memorandum (C(68) 65) by the Minister of Social Security and the Chief Secretary, Treasury. Summing up the discussion, the Prime Minister said that "the Cabinet, on balance, took the view that the
Minister should make a general statement on the Second Reading of the Bill, indicating that the Government were reviewing their policy in this matter against the background of the growth of employers' sick pay schemes and the introduction of earnings-related short-term benefits, and would be entering into full consultation with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI); and that, in the meantime, the Committee Stage of the Bill would be deferred. It would be necessary, however, to make it clear that savings to offset the cost of the increase in family allowances would have to be achieved by one means or another; and they should leave open the possibility of retaining the existing clause if the discussions proved abortive.

Consultations with the TUC and the CBI

6. Since then the Lord President and the Minister have begun consultations with the TUC and the CBI about the possibility of transferring responsibility for support of workers during the first weeks of sickness from the National Insurance Fund to employers. The hope was that the abolition of benefit for the three waiting days could be submerged in this larger proposal. It is now clear, however, that there is no prospect of reaching agreement to this transfer of responsibility during the next few months and that accordingly there is no chance of achieving any savings at all from it in 1969-70, let alone in the current financial year. The Lord President and the Minister will, however, be continuing the discussions with a view to a transfer of responsibility in the longer term, since clearly the arrangements under the existing earnings-related sickness scheme are over-generous to both sides of industry.

Other possibilities

7. The Lord President and the Minister have also considered, with the Chief Secretary, whether there are any alternative savings which could be found in the social services field if Clause 2 were withdrawn and the proposal to abolish payment for waiting days were abandoned. The only possibility which has emerged is that the present payment of waiting days under the State scheme might be restricted to those people who are not covered by an employer's scheme of sick pay. This might save up to £6 million in a full year, less some increase in administrative costs. However, it would involve considerable administrative difficulties; would require large numbers of additional staff; would require further consultation with the TUC and CBI; and might lead to the abandonment or modification of private schemes by employers who now operate them. I therefore do not feel able to press for the adoption of this course.

The future of Clause 2

8. We are therefore forced back to consideration of Clause 2. There are good arguments for retaining it:

(a) It was part of the package deal involving an increase in family allowances, to which we are now committed.

(b) The savings have been written into the forward estimates of public expenditure, and the need to secure them has become even more necessary since the latest forecasts suggest that the announced limits for public expenditure in 1968-69 and 1969-70 will be exceeded by considerable margins.
(c) The abolition of payment for waiting days has merit in the avoidance of duplication between the national insurance scheme and occupational sick pay schemes.

Nevertheless, I have reached the reluctant conclusion that in present circumstances the political case against trying to force the existing Clause 2 through the House is overwhelming.

9. I am prepared therefore to agree to the withdrawal of Clause 2 and the retention of the existing arrangements for the three waiting days. The cost of this concession, compared with the present forecasts of public expenditure, would be £15 million in 1969-70 - the first full year - and something less in 1968-69; and it is essential that corresponding savings should be found elsewhere in the field of public expenditure. This matter can conveniently be subsumed in the general review of future public expenditure which we shall be undertaking next month. My colleagues will note that this case illustrates the dangers of incurring firm commitments to expenditure in return for hypothetical savings which prove in the event to be unrealisable. It will be necessary to look with special caution at any similar proposals in future.

Conclusion

10. I invite the Cabinet to agree that -

(a) Clause 2 of the Family Allowances and National Insurance Bill should be withdrawn, it being explained to the House that discussions would be continuing with both sides of industry about the future pattern of responsibility for the support of workers during sickness.

(b) Corresponding savings should be found elsewhere in the field of public expenditure to make up for the loss of the savings which would follow from the implementation of Clause 2.

R.H.J.

Treasury Chambers, S.W.1.

15th May, 1968
ELECTORAL REFORM

In accordance with the Cabinet Conclusions of 16th May (CC(68) 29th Conclusions, Minute 1) and in agreement with the Lord President, I circulate:

(a) the Report of the Sub-Committee on Electoral Reform in the form in which it was put to the Parliamentary Committee (Appendix A); and

(b) a paper prepared for the Home Affairs Committee in January by the Lord President (Appendix B).

I hope in addition to circulate, in time for the next meeting of the Cabinet, a forecast, prepared by the Registrar General, of the addition to the electorate at 1st June, 1970 that would result from the reduction of the age of voting to 18; the figures will be given for economic planning regions and major conurbations.

L. J. C.

Home Office, S. W. 1.

23rd May, 1968
As invited by the Cabinet at their meeting on 22nd February (CC(68) 14th Conclusions, Minute 6) the Sub-Committee of the Home Affairs Committee on Electoral Reform have considered all the conclusions in the Final Report of the Speaker's Conference on Electoral Law (Cmd. 3550) and various conclusions on the machinery for conducting Parliamentary elections reached by the Electoral Advisory Conference.

2. There are six major or controversial issues which were either decided by the Speaker's Conference on a vote, or to which the Sub-Committee would draw special attention. They are as follows -

(i) Minimum age for voting.
(ii) Frequency of publishing and cost of the electoral register.
(iii) Public opinion polls and betting odds.
(iv) Broadcasting.
(v) Hours of poll.
(vi) Party labels on ballot papers.

These are discussed in Annex 1 to this memorandum. Annex 2 summarises the recommendations of the Sub-Committee on all the conclusions of the Speaker's Conference (items 1 to 71) and of the Electoral Advisory Conference (items 72 to 111).

3. The Sub-Committee disagree entirely with the following conclusions of the Conference or think that they call for further examination or consultation (numbers are those in Annex 2):
5. Many of the recommendations of the Conferences suggest no change in the present law and some others could be given effect without legislation, but, as will be seen from the preceding paragraph, not all of the recommendations have been accepted by the Sub-Committee. Subject to that, legislation or subordinate legislation is required to give effect to the following recommendations: 1-3, 6, 7, 9, 11-17, 21-25, 28-30, 32, 35, 37, 55, 60, 62, 65, 70, 72, 75-77, 79-81, 83-85, 88-95, 99-103, 105-107, 109-111.

5. To complete the review of the electoral law, conferences have been held with the national agents of the political parties, the local authority associations and the societies of clerks of local government authorities on a number of questions relating to local government electoral law in England and Wales, and in Scotland. These questions will come before the Sub-Committee shortly.

6. If a Bill were to be introduced next Session and received Royal Assent in July, 1969, the need for affirmative resolution regulations and preparatory work in electoral registration offices would mean that the earliest time for an election on a new-style register prepared under the Bill would be the spring of 1971. If there were to be an autumn register in addition to the spring register (and on grounds of cost the Sub-Committee recommended against this) the first time for an election on the new-style register would be the autumn of 1970. Most of the provisions of the Bill that did not relate to the register could come into force more or less at once. If, however, the Bill received Royal Assent early in the 1968-69 Session so as to allow Parliament to approve regulations by the end of May, 1969, then the first election on a new-style register could be held in the spring of 1970, provided that advance authority could be given for the printing of about 20 million forms. The view of the Sub-Committee is that if there is to be a change in the age of voting a Representation of the People Bill is essential for 1968-69, despite the somewhat precarious timing. It would be impossible to defend a situation in which Parliament decided to reduce the voting age, without operating that decision at the ensuing election.
7. I invite my colleagues to consider the recommendations of the Sub-Committee in order that the Government's attitude on the various proposals for electoral reform may be stated in the debate to be arranged on the report of the Speaker's Conference. It would also be desirable for the conclusions of the Electoral Advisory Conference to be published as a Command Paper so as to facilitate the debate. I am arranging for this to be done.

ANNEX 1

MAJOR OR CONTROVERSIAL ISSUES

Minimum age for voting

The Speaker's Conference recommended by a majority of 2:1 that the age for voting should be reduced to 20, after having rejected by 22 votes to 1 a motion that the age should be reduced to 18. There are three possible courses -

(a) to leave the age at 21;

(b) to reduce the age to 18, as suggested in the representations submitted to the Speaker's Conference by the Labour Party; or

(c) to reduce the age to 20, as recommended by the Speaker's Conference.

2. Course (a) is not practicable. The arguments in support of (b) are those which were put forward in Labour Party evidence to the Speaker's Conference. They are that many of the obligations of adult status arise at 18, that young people mature at an earlier age, that they are well informed and would inject a new vigour into politics; and that this franchise would give young people a greater sense of responsibility. These arguments have now been strongly reinforced by the public acceptance by the Government of the Latey Committee recommendation that the age of majority should be reduced to 18 for all other purposes.

3. The conclusion of the Speaker's Conference that the age for voting should be reduced to 20 was passed by a substantial majority and carries much weight. Nevertheless, it is the view of the Sub-Committee that it would be illogical on the one hand to go along with the cautious approach of the Speaker's Conference while on the other hand accepting the view of the Latey Committee that for all other purposes adult status should begin at 18. Merely to make a reduction to 20 would leave the Government of the day with the duty of keeping the matter under constant review until the voting age was eventually reduced to 18. The Sub-Committee consider that it would be better to take a decision which is consistent in all fields and to reduce the voting age to 18 in accordance with the view expressed in the Labour Party Manifesto for the 1966 general election that it "would add a necessary political dimension to the increasing important economic and social position of young people".

4. Members of the public will find it difficult to understand why the Speaker's Conference reached a conclusion inconsistent with that of the Latey Committee. It would not be easy publicly to explain the distinction between the franchise and the matters in the private and personal field (marriage, consent to marriage, wardship, property and contracts) that were the concern of the Latey Committee. In paragraph 25 of their Report (Cmd. 3312) the Latey Committee said that on the subject of voting they had carefully refused to express a view, and went on to say, "but it does not seem to us that changes in the civic field are at all likely to follow changes in the private field even if we wished that they should". The Committee were considering fields in which a minimum age of 21 could cause hardship in particular cases.
5. Any decision on the voting age must be an arbitrary one, and a decision to lower the voting age to 18 would probably be irrevocable. A reduction to 18 would widen the field for political pressures to be put on the student population; indeed, to reduce the age to 18 and implement the recommendation that young persons who come of age during the currency of a register should have their names included in the register with the date of their birthday, would mean that many 17-year-olds would be on the register and some would be only 16 years and 8 months of age when Form A was completed.

6. A further consideration is that a reduction of the voting age might also be followed by pressure to reduce from 21 the age at which persons can stand for election to the House of Commons (Parliamentary Elections Act 1892).

7. To reduce the age for voting to 18 and implement the recommendation that young persons should be able to vote as from the date they reach that age would add about 3 million electors to the register and add to the cost of the register (over £3 million) about 2526,000 in the first year and 2212,000 each year thereafter. To reduce the voting age to 20 would add about 1.5 million electors to the register in the first year and about 800,000 each year thereafter; the additional cost of registration is estimated at £241,000 in the first year and £73,000 each year thereafter.

8. The age for voting is a major constitutional issue and, as indicated by the voting in the Speaker's Conference, a matter of personal opinion. The Sub-Committee suggest therefore that, in the debate on the Speaker's Conference Report, the Government should announce its own view that the age for voting should be reduced to 18 but that when it came to legislation they would be prepared to allow a free vote on this particular issue.

Frequency of publishing and cost of the electoral register

9. By the casting vote of the Speaker, the Speaker's Conference recommended that there should continue to be one register each year. The 1967 register for the United Kingdom cost a little over £3 million. About half the cost is now met by local authorities, since the register is used for local government as well as for parliamentary elections. The Speaker's Conference rightly rejected the idea of a supplementary register (Conclusion 5 in Annex 3 to the Report). Since the only satisfactory way of securing a second register which is up to date is for it to be prepared on the basis of another complete canvass, a second register would double the cost of registration. There is little scope for financial saving in the preparation and publication of electoral registers. On the contrary, the cost is likely to increase with the introduction of increased postal expenditure and a decision to lower the voting age. Computer and other techniques may in time save money but there is little prospect of savings in the short term.

10. Except for elections to fill casual vacancies, an autumn register would be of no use for local government elections. For this reason local authorities would expect the Exchequer to meet the whole cost of preparing and publishing it; and their case would be strengthened if, as recommended by the Maud Committee on the Management of Local Government, all types of local authority elections were to be held triennially: at present, all borough council elections outside London and many district council elections are held annually.
When two registers were required under the Representation of the People Act 1949, the publication dates were –

15th March, with a qualifying date of 20th November (1st December in Scotland), and

1st October, with a qualifying date of 15th June.

The Electoral Registers Act 1949 abolished the autumn register; and the Electoral Registers Act 1953 brought forward the qualifying and publication dates of the spring register to 10th October and 15th February so as to allow a longer interval between publication and local government elections. The preparation of a second register might have to take place either during the period of local government elections or in the early part of the holiday season. It would mean more staff, and student labour would not be likely to be available for the canvass leading up to it.

11A. The Sub-Committee consider that, while there are good constitutional reasons for keeping the register up to date, the cost in money and manpower of producing two registers each year is out of proportion to the advantages it would bring. Accordingly, they recommend acceptance of the conclusion of the Speaker's Conference, that there should continue to be one register each year.
Prohibition on publication of results of public opinion polls and of betting odds for 72 hours before close of poll

12. Since Parliamentary elections are usually held on a Thursday, the effect of the recommendation would be to ban publication after 9 p.m. on the previous Monday. The arguments for the recommended restriction are -

(a) The publication of the results of an opinion poll and of betting odds might influence an uncertain elector to vote for the Party leading the poll.

(b) The results of an opinion poll published on the eve of the poll could be misleading since they might relate to a poll conducted in the preceding week.

(c) The publication of betting odds tends to bring the election into disrepute.

(d) There is something to be said for a "quiet period" before the poll.

13. On the other hand, there are the following strong arguments against the restriction -

(e) There is no evidence that electors are influenced in the way suggested at (a): it is possible that publication might have the result of rallying the Parties which are not leading the poll. A restriction would imply that people cannot be trusted with the vote.

(f) It would be wrong for Parliament to determine what it is proper for electors to read in helping them to make up their minds how they should vote.

(g) Merely restricting the publication of betting odds does not prohibit betting itself, and it is this, if carried so far as to cause abuse, that would bring elections into disrepute. It would be impracticable to prevent betting itself: any statutory prohibition would be incapable of enforcement; and in the absence of one, bookmakers could not be precluded from making known to prospective punters the odds they are prepared to offer.

(h) The ban would not in itself produce a "quiet period". Newspapers would continue to publish other political material; and comment on the results of a public opinion poll published earlier could hardly be prevented.

(i) Prohibition as from a prescribed time would not prevent publication a few moments before that time: any objections that there may be to the publication of the results of an opinion poll on the likely result of an election would not therefore be met unless the polls were prohibited altogether. But any prohibition could probably be circumvented by the publication of the results of a poll on a different topic, for example, the popularity of the Party leaders.

14. Difficult practical questions would arise in framing the provision. It would for example be necessary to find a means of seversing the publication of the results of a poll, which would be
prohibited, from the publication of general statements or comments on the state of public opinion, which could not. There would be a choice between prohibiting reporting by United Kingdom newspapers and broadcasting agencies alone, thus preventing the most widespread dissemination of the prescribed material; or casting the net wider to prevent all possibility of evasion, a difficult and elaborate enterprise.

15. The conclusion of the Sub-Committee is that the recommendation is not acceptable. While it might be right to prohibit public opinion polls because their accuracy and impartiality cannot be verified, and because people might be inclined to subscribe to apparent success as shown in the polls rather than make their own judgement, there is no effective way of suppressing polls or betting odds completely. If they are not published openly the results could be "leaked", or be the subject of rumours which could be distorted. Unless betting was prohibited altogether punters would have to be informed of the betting odds by ways other than broadcasting or publication in newspapers.

Broadcasting by candidates

16. The Speaker's Conference recommended, subject to a proviso, that broadcasting should be exempted from the provisions about election expenses. These at present permit a programme in which all the candidates at a particular election take part and are given an equal opportunity to state their views. The broadcasting authorities have also put on the arranged series of party political broadcasts; these have been regarded as not offending against section 63 of the Representation of the People Act 1949 since the speakers broadcast on behalf of their parties and not in the particular interests of themselves or of any other individual candidates. Nevertheless the possibility of the legality of a particular programme of this kind being questioned, perhaps by way of an election petition, cannot be dismissed and the matter should be made clear. The main cause of complaint by the broadcasting authorities is that, if all candidates at a particular election are invited to take part in a programme and one declines, the programme cannot be put on. Other difficulties under the present law are that a Minister who has responsibilities for a national policy and appears as such in a broadcast at the time of an election might run the risk of contravening section 63 if the other candidates in his constituency do not appear; and a person who earns his living by broadcasting might also be regarded as securing an advantage if he continues with his work after he has announced that he intends to stand as a candidate.

17. These difficulties would be removed if the recommendations were accepted. But the effect of simply exempting broadcasting would be to leave the broadcasting authorities free to decide for themselves, as a matter of policy, what election broadcasting could be put on; the B.B.C. would be subject only to the requirement of impartiality secured by the Postmaster General's injunction and the I.T.A. to that secured by the provisions of the Television Act 1964. It might be considered that this would give the broadcasting authorities too great a measure of freedom, with inadequate safeguards to secure the impartiality of broadcasting of elections. While general impartiality as between parties might be preserved, there might be considerable unfairness to individual candidates. Nevertheless, subject to paragraph 18 below, the Sub-Committee conclude that the recommendation should be accepted.
18. The effect of the proviso to the recommendation of the Speaker's Conference would be that, though all the candidates must agree to take part, the programme could still go on if, for example, one of the candidates failed to arrive for the broadcast. The Sub-Committee consider, however, that a programme should be permitted if all the candidates agree that it can go on even if some of them do not desire to take part.

19. The conclusion of the Sub-Committee is therefore that the recommendation of the Speaker's Conference to exempt broadcasting from section 63 should be accepted, but that the second part of their recommendation on this matter should be modified so that broadcasts about particular constituencies could be made without the participation of all the candidates, provided that those absent had been consulted and did not object.

Hours of Poll

20. The Speaker's Conference recommended no change in the hours of poll (7 a.m. to 9 p.m.) at parliamentary elections. The Sub-Committee consider, however, that the evening is the most favoured time for voting and there would be advantage to the electors if the hours were extended to 10 p.m.: the people should be given the longest reasonable time in which to cast their votes.

21. Representative returning officers in England and Wales have all warned of the serious disadvantages of any extension and they see little advantage to be gained from it. Their experience is that by 9 p.m. the number of voters already drops to a trickle, and no matter how late the closing hour might be there will always be those who will want to vote at the last possible moment. The view of the Sub-Committee is that with the increasing operation of the shift system there is a significant number of electors who would find it convenient to vote up to 10 p.m., and that the situation varies from constituency to constituency. The disadvantages which are foreseen by returning officers are:

(a) It is difficult enough already, particularly in county constituencies where there are transport problems, to get staff to man the polling stations from 6.30 a.m. to 9.30 p.m. (i.e. to get ready to open at 7 a.m. and to clear up after 9 p.m.). An extension could be the last straw.

(b) The count is likely to be deferred to the next day in many more constituencies, particularly where it is at present the practice to employ the polling station staff also for counting the votes at night. This is not likely to please the political parties. There is also the problem of the security of ballot papers overnight. The Sub-Committee thought, however, that postponement of the count in many more constituencies would not necessarily be a bad thing.
The cost of an election is bound to increase. Higher fees to presiding officers and poll clerks will be necessary to induce them to do the job at all; and the use of rooms and staff on a second day to count the votes will cause inconvenience and cost more. At present people who count the votes at night are back at their normal jobs next morning.

22. Sheriffs in Scotland, who are returning officers for parliamentary elections, in expressing similar views, have gone so far as to describe any extension as "alarming", and consider that it may even endanger the carrying through of an election because of the difficulty of recruiting presiding officers of the right calibre even with - as would seen inevitable - an increase in the fees payable.

23. These are serious objections and they would be more serious if a 10 p.m. closing time applied also at local elections. However, that is not in question, and Parliamentary elections are held infrequently. The Sub-Committee consider that administrative difficulties should not be allowed to prevail over the principle of affording the longest reasonable time for people to exercise their rights.

Party Labels on Ballot Papers

24. The terms of reference of the Speaker's Conference were restricted to parliamentary elections. Their conclusion not to change the law which prohibits party labels on nomination and ballot papers has been supported by the Electoral Advisory Conference and by the conferences on local government elections law.

25. The question of deciding whether the claim of a candidate to represent a particular party was genuine could provoke controversy. One method of relieving the returning officer of the responsibility of deciding the claim of a candidate to represent a particular party might be to adopt a system on the lines of that in use in the Irish Republic whereby a party candidate must deliver with his nomination paper a certificate of political affiliation signed by the authorised officer of his party, whose name would have been given in the register of political parties circulated to returning officers before the election. This would appear to give the Parties more influence than they have at present. If a register of political parties was set up here, there would have to be some independent body to maintain it. Time would also be needed before elections, particularly local government elections, for the registration body to circulate up-to-date information, including last-minute changes in the authorised officers, in respect of every organisation contesting elections - a pretty formidable task especially at local government elections, where the problems about party affiliation are greatest.

26. In Australia, where parties are not registered, the arrangement for multi-member elections to the Senate is simply that the names of candidates can be grouped together if the candidates so desire. Clearly the arrangement would be appropriate only for elections in multi-member local government electoral areas. If it was thought that the Australian system merited further consideration in connection with such elections, then it would be necessary to consult the interested bodies concerned.
In New Zealand, where more candidates than the number of seats to be contested claim to be candidates of the same party, the returning officer has to find out who are the authorised party candidates and then ask the other candidates to change the name of their "claimed party". This is the point at which the returning officer can become involved in controversy. For this reason it might be considered that the system would not be acceptable; in New Zealand it is not used for local government elections where a variety of interests contest the elections.

The other alternative course is for a notice giving the names of the candidates and their party affiliation to be placed in each polling booth, as is done in New Zealand. But there also the returning officer would become involved in political matters if more candidates than there are seats to be filled claim to represent the same party.

A scheme for the registration of political parties and associations might be possible to deal with the relatively small number of parties which contest parliamentary elections, though there would be difficulties, for example, in the case of a candidate who wanted to stand as an independent member of one of the main parties, or as a candidate for more than one party. It would also be necessary to consider what sort of organisations could get registered under such a scheme, for example, ought religious denominations to be excluded? A scheme of registration might not be practicable for the great number of associations, e.g. local ratepayers' and tenants' associations, which contest local government elections. Such associations are run mainly by voluntary workers and there would be a large turnover in the "authorised officers" whose signature would be necessary on a certificate accompanying a nomination paper, and also in the officers who would be responsible for telling the returning officers the name of the authorised officer in each locality. Moreover, the registration of, say, the National Union of Ratepayers' Associations would hardly be good enough for a candidate who wanted to show on the ballot paper the name of, say, the Epsom Court Vard Ratepayers' Association. In practice it might happen that nomination papers at local government elections, particularly for the smaller authorities, would have to be regarded as invalid because the voluntary workers of local associations had not conformed with the requirements of the law.

Despite these difficulties the Sub-Committee consider there is now a very strong constitutional case against denying the voter information about the Party to which a candidate belongs. Since British Parliamentary institutions are now firmly based on a two Party system the voter is well within his constitutional rights if he prefers to vote for the Party rather than for the man. Since the Party is an essential part of our democratic system and since a General Election is a means of choosing not merely an individual M.P. but a Government, the tradition by which the candidates must be considered without regard to Party affiliation is an anachronism. The Sub-Committee recommends, therefore, that Party affiliations should be made known in national elections and, if the administrative difficulties could be overcome, in local elections as well. But before any conclusion is reached or announced contrary to the view taken by the Speaker's Conference, the opinion of the Parties would need to be tested.
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<tr>
<td>Age for voting to be 20</td>
<td>Unacceptable. The Sub-Committee recommend that the Government should announce that in their view the age for voting should be reduced to 18, but that a free vote should be allowed on this issue (see paragraphs 1 to 7 of Annex 1)</td>
</tr>
<tr>
<td>British Council staff overseas to be given the franchise</td>
<td>Acceptable. While staff of the British Council are not Crown servants, their terms of service are similar to those of the public service and they are virtually part of the United Kingdom's overseas representation.</td>
</tr>
<tr>
<td>Convicted prisoners to be deprived of vote</td>
<td>Acceptable on the basis that persons sent to psychiatric hospitals immediately following criminal proceedings are not affected: in their cases the courts have decided that they should not be dealt with under the penal system but in hospital because they need treatment.</td>
</tr>
<tr>
<td>Only one register a year</td>
<td>Acceptable. A second register would involve additional expenditure of about £3m. annually, and with increased postal charges and the introduction, next September, of the Post Office Range of postal matter the cost is likely to be more. There would also be an increase in cost if the age for voting were to be reduced. Half the cost of an annual register is met by local authorities since it is also used for local government elections in the spring, but local authorities would expect the Exchequer to meet the whole cost of an autumn register. (See paragraphs 8 to 11 of Annex 1.)</td>
</tr>
<tr>
<td>1st November to be qualifying date for register instead of 20th October if administratively possible.</td>
<td>The present qualifying date of 10th October should be retained, for administrative reasons. The work entailed cannot be done in a shorter time. Student labour is often used for the canvass, which must be completed by first week in October, when term begins, and before winter weather sets in.</td>
</tr>
<tr>
<td>Recommendation of the Ministerial Sub-Committee on Electoral Reform</td>
<td>Acceptable. The present lapse of time between reaching voting age and being able to exercise the franchise would be abolished.</td>
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<tr>
<td>Acceptable.</td>
<td>A feasibility study has already been carried out by the Home Office and Metropolitan Police Joint A.D.P. Unit. They report that until a national numbering system is introduced (under which a single official number would be allotted to every individual for all Governmental administrative and statistical purposes) there is no alternative to continuing with the preparation of the register as a local task, but registration officers have been asked to examine the possibility of co-operating in the use of available computers and of using more modern and economical techniques in producing copies of the register. Legislation not required.</td>
</tr>
<tr>
<td>Acceptable to the extent that a general duty should be placed on the registration officer to do everything possible to ensure accuracy.</td>
<td>Acceptable. Additional publicity was arranged for 1966 and 1967. Administrative guidance already stresses the importance of following up any failure to return Form A. Legislation not required.</td>
</tr>
<tr>
<td>Acceptable.</td>
<td>Periodic registration is acceptable in principle on the basis of one register each year. (If there were to be two registers each year the recommendation could not be accepted because of the additional work which would fall on the administrative staffs of the Services and on posts overseas, which are already overburdened). The conclusion of the Conference that electoral law should place a direct duty on commanding officers to obtain information for registration purposes is not acceptable. The present law requires the appropriate government department to provide an effective opportunity to servicemen to get themselves registered.</td>
</tr>
<tr>
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</tr>
<tr>
<td>Service authorities to be responsible for registration of Service wives when in the U.K.</td>
<td>This is done by the regular issue of Defence Council Instructions. Commanding Officers would not be required to obtain information unless there was a requirement on the serviceman to supply it. Similar arguments apply in the case of Crown servants and would also apply to British Council staff.</td>
</tr>
<tr>
<td>See 12 and 13 above</td>
<td>Unacceptable on the ground that this is a civilian, not a Service, matter. Elderly parents and domestics may also be resident in these households as well as the serviceman's wife; and there would be confusion whether the electoral registration officer or the Service authorities were responsible. The civil authorities are responsible at present for the registration of Service wives in this country and no difficulties about this arrangement are known of.</td>
</tr>
<tr>
<td>Better facilities for registration of merchant seamen</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Inclusion of a note on Form A about the registration of informal patients at psychiatric hospitals</td>
<td>Acceptable. Legislation not required.</td>
</tr>
<tr>
<td>Absent voting facilities for wives accompanying their husbands on business visits</td>
<td>Acceptable. There is room for doubt under the present law. In the interests of consistency and clarity there are advantages in specifying expressly that a wife accompanying her husband who is entitled to be an absent voter should be entitled to the like privilege. A similar entitlement should be available for a husband accompanying his wife who is entitled to be an absent voter.</td>
</tr>
<tr>
<td>Spouses of Crown servants, of British Council staff, and of members of the forces to be entitled to vote by proxy as from the time they leave U.K.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Postal voting facilities for electors who have moved from one constituency to another within the same borough</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Elector to be able to vote in person if he applies for a ballot paper before one has been issued to his proxy</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Provision for a spoilt postal ballot paper to be replaced.</td>
<td>Acceptable. While complicated administrative arrangements would be necessary to deal with the few cases which would arise, it is difficult to reject the conclusion of the Conference in the light of the fact that an elector who votes in person can get a spoilt ballot paper replaced. Equal facilities should be available to postal voters.</td>
</tr>
<tr>
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<tr>
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</tr>
<tr>
<td>Provision for a tendered ballot paper to be completed by a postal voter who does not receive his postal ballot paper</td>
<td>Unacceptable. Would have to be done just before the poll. Electors might consider it to be of little value because a tendered ballot paper does not count unless a court so directs on a scrutiny in connection with legal proceedings in respect of an election.</td>
</tr>
<tr>
<td>Address of witness to be included on declaration of identity accompanying a postal vote</td>
<td>Unacceptable. While the addition of the address of the witness might be a small deterrent to fraudulent postal voting, votes would have to be disallowed if witnesses failed to give their addresses. (The elderly and infirm make up a substantial portion of postal voters.)</td>
</tr>
<tr>
<td>Official mark to be perforated and a separate mark to be used for postal ballot papers</td>
<td>Acceptable. Most desirable because an embossed mark can become removed with the constant handling of ballot papers. Involves expenditure of about £120,000 on new perforating machines.</td>
</tr>
<tr>
<td>Description &quot;Minister of Crown&quot; or of a ministerial office not to be permitted on nomination papers</td>
<td>Acceptable. Removes doubt under present law. In many cases &quot;Privy Councillor&quot; could be used as an alternative.</td>
</tr>
<tr>
<td>Prohibition on publication of results of public opinion polls and of betting odds for 72 hours before close of poll</td>
<td>Unacceptable. While it might be right to prohibit public opinion polls because their accuracy and impartiality cannot be verified, and because people might be inclined to subscribe to apparent success as shown in the polls rather than make their own judgement, there is no effective way of suppressing polls or betting odds completely. If they are not published openly the results could be &quot;leaked&quot; or, what is worse, be the subject of rumours which could be distorted. Unless betting was prohibited altogether punters would have to be informed of the betting odds by ways other than broadcasting or publication in newspapers. (See paragraphs 12 to 15 of Annex 1.)</td>
</tr>
</tbody>
</table>
Basic figure of £450 in the scale of candidates' election expenses to be increased to £750.

Acceptable. It is unnecessary and undesirable to discuss the conclusion of the Conference with the other major Parties: to do so would be to invite demands for greater or smaller sums to be fixed. The present legal maximum of candidates' expenses (to the nearest pound) in constituencies of 35,000, 45,000, 65,000 and 85,000 electorates is as follows:

<table>
<thead>
<tr>
<th>Electorate</th>
<th>County Constituencies</th>
<th>Borough Constituencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>35,000</td>
<td>£742</td>
<td>£659</td>
</tr>
<tr>
<td>45,000</td>
<td>£825</td>
<td>£731</td>
</tr>
<tr>
<td>65,000</td>
<td>£992</td>
<td>£856</td>
</tr>
<tr>
<td>85,000</td>
<td>£1,159</td>
<td>£981</td>
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The recommendation of the Speaker's Conference would add £300 to each of these amounts.
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<tr>
<td>Returning officers to publish legal maximum of candidates' election expenses in each constituency</td>
<td>Unacceptable. Returning officers become returning officers only when an election is under way, which is too late for the publication of the legal maximum to be of practical value; and the proposal is not appropriate to a registration officer's duties.</td>
</tr>
<tr>
<td>Candidates to be allowed free installation and rental of a telephone</td>
<td>By a majority the Sub-Committee recommended that this conclusion should not be accepted. Though rejection can be regarded as a move against small parties and independent candidates, acceptance could be regarded as wasteful and perhaps an encouragement to eccentric and irresponsible candidates.</td>
</tr>
<tr>
<td>Broadcasting to be exempted from the provisions about election expenses; but a programme including candidates in a constituency not to go on unless all candidates agree to take part and are given equal opportunity to state their views.</td>
<td>Acceptable, but the second part of the conclusion should be modified so that broadcasts about particular constituencies could be made without the participation of all the candidates, provided that those absent were consulted and did not object. (See paragraphs 16 to 19 of Annex 1.) This is for the broadcasting authorities. Legislation not required.</td>
</tr>
<tr>
<td>Broadcasting authorities to review arrangements for broadcasts at election times by minor parties</td>
<td>Acceptable. (It is understood that extension of the prohibition to local government elections has been recommended by the Conferences on local government elections law. The recommendation will be considered by the Ministerial Sub-Committee shortly - see paragraph 3 of the covering memorandum)</td>
</tr>
<tr>
<td>Prohibition on use of wireless stations outside U.K. to be extended to include television stations</td>
<td>Acceptable. (British subjects who are members of international services would not qualify for the franchise. They are not Crown servants and would normally cease to have any real connection with an address here)</td>
</tr>
<tr>
<td>No extension of franchise except to staff of British Council overseas and their spouses.</td>
<td></td>
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</tr>
<tr>
<td>No change in law which prevents a psychiatric hospital being used as a place of residence for registration purposes.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Three months residence qualification in Northern Ireland not to apply in rest of U.K.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>No compulsory voting</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>No supplementary registers to bring annual registers up to date.</td>
<td>Acceptable. Acceptable. Acceptable. Acceptable. Acceptable. Supplementary registers would be unsatisfactory administratively as a basis for conducting the poll. A complete canvass is at present the only satisfactory way of determining the electors for any particular area. The choice is therefore between having one or two registers each year, and the Sub-Committees recommend that there should only be one (see item 4 above).</td>
</tr>
<tr>
<td>Ships' masters not to be responsible for getting crew members registered.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Regulations not required in place of the present administrative guidance which suggests that the names of servicemen who have ceased to have connection with qualifying address should be grouped at the end of the register.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>No change from present relative majority system of election.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>No postal voting for absence on holiday.</td>
<td>Acceptable but controversial. Postal voting by those on holiday would place a formidable burden on electoral registration officers during the election period and could involve an extension of the whole election time-table.</td>
</tr>
<tr>
<td>Postal voting not to be available as well as proxy voting to Service voters overseas</td>
<td>Acceptable. Insufficient time between issue of postal ballot papers and the count.</td>
</tr>
<tr>
<td>No special postal voting arrangements for electors over 70.</td>
<td>Acceptable. Facilities already available for those physically incapacitated. Many enjoy going to the polling station.</td>
</tr>
<tr>
<td>No special absent voting arrangements for persons admitted to hospital during last few days before poll.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Ballot paper envelope not to be dispensed with.</td>
<td>Acceptable. This envelope is required for purposes of maintaining secrecy when postal votes are returned.</td>
</tr>
</tbody>
</table>
Conclusion of the Speaker's Conference

No provision for objections to list of absent voters.

No requirement for postal ballot papers returned by inmates of hospitals and institutions to be accompanied by doctor's certificate of competence to vote.

Doctor's certificate on application for absent voting facilities because of blindness or physical incapacity not to be dispensed with.

No change in arrangements for marking elector's number on counterfoil of ballot paper.

No change in hours of poll.

Polling day not to be a public holiday.

No change in provisions relating to undue influence.

No change in provisions for the sheriff to be returning officer for county constituencies in England and Wales.

No change in provisions relating to the cost of election petitions and applications for relief.

Number of spoilt ballot papers not to be published with result of an election.

No special provision to enable employees to be given time off from work to vote.

Party labels not to be included on nomination and ballot papers.

Recommendation of the Ministerial Sub-Committee on Electoral Reform

Acceptable. Provision for objections is not practicable in the time available before elections. No great harm is done if a few electors vote by post despite doubt about their qualification to do so.

Acceptable. To require a certificate would place an undesirable and excessive burden on doctors.

Acceptable.

Unacceptable; it is recommended that present hours (7 a.m. to 9 p.m.) should be extended to 10 p.m. (see paragraphs 20 to 23 of Annex 1).

Acceptable.

Acceptable. It is not unreasonable for the Writ to be sent to the Queen's representative. In practice the work of running an election is done by the acting returning officer, who is the chair of the county council.

Acceptable.

Acceptable.

The Sub-Committee consider that there is a good case for Party affiliations to be made known in national elections and, if the
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</table>
| **Returning Officers** not to be given **administrative difficulties could** discretion to allow candidates' **be overcome, in local elections as** telling to be accommodated at the polling **well, but they recommend that the **station premises.** opinion of the Parties should be **Tenancy agreements not to be **told before any conclusion is **overridden for purpose of providing **reached or announced. (See **committee room for election purposes.) paragraphs 18 to 24 of Annex 1.)** **No special provision to require bye-** **Acceptable.** elections to be held within a certain **The effect of the **time.** law is that tellers must remain **No provision to require expenditure by **outside the polling station itself.** political parties on propaganda between **Arrangements for their accommodation **elections to be declared.** outside the polling station is **Expenditure on general political not a matter within the jurisdiction of the **propaganda during an election not to be **returning officer.** controlled.** **Acceptable.** **No charge in provisions relating to the **Acceptable but controversial. To candidates' deposit of £150 prohibit political propaganda which was not authorised by the **Candidates' expenses not to be met out **election agents would have serious consequences for the political **of public funds.** parties, who continuously issue propaganda supporting a party view or criticising opposing views. Control would inevitably entail freedom of speech to an extent beyond what could be justified by an advantage to be gained.** **Discretion to allow the count to be televised to remain with the returning officer.** **By a majority the Sub-Committee **Acceptable.** recommend that candidates' deposits should be increased to £250. The value of money has changed and the cost of elections increased when several independent candidates took part. While there would be strong objections to an increase from minorities and nationalist parties and accusations that it was undemocratic, frivolous candidates should be deterred.** **Acceptable, but it is considered that permission for the broadcasting authorities to attend the count should be given by the returning officer only after**
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<tr>
<td>Consultation with election agents where this is practicable, and only if the returning officer is satisfied that the efficient counting of the votes is not impeded.</td>
<td>Acceptable. If the election period were to be prescribed candidates would be able to incur unlimited expenditure on broadcasting before the period started.</td>
</tr>
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<tr>
<td>Provision for amending register to add names left off because of error by the printer or the registration officer's staff.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>In an experiment should be made of publishing a draft register in which the current register has been brought up to date by the addition and deletion of names instead of the publication of three lists (i.e., current register, list of names to be added and list of names to be deleted).</td>
<td>Unacceptable. Advantages and disadvantages could be weighed up without the need for an experiment. A special amendment of the Representation of the People Regulations would be necessary to permit the publication of a draft register, but this can be considered as part of the wholesale revision of regulations following enactment of new legislation.</td>
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<tr>
<td>No change in existing law whereby the wife of a serviceman is treated as a Service voter only when proceeding overseas to join her husband.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>All proxies to be able to vote by post if they are allowed to cast their own vote by post.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Endorsements by returning officer on rejected ballot papers to be of similar wording.</td>
<td>Acceptable: there are unnecessary variations in existing Regulations.</td>
</tr>
<tr>
<td>Provision for application for absent voting facilities for election staff to be made by means of a certificate of the acting returning officer direct to electoral registration officer concerned.</td>
<td>Acceptable, but the facility would be used where a returning officer had to employ a person at the last moment and it is doubtful whether the time saved would be sufficient to make the difference between being able to grant a postal vote and being unable to do so.</td>
</tr>
<tr>
<td>Administrative guidance to be given that it is in order to issue a supplementary absent voters list of election staff or constables allowed postal voting facilities after the main list.</td>
<td>Acceptable. Can be implemented when the Memorandum for the Guidance of Electoral Registration Officers is next revised. Legislation not required.</td>
</tr>
</tbody>
</table>
### Conclusion of the Electoral Advisory Conference

Public notice to be given of last day for receipt of absent voting applications.

Notice of election published by returning officer to include information as to last day for receipt of absent voting applications.

Alterations of form of nomination paper for the purpose of ensuring that under the present heading "Description", the description of the candidate's occupation, and not of his residence, is given; and also for the purpose of ensuring that the electoral number of a subscriber includes the distinctive letter of the polling district.

Returning officers to have discretion to send official poll card to new address if premises at qualifying address have been demolished.

Detailed description of polling districts no longer to be included in notice of poll.

List of candidates and information about polling arrangements no longer to be forwarded by Head Postmasters by telegram to all telegraph offices in county constituencies.

### Recommendation of the Ministerial Sub-Committee on Electoral Reform

Acceptable.

Acceptable.

Acceptable. Difficulties arise mainly at local government elections.

Unacceptable. It would be impossible to try to limit the discretion to these circumstances. There would be demands for other variations of practice, e.g., after ordinary removals. To give discretion would be criticised on ground that electors in different constituencies would be treated differently.

Acceptable in view of the fact that the official poll card informs an elector of the polling place.

Acceptable, but returning officers to reconsider arrangements for publication of this information in areas where the telegrams have been published in the past.
### Conclusion of the Electoral Advisory Conference

| Recommendation of the Ministerial Sub-Committee on Electoral Reform |
|---|---|
| Election agent to be able to have his office in the constituency or the adjoining constituency; to be able to deliver nomination papers; to have some rights inside polling station as polling agents and, at the count, as counting agents; and to be able to appoint unpaid as well as paid polling agents. | Acceptable. These are all minor amendments relating to the powers and functions of the election agent and the location of his office. |
| Provision of polling places to continue to be a matter for local authorities. | Acceptable. Legislation not required. |
| Extent of polling station not to be defined for the purpose of excluding "tellers". | Acceptable. Probably impracticable because of variety of premises used, but Scottish returning officers would like limit of polling station defined. Legislation not required. |
| Requirement for there to be one voting compartment for every 150 electors no longer necessary. | Acceptable. |
| Example of the ballot paper no longer to be incorporated in the Directions for the Guidance of Voters in Voting. | Acceptable. Present example is out of date. No example is given at local government elections. |
| Poll to be abandoned and fresh election held if candidate dies during the course of the poll. | Acceptable. |
| Provision to be made for declaration of secrecy to indicate that the relevant provisions of section 53 have been read by declarant as an alternative to having them read over to him. | Acceptable, though the Scottish representatives think there is advantage in reading aloud the statutory provisions about secrecy. |
| Police on duty at elections not to be exempted from making declaration of secrecy. | Unacceptable. In the case of the police (who are not concerned with the counting and recording of the votes) this amounts to a mere formality and takes up time which can be devoted more usefully to other duties. |
### Conclusion of the Electoral Advisory Conference

- Clerks of local authorities to be added to list of persons before whom declaration of secrecy can be made.
- Names of polling agents to be notified two days before polling day; and each candidate to appoint not more than one polling agent at any polling station.
- Candidate's wife or husband to be permitted to attend at nomination.
- The law should not be changed so as to require a decision on the validity of a nomination paper to be given immediately on its delivery.
- No specific provision necessary to enable the returning officer and his staff to enter polling stations.
- No change needed in the law which prohibits the employment as presiding officers and poll-clerks of persons employed by or on behalf of a candidate in or about an election.
- Prohibition on payments for bands of music not to include a prohibition on payments for recorded music.
- "Torches", "flags" and "banners" to be defined so as to prohibit payment only for those which are open to objection.
- Verification of ballot paper accounts to take place before the separation and counting of votes as between candidates.
- Form of ballot paper account to be amended so as to require the presiding officer to certify number of ballot papers issued, number spoilt and number unused.

### Recommendation of the Ministerial Sub-Committee on Electoral Reform

- Acceptable, but should not include parish council clerks who are not returning officers for any election under the Representation of the People Acts.
- Acceptable. Provisions for notification would be in line with that at present required for counting agents.
- Acceptable.
- Acceptable. Arrangements for parliamentary elections are satisfactory but difficulties arise at local government elections, to which different statutory arrangements apply. This has been considered separately in the review of local government elections law. Legislation not required.
- Acceptable, Legislation not required.
- Acceptable. Administrative guidance on this matter was given in the Memoranda issued by the Home Departments for the 1966 general election. Legislation not required.
- Acceptable. Essentially a matter for the political parties. Their national agents have agreed that the law should be clarified as proposed.
- Essentially for the political parties but it is agreed that payment for torches with naked flames and for portable flags and banners should be prohibited.
- Acceptable. The present requirement is for the verification to take place after the count in the presence of the candidates' agents. But the agents tend to leave as soon as the count is completed and the requirement cannot strictly be complied with. It is more sensible to verify accounts at an early stage when discrepancies can be looked into.
- Acceptable. The present law requires the presiding officer to certify "the number in the ballot box" and he cannot be certain of this.
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<td>Ballot paper accounts to be verified in presence of election agents instead of counting agents.</td>
<td>Acceptable.</td>
</tr>
<tr>
<td>Detailed system of counting votes not to be prescribed by statute, but administrative guidance to be given about conduct of the count.</td>
<td>Acceptable. Legislation not required.</td>
</tr>
<tr>
<td>Returning officers' discretion to admit visitors to the count to be subject to prior consultation with election agents; and visitors should not impede conduct of the count.</td>
<td>Acceptable. See also conclusion 70 of the Speaker's Conference. The action proposed there would cover this conclusion of the Electoral Advisory Conference.</td>
</tr>
<tr>
<td>Presiding officers not to be required to deliver ballot boxes personally to the returning officer at the count.</td>
<td>Acceptable. It is often more convenient for the ballot boxes to be delivered by a poll clerk or a constable on duty.</td>
</tr>
<tr>
<td>Description &quot;counting agent&quot; to be altered because of confusion with &quot;counting assistant&quot;.</td>
<td>Acceptable. &quot;Scrutineer&quot; has been suggested.</td>
</tr>
<tr>
<td>The law should not be changed so as to require candidates to submit their declarations of election expenses by the same time as declarations are submitted by election agents.</td>
<td>Acceptable. At present candidates have seven days longer than election agents because they are likely to have left the constituency. There is nothing to indicate that there is any need to change the law.</td>
</tr>
<tr>
<td>Election agents and candidates to be able to make declarations as to election expenses before the clerk of a local authority.</td>
<td>Acceptable, but not before clerks of parish councils.</td>
</tr>
<tr>
<td>Returning officer to publish newspaper notice indicating where returns and declarations of election expenses can be inspected.</td>
<td>Acceptable. At present the returning officer has to publish a summary of election expenses in at least two newspapers. This is expensive, particularly since the information is likely to interest only the political parties.</td>
</tr>
<tr>
<td>The notice proposed in 110 to be published within 10 days of the last day for receipt of returns of election expenses. Any election petition arising from the return to be presented within 21 days of the last day for giving notice.</td>
<td>Acceptable.</td>
</tr>
</tbody>
</table>

13
Appendix B

1. Following a meeting of the Cabinet on 2nd November, 1967 at which a memorandum by the Lord Chancellor (C(67) 164) on the Age of Majority was considered, I undertook to bring before the Home Affairs Committee a memorandum on the Age of Voting.

2. Number of Persons Affected

The number of additional voters brought about by a reduction of the voting age from 21 to 18 would be about two-and-a-half million - an addition to the register of about 7%.

In considering the effective present voting age it has to be remembered that the fact that a vote is given by law at the age of 21 does not normally mean that these young men and women can vote if there is an election the day after their 21st birthday.

Firstly, there is always likely to be some time lag before their names can be placed on the electoral register. Secondly, and more important, the exercise of a voting right at a Parliamentary election generally has to wait for a general election. Even, therefore, if the minimum voting age were to be reduced to 18, many persons would still not, in practice, exercise that right until they were 21.

3. Previous Parliamentary Consideration

The Representation of the People Act 1918 entitled servicemen who had served in the war to vote at nineteen. The Representation of the People Act 1920 enfranchised war-time ex-servicemen who were still under twenty-one.

The question of lowering the voting age was considered by the Speaker’s Conference on Electoral Reform of 1944 when a resolution "that the franchise be extended to all those who have reached the age of eighteen" was defeated by sixteen votes to three.

During the Committee Stage of the Representation of the People Bill 1948 amendments to lower the voting age were proposed by two Communist Members, but rejected by the Home Secretary, Mr. Ede.

In November 1959, Mr. Emrys Hughes presented a Bill to reduce the voting age to eighteen, and this was debated on 19th February, 1960, when it failed to get a Second Reading.

4. Position in Other Countries

Information on certain countries' practice is set out in Appendix 7 to the Latey Committee Report. A minimum voting age of 21 is by far the most common. The age is 18 in four States of the United States, in Ceylon, Argentina and most Eastern European Nations. In Japan the age is 20; in the Netherlands 23.

A few countries have other criteria; for example, Brazil grants suffrage at 18, but subject to the ability to write; Peru at 21 if literate; Mexico normally at 21 but at 18 if married.
Polls amongst young people as to whether they are in favour of reduction in voting age from 21 to 18

Gallup Polls conducted a poll last year amongst 18-20 year olds. 56% of those questioned were in favour of a reduction of the voting age to 18; 33% disagreed; 11% did not know.

Polls of adults as to whether they are in favour of reduction in voting age from 21 to 18

The general trend appears to be increasingly in favour of a reduction. In a 1954 Gallup Poll 63% disagreed with a reduction, and in a 1965 N.O.P. 61% were against; but in November 1965 only 13% were against. It seems clear, however, that a substantially higher proportion of older people than the young are opposed to a change. A breakdown in terms of age groups and party affiliation of the 1963 Survey is shown in the Annex.

Voting preferences of Age Group 18-20

A 1965 Survey by Research Services in 1965 amongst 18-20 year olds showed a 2:1 majority in favour of the Labour Party. A 1967 random survey amongst 132 young people aged 18-20 showed a somewhat lower majority (17% to 37%) and a Gallup Poll in August 1967 showed a still smaller majority (29% to 24%).

To what extent would the 18-20 age group actually vote

The Gallup Poll of August 1967 amongst young people revealed 33% who said they would either not vote or did not know whether they would do so. Research Services' enquiry of 1965 shows that one-third of those questioned said that they had no party preference or leanings. The proportion of those actually voting would also be affected by the speed with which young people were placed on the electoral register.

I am not aware of any analysis that has been made of how these abstentions may be split between potential Labour and Conservative voters. The N.O.P. estimated in July 1967 that the effect of lowering the voting age to 18 would increase Labour's lead by 0.5%.

6. Relationship with Latey Committee Recommendations

The age of voting was specifically excluded from the Latey Committee's consideration. In paragraph 25 of their Report they say "And on the subject of voting we have carefully refused to express a view. But it does not seem to us that changes in the civic field are at all likely to follow changes in the private field even if we wished that they should".

This disclaimer may be questioned. It seems likely that a lowering of the age of legal responsibility in such fields as the law of property and contractual capacity, and in the age at which parental consent to marriage is required, as recommended by the Committee, would, if accepted, lead to increased pressure for a change in the voting age, particularly since the intangible considerations regarding earlier maturity and sense of responsibility seem broadly similar in either case.
The Latey Report was debated in the House of Commons on 20th November, and in the House of Lords on 22nd November, 1967.

In the Commons the First Secretary said that the Government found themselves in broad general sympathy with the recommendations of the Committee, including those which were not made unanimously, but only by a majority vote. He emphasised that whilst the debate was essentially a "take-note" debate, he did not think the House should be deterred by public opinion from taking a lead in these matters, particularly as regards the age when parental consent to marriage was required and changes in the law of contract.

Generally speaking Members on the Government side were in favour of the Committee's recommendations. The Liberal speaker (Mr. Davidson) and the Scottish Nationalist also supported the recommendations. The view was taken by several Members that the consideration of the Latey Committee's recommendations should not and could not be divorced from consideration of the voting age. Conservative speakers, on the other hand (Sir John Hobson and Mr. Quintin Hogg), generally expressed doubts as to whether the case for change had been made out, and pointed out that there appeared to be little evidence of a demand for a change in the age of majority. In answering the debate the Solicitor-General agreed that as far as possible the recommendations of the Speaker's Conference should be synchronised and harmonised with the conclusions reached about the appropriate age of legal majority.

In the debate in the House of Lords the majority of those taking part were in favour of all the Committee's recommendations (not only those made unanimously), and the Lord Chancellor said he felt that general public opinion expressed outside Parliament since the publication of the Report also seemed to be favourable. The only major recommendation on which the speakers seemed to be evenly divided was that relating to the reduction of the age of marriage without parental consent, on which the debate principally focused. Two speakers (Lord Henley and Lord Colville) drew attention to the inevitable links between the social and civic ages of majority, whilst Lord Brooke took a middle course, supporting the unanimous recommendations of the Committee, but advocating 20 as the age of majority as far as marriage was concerned.
ANNEX
PUBLIC OPINION POLLS

N.O.P. 1963

Adult voters asked "Do you think that the age at which one can vote should be lowered from 21 to 18".

**ANSWER:**

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Tory</th>
<th>Labour</th>
<th>Liberal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td>37.1</td>
<td>25.2</td>
<td>48.9</td>
<td>32.2</td>
</tr>
<tr>
<td><strong>No</strong></td>
<td>61.2</td>
<td>73.9</td>
<td>49.4</td>
<td>55.6</td>
</tr>
<tr>
<td><strong>Don't Know</strong></td>
<td>1.7</td>
<td>.9</td>
<td>1.7</td>
<td>2.2</td>
</tr>
</tbody>
</table>

**Age Group**

<table>
<thead>
<tr>
<th></th>
<th>21-24</th>
<th>25-34</th>
<th>35-54</th>
<th>55 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td>51.0</td>
<td>40.4</td>
<td>36.7</td>
<td>28.1</td>
</tr>
<tr>
<td><strong>No</strong></td>
<td>46.9</td>
<td>58.9</td>
<td>60.5</td>
<td>69.7</td>
</tr>
<tr>
<td><strong>Don't Know</strong></td>
<td>2.1</td>
<td>0.7</td>
<td>2.8</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Research Services - February, 1965

Voting preferences amongst 18-21 year olds.

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Males</th>
<th>Females</th>
<th>Middle Class</th>
<th>Working Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour</td>
<td>56</td>
<td>56</td>
<td>55</td>
<td>22</td>
<td>72</td>
</tr>
<tr>
<td>Conservative</td>
<td>29</td>
<td>27</td>
<td>32</td>
<td>54</td>
<td>18</td>
</tr>
<tr>
<td>Liberal</td>
<td>15</td>
<td>17</td>
<td>13</td>
<td>24</td>
<td>10</td>
</tr>
</tbody>
</table>

*(Figures omit the one-third who said that they had no Party preference or leanings)*

N.O.P. July, 1967

Random sample amongst 132 young people aged 18-20 as to how they would vote:

- Conservative .......... 37%
- Labour ................. 47%
- Liberal ................ 11%
- Other .................. 1%
- Undecided ............ 4%
**Gallup Poll 88, August 1967, Youth Survey (18-20)**

"Do you agree or disagree that the voting age should be reduced to eighteen?"

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>56%</td>
<td>30%</td>
<td>14%</td>
</tr>
</tbody>
</table>

"If it were possible to vote at 18 instead of 21 would you vote or wouldn't you bother?"

<table>
<thead>
<tr>
<th>Yes, would vote</th>
<th>No, would not vote</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>67%</td>
<td>20%</td>
<td>13%</td>
</tr>
</tbody>
</table>

"If you were to vote, which party would you support?"

<table>
<thead>
<tr>
<th>Conservative</th>
<th>Labour</th>
<th>Liberal</th>
<th>Others</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>29%</td>
<td>9%</td>
<td>4%</td>
<td>34%</td>
</tr>
</tbody>
</table>
Memorandum by the Lord President of the Council

At their meeting on 22nd May the Home Publicity Committee had before them the attached memoranda (IN(68) 21 and PH(68) 15 – Annexes A and B) from the Minister of Public Building and Works on his proposed reduction of the Ministry of Public Building and Works Direct Labour Force. The Committee also had before them a letter (Annex C) to the Minister from the First Secretary of State.

2. Although the Committee’s terms of reference limited it to considering how the impact of this announcement could best be softened by publicity, we found it impossible to discuss the strict publicity aspects of the problem without being driven back to consideration of the policy involved. And this difficulty was reinforced by the First Secretary who followed up her letter by emphasising the damage to the Government’s public relations with the trade unions which would be caused if the Minister of Public Building and Works announced large-scale dismissals of his direct labour staff without following out the code of conduct for redundancy which the Department of Employment and Productivity has just prepared and is about to publish.

3. Since the view of the Home Publicity Committee was obviously greatly at variance with that of the Industrial Policy Committee, it was agreed that the Lord President should consult the Prime Minister on the best way to resolve this disagreement. The Prime Minister then directed that the matter should be brought forward for consideration by the Cabinet.

R.H.S.C.

Privy Council Office, S.W.1.

27th May, 1968.
PROPOSED REDUCTION OF THE M.F.B.W. DIRECT LABOUR FORCE

Memorandum by the Minister of Public Building and Works

I have come to the conclusion that for reasons of efficiency and economy I must make early and substantial reductions in the size of my direct labour force employed on maintenance and minor new works at home. I have reached this conclusion after discussion with the Chief Secretary of the Treasury as well as with colleagues in the Ministry of Defence, the Ministry of Housing and Local Government, the Ministry of Health and the Department of Economic Affairs. They are all in agreement with my proposals below.

Background

2. At present my Ministry employs some 30,000 direct labour at home. About 20 per cent of this total are engaged on operating such services as sewage plants, boiler stoking, grounds maintenance, etc. Almost all the remainder are employed on the maintenance of buildings and installations and on minor new works. In these latter categories, however, over half the work is put out to contract. Major new works at home are practically all done by contract.

3. In November, 1964, the then Minister of Public Building and Works appointed a Committee (the Mann Committee) to review the current methods of executing maintenance and minor new works. Most of this Committee's recommendations were concerned with improving contractual arrangements and these recommendations have largely been implemented. As regards direct labour the Committee came to the conclusion that "for most maintenance and minor new works the Ministry can obtain service on more favourable terms from contractors than from D.E.L." They accordingly recommended that the employment of direct labour should be limited to operating services, planned maintenance, emergency services at establishments with operational commitments, maintenance and new works where security and safety were paramount, and where work was interrupted by operations. They further recommended that immediate action should be taken to achieve a long-term reduction in direct labour, the improvement of supervision, and the working out of a simplified incentive scheme.
4. The Minister of the day came to the conclusion that the question of comparative costs needed much closer study before it would be right to take any decisions such as the Committee had proposed about the future of D.E.L. He accordingly appointed a second Committee, under the same Chairman but with a broader based membership, to make a detailed study of the comparative costs of doing maintenance by D.E.L. and by contract.

The Committee reported last May and I attach a copy.

5. It will be seen that the Committee took great pains to try and obtain a true comparison between the cost of work done by D.E.L. and by contract. The figures which they produced suggest that the cost of executing work by D.E.L. was very considerably higher than the cost of employing contractors, the excess being as follows:

- Building and Civil Engineering Work: 36 per cent
- Painting Work: 52 per cent
- Electrical Work: 42 per cent

A subsidiary comparison for the Building and Civil Engineering Work, relating the cost of the D.E.L. time to the labour element in contract rates, showed that the former was 59 per cent in excess of the latter. The Committee's general conclusion, however, (paragraph 55) was expressed in somewhat guarded terms as follows:

"The inference from these exercises lead to the conclusion that the employment of direct labour is not competitive with the use of contractors"

6. A further reason for caution in using the Committee's statistics is that their review does not satisfy all the canons of the statistician. The depots and the jobs selected were not strictly a random sample, and there are other factors that cannot be accepted without some reservations. I am, however, satisfied that the 700 jobs costed (and this represents about a year's intensive study) were a fair cross-section of the work, and that the Committee's general conclusion about the competitiveness of D.E.L. must be accepted. One cannot be certain about the precise extent of the disparity in costs, but I think that there can be little doubt that at present it is substantial.

Possible Courses of Action

7. It seemed to me that this report left me with two possible courses of action. The first was to use the Report as a stimulant for much greater productivity by my direct labour force; I would seek the active assistance of the trade unions in a major productivity drive on the understanding that only if direct labour could be made readily competitive with contractors, could I afford to employ direct labour on the present scale in the long-term. This course of action would involve no immediate large scale reduction in the direct labour force but might result in a major run-down later if the
force could not improve its productivity very considerably indeed. This course has obvious social and humanitarian advantages; reflects the fact that some of the jobs costed by the Mann Committee were competitive with contractors; would encourage active co-operation from the trade unions; and would avoid any appearance of prejudice against directly employed labour.

8. There is, however, one great shortcoming in this course: at a time when immediate economies are required and the nation looks to the Government for a clear and strong lead, such a course falls short in decisiveness and sense of urgency. I have had in mind too the strong line which we have already taken in similar circumstances as regards Civil Service cleaners. Moreover it would take some time and an increase in non-industrial staff numbers to improve productivity and even then it must be a matter of doubt whether even with a major effort on the part of the trade unions and the men themselves, we could bridge the whole of the gap disclosed by the Report between contractors' costs and our own. In these circumstances I came to the conclusion that I must take another course - one with a stronger emphasis on both economy and efficiency.

9. I therefore propose to review forthwith the whole of the work carried out by my D.E.L. force and to limit it in future to work on which there is either no real alternative to direct labour or where direct labour meets the requirements most effectively and economically. This means considering in detail the nature of the work, its location, the needs of client departments and the availability of suitable and competitive contractual capacity. On this basis the criteria set out in the Appendix would be applied to the work done by direct labour at each of the 300-odd depots which I have at home. I propose to set up an official Working Party, including a Treasury representative, to ensure that this is done consistently. It will take much careful study and several months to do all this and until it is all done I cannot be sure what the outcome will be. A broad appreciation suggests however that a reduction in numbers of about 30 per cent will result (about 9,000 to 10,000 men). Provided there is no unforeseen delay, discharges would start at about the end of 1968 and would continue for some time.

10. I intend to make the necessary reduction in numbers with proper humanity. Many of my direct labour are elderly, half of them are established and many more have been with the Ministry for years. Many of the men I discharge will no doubt find work with contractors but the programme of redundancy will need to be timed and executed with care and forethought. In judging the timing of dismissals, we will need to bear in mind, amongst other things, the effects on the employment position in the development areas and other areas of relatively high unemployment. Even so there is a risk that the trade unions will take strike action and possibly action to make it difficult for contractors to take on additional labour. There may well also be difficulties in Parliament; I refer to these in para. 13 below.
11. Under this scheme I should continue to employ some 20,000 men and their productivity must be increased up to the level of contractors' labour. I intend to take this up with the unions as the second part of my new policy. Measures to improve productivity have hitherto largely been left to local effort pending the outcome of the Mann Committee Report. I intend now to initiate a drive right the way through the Ministry. This will include the better planning and organisation of work; the training of management at the various levels; and the appointment of consultants to advise both on immediate steps to improve productivity and on the need for more radical longer-term studies.

Consultation with the Trade Unions

12. The trade unions have known ever since October 1964 that the Mann Committee would be studying the future use of direct labour. My predecessor undertook to consult them further on the basis of the attached Report. I now intend to give them copies; to tell them the course of action which I have outlined above; to ask for their comments on the criteria to be adopted for the future employment of direct labour; and I would ask for their co-operation on the basis that this new policy provides a firm and sound basis for the future of direct labour.

Statement in the House

13. As soon as possible after I have done this I shall need to make a statement in the House. Over a period of nine months now it has been known that the Report attached had been submitted and I have been asked about it in the House, including the matter of publication. The policy which I shall announce will of course be welcomed by the declared opponents of D.E.L. and attacked by its champions. Both sides are wrong. Direct labour is an excellent instrument in the right circumstances and it is in those circumstances that I intend to employ it for the future. It is neither right nor wrong in itself. I appreciate that prejudice will be involved on either side and it will be my objective to show that we have reached a balanced conclusion based on a full and painstaking review.

Publication of the Report

14. There is one point in connection with this statement on which I particularly seek the advice of my colleagues, namely whether the Report attached should or should not be published. It was drafted in a way that would allow publication if desired; there is no confidential information in it. The arguments against publication are that it discloses a very uncompetitive standard of work on the part of the Ministry's D.E.L.; and it will throw doubt upon the ability of D.E.L. to compete with contractors generally. It will be used avidly by anyone prejudiced against direct labour. On the other hand it is an honest statement of what the Committee found - and their findings were not always in favour of the contractor. Moreover, I doubt whether it will be wise to try and suppress the Report. I am bound to give it to the trade unions and there is no way of ensuring that some part at least of its contents will not leak out. This will form the basis for a whole host of
questions and in the end a good deal of the import of the Report will be squeezed out of us. This will provide opponents of D.E.L. with a whole series of minor triumphs and will put us in a poor light. I am convinced that in the circumstances it would be best to face up to the situation and publish. When this has been done we are likely to have a calmer and more appreciative atmosphere for the policy which I intend to carry through.

Conclusions

15. I ask my colleagues for their support in (a) the general policy outlined in paragraph 9 above, (b) an announcement in the House as proposed in paragraph 13 and (c) publication of the Report.

R. J. M.

Ministry of Public Building and Works,
Lambeth Bridge House, S.E.1.

7th May, 1968.
CRITERIA TO GOVERN THE EMPLOYMENT OF DIRECT LABOUR BY M.P.B.W.
(paragraph 9 of the Paper)

The categories of maintenance work on which direct labour will be employed by M.P.B.W. in future will be as follows:

1. Running basic services such as sewage works, electricity supply, boilers, lifts, etc.
2. Urgent day-to-day maintenance work at establishments where (e.g. because of isolation) satisfactory service cannot be obtained from contractors.
3. Maintenance services which because of special circumstances (e.g. the need for unusual skills) can be performed more economically by D.E.L. than by contractors.
4. Where there are special requirements which can be satisfied effectively and economically only by the use of direct labour (e.g. security, safety, emergency requirements, co-operation with clients' activities, on-call requirements, special requirements at the Royal Palaces and the Houses of Parliament).
5. Planned preventive maintenance work where satisfactory contractual arrangements cannot be made.
REDUCTION OF MINISTRY OF PUBLIC BUILDING
AND WORKS DIRECT LABOUR FORCE

Memorandum by the Minister of Public Building and Works

1. I seek the advice of the Committee on the publication of the attached report of the Mann Committee on the comparative costs of executing my Ministry's building maintenance work by (a) Contract and (b) Directly Employed Labour.

BACKGROUND

2. In a recent memorandum (IN(68)21) to the Industrial Policy Committee I said that for reasons of efficiency and economy, I intended to reduce considerably the size of my Direct Labour Force employed on maintenance at home. I described two possible ways of carrying out such a reduction: the first would be gradual and effected largely through natural wastage; the second, which I put forward as my proposal and which the Industrial Policy Committee approved, was to make early and substantial reductions by limiting the future employment of my D.E.L. force to work on which there is either no real alternative to direct labour or where direct labour meets the requirement most effectively and economically. This would probably involve a reduction in the force of some 30%, though the exact numbers would depend on the careful application throughout the 300-odd depots concerned of criteria based on the policy I have described above.

3. Such an immediate run-down would of course be most unpalatable to the trade unions, but I had in mind the fact that in present circumstances immediate economies are required and that the nation looks to the Government for a clear and strong lead in such matters as this. It is my intention to hold an early meeting with the unions and to tell them of my intended policy. I should make it clear to them that I also intend to initiate forthwith a strong drive within my D.E.L. force for increased productivity.

4. If I am to explain all this successfully to the unions I must give them in detail the reasons why I feel bound to implement such a severe policy. The Mann Report shows conclusively that the difference in cost between contract and D.E.L. is very great. Thus, the excess cost of using direct labour is 36% for building and civil engineering work, 42% for electrical work and 52% for painting. Even with immediate steps to improve productivity there can be no hope of my D.E.L. achieving parity with contractors' charges for a considerable time ahead even if parity is theoretically attainable in all areas; this I am inclined to doubt.
5. The unions know that the Report has been submitted to me and they know that my predecessor was unwilling to make a policy decision regarding the future use of D.E.L. until this Report was available so that the comparative costs of doing work by contract and by D.E.L. could be demonstrated. In discussions with my predecessor the unions asserted that in practice D.E.L. is cheaper than contractors and they gave evidence to the Mann Committee in this sense. It will be quite impossible for me to persuade the trade unions to accept a major reduction in D.E.L. without explaining to them the evidence on which I have reached my conclusions. They will wish to consider the evidence in detail and criticise it. Only when they have done this will they accept the fact that a major reduction is inevitable. By far the most satisfactory, and possibly the only way of securing this result will be to show the Report itself to the unions.

6. Against this background I consulted the Lord President, in accordance with the conclusions of the Industrial Policy Committee, on whether the Committee on Home Publicity should consider the form and timing of my statement, when I come to make it in Parliament, about the future of my direct labour force. As a result of this discussion I am putting this paper to the Committee straight away.

7. It is of course inevitable that the publication of the Mann Committee Report will give rise to adverse comment. The Report discloses a very uncompetitive standard of work on the part of the Ministry's D.E.L. and it will throw doubt upon the ability of D.E.L. generally to compete with contractors. It will be used avidly by anyone prejudiced against direct labour. On the other hand it is an honest statement of what the Mann Committee found within my Ministry - and their findings were not always in favour of the contractors. My reason for publishing the Report is that I see no satisfactory alternative, as I have explained above, to giving it to the unions and there is no way of ensuring that some part at least of its contents will not then leak out. Even if I give the gist of the evidence and the findings to the unions and this is obviously essential, the result will be the same. Such a leak will form the basis for a whole host of Questions in the House and in the end a good deal of the import of the Report will be squeezed out of us. This will provide opponents of D.E.L. with a whole series of minor triumphs and will put us in a poor light not only because of the contents of the Report but because of our attempts to suppress it. The Opposition already know that the Report exists and, whether we publish it or not, they will draw the worst conclusions about its contents when they see that my consequential action is to reduce my D.E.L. force considerably.

8. On the other hand there are strong arguments against publishing the Report at all. It will be read as convincing evidence that not only my own D.E.L. but all D.E.L. is uncompetitive and uneconomical. The Government's policy as regards D.E.L. in the Local Authority and other fields will be questioned and criticised. Up and down the country there may well be a strong movement against D.E.L. based on prejudice against D.E.L. and in favour of contractors and regardless of the facts in particular cases. If these are to be the results of publishing the Mann Report, it can be argued that it would be a great mistake to publish it. I appreciate these arguments and have considered again whether I need to publish the Report at all.
The broad result of my reconsideration is this: unless I can give the unions the Mann Committee Report or so much of its substance as to amount to the same in practice, I have no chance whatsoever of convincing them that an immediate and severe reduction in the numbers of D.E.L. is inevitable. In other words if the Mann Committee Report is to be withheld from the unions, the most that I can hope to do is to persuade them to acquiesce in a policy of gradual run-down - the first alternative mentioned in paragraph 2 above. This means however that we must abandon for some years ahead all idea of having a really efficient and economical policy as regards the employment of D.E.L. in my Ministry. It means retreating from the policy which I advocated to the Industrial Policy Committee and which they have endorsed. I do not see how we can do that.

10. As between giving the unions the Report itself, and giving them what would have to be a very full summary, the arguments are very strongly in favour of the first course. The Report was solely concerned with comparing costs of doing maintenance work by contract and by D.E.L. and was drafted in a form in which it could be made public if so desired. A full summary would not be any safeguard against the leakage of the Report's most damaging conclusions and would expose us to the charge not only of inefficiency but of duplicity. Nor do I think that we could give it to the union leaders on the basis of their keeping the information to themselves and, perhaps, returning their copies to us when they had digested the contents. This would tend to isolate the union leaders from the men and even if the union leaders accept the arguments as put to them it will be that much more difficult for them to carry conviction with their members.

11. If I am right in all this, we must at least show the Report to the unions. We must then accept that the Report's conclusions will leak out, and will need to be forestalled by a full statement. My own strong preference would be to publish the Report at the same time as the statement is made. It would, of course, be my objective to arrange publication in such a way as to limit as far as I possibly can the amount of damage done by publication. There is time for a careful study of this during the next few weeks when I shall be consulting the unions. I will gladly consider my colleagues' views and suggestions and I will then put specific proposals to the Committee. One possibility would be to attach a suitable covering note to all copies of the Report made available to Parliament, to the press, etc. The note might bring out, amongst other things, the action being taken to improve productivity. Another possibility would be to publish a White Paper about it, though I must say that I am doubtful about that since we certainly do not want to draw more attention than we need to the Report and to the action taken on the basis of it.

12. One alternative, for which there are precedents, would be to include in my statement a summary of the evidence and the conclusions of the Report, taking the responsibility on myself for the action which the Government has decided should flow from them. But to be effective, as in the case of the unions, the summary would have to be so full as to convey the substance of the Report itself. Pressure for publication would be likely to be intensified. I could resist this, of course, but since it would be suspected that the difference between my summary and the Report itself consisted entirely of the most damaging evidence which had been suppressed our last state would certainly be worse than our first. I feel strongly that this alternative should be rejected.
13. Conclusions

I have reached the following conclusions:

(a) In order to implement my future policy on D.E.L., as approved by the Industrial Policy Committee, I need to give the trade unions copies of the Mann Committee Report.

(b) Once this has been done I see no sensible alternative but to make the Report public.

(c) In doing this we must make very careful arrangements so as to minimise the impact of the Report and avoid misunderstandings of it.

14. Proposed action

If the Committee agree I will now initiate the necessary discussions with the trade unions giving them copies of the Report. At the same time I will work out detailed proposals for minimising the effects of publishing the Report; and I will come back again to the Committee with my proposals for this in the near future.

R.J.M.

Ministry of Public Building and Works,
Lambeth Bridge House, S.E.1.

20th May, 968
Due to other pressures, I have only just seen your paper IN(68)21/Annex A about the proposed reduction of the M.P.B.W. Direct Labour Force, which was circulated to the IN Committee the day after you sent me a copy.

I have serious reservations about this, which I shall feel bound to ask Roy Hattersley to raise when the matter comes before the Committee on Home Publicity tomorrow.

Although the IN Committee broadly endorsed your proposals, this was subject to further consideration of the form and timing of your proposed statement. In my view, this raises wider issues. At a time when it is imperative that we secure the willing co-operation of the trade union movement in a drive for greater productivity if we are to give the prices and incomes policy a chance of success, I very much doubt the wisdom of a blunt announcement of a reduction in your direct labour force. The unions concerned would oppose such a course bitterly and strike action would have to be expected. As you know, they have much greater difficulty in organising workers employed by contractors, and the change could therefore have a substantial effect on their membership. Although you hope to minimise the repercussions on the use of direct labour by local authorities, a straightforward endorsement of the Mann Committee's recommendations would provide those authorities which have recently changed hands with a ready excuse to follow suit. I believe that there could be a very real risk that the goodwill we are desperately trying to foster in the trade union movement generally would be dissipated. I also think it important not to underestimate the difficulties we would face in Parliament.
I would therefore regard it as essential that your statement lays the greatest possible emphasis on your intention, as indicated in paragraph 3 of PH(66)15 to Annex B, to initiate forthwith a strong drive within your directly employed labour force for increased productivity. But, if the Mann Committee's report is to be used as a spur to the active assistance of the trade unions in this, it will be important not to present the immediate rundown as a fait accompli. What I have in mind is that the emphasis should be given to your proposed depot by depot review of the whole of the work carried out by the directly employed labour force — with which no doubt you intend that the trade unions should be closely associated. As you said in your IN paper, you cannot at this stage be sure what the outcome will be. Particularly is this so if it reveals opportunities for increasing efficiency which should clearly be given a practical trial before men are discharged. Moreover I see you have no intention in any case of starting any discharges until the end of the year. I therefore think it would be wrong in your present announcement to indicate any decision on the size and timing of redundancies.

I do not of course dissent from your proposal that the Mann Committee report should be published, and that you should make a statement. But I think that the terms of your statement ought to be settled before you make any further move with the trade unions, and I should be glad to be consulted about this.

P.S. I am shortly to publish a booklet entitled "Dealing with Redundancies" which has been hammered out with the T.U.C. and the C.B.I. This is to contain a crucial sentence — "A final decision to close a factory or substantially reduce the labour force must inevitably be taken by management but, in the normal course of events, before this decision is reached there should be the fullest consultation with the unions." We cannot appear to fall short of this, our own, advice.
Ministry of Public Building and Works

REPORT OF COMMITTEE
appointed to review

THE COST OF EXECUTING
MAINTENANCE WORKS SERVICES

BY DIRECTLY EMPLOYED
LABOUR COMPARED WITH

THE USE OF CONTRACTORS

RESTRICTED

May 1967
Ministry of Public Building and Works

REPORT OF COMMITTEE appointed to review
THE COST OF EXECUTING MAINTENANCE WORKS SERVICES BY DIRECTLY EMPLOYED LABOUR COMPARED WITH THE USE OF CONTRACTORS

RESTRICTED

May 1967
CONTENTS AND LIST OF APPENDICES

TERMS OF REFERENCE

SIZE AND COMPOSITION OF D. E. L. FORCE IN U. K.

TRADE UNION EVIDENCE

EXTENT OF INVESTIGATION

METHODS OF INVESTIGATION

IDENTIFICATION OF OVERHEAD COSTS

CALCULATION OF COST OF WORK EXECUTED BY D. E. L.

Selection of jobs for costing
Scope of cost comparison
Time spent
Wage Rates
Additional payments to D. E. L. for Overtime
Bonus payments
Materials
Overheads

CALCULATION OF COST OF WORK BASED ON MEASUREMENT

Measurements
Feeding of Measured Work
Confirmation of figures used
Overheads on executing work by measured term contract

RESULTS OF COST COMPARISON

COMMENTS ON COST COMPARISON

DIFFERENCES BETWEEN DEPOTS

CAUSES OF UNCOMPETITIVE D. E. L. PERFORMANCE

CONCLUSION

LIST OF APPENDICES:

A Distribution of D. E. L. by categories of work
B Trade Union Evidence: Written
C Trade Union Evidence: Oral
D Pay Structure of Wage Rates
E Overtime
F Ministry Overheads on D. E. L.
G do.
H do.
I do.
J do.
K do.
L do.
M do.
N do.
O do.
P do.
Q do.
R do.
S do.
T do.
U do.
V do.
W do.
X do.
Y do.

: Industralis in support at Depot
: Clerical staff at Depot
: Non-Industrial supervisory staff at Depot
: Buildings
: Stores and Workshop Machinery
: Weekly-rated Transport and Plant
: Allowances, Fares and Subsistence
: Training
: Area Support
: Regional and Headquarters Support
: Paid leave
: Paid sick leave
: Employers' National Insurance contributions
: Superannuation and terminal gratuities
: Industrial Supervisory staff at Depot
: Clerical support at Depot
: Non-industrial supervisory staff at Depot
: Area, Regional and Headquarters support
: Site Accommodation
: Measurement of Term Contracts
COMMITTEE ON METHODS OF EXECUTING MAINTENANCE
AND MINOR NEW WORKS IN THE U. K.

Chairman: K. C. Mann, C. B. E., B. A., B. A. I., M. I. C. E.,
formerly Chief Civil Engineer, D. G. W.

W. Andrew, B. Sc. (Eng.), C. Eng., A. M. I. C. E.
R. C. Geall
H. J. Giles, J. s. s. c., C. Eng., F. I. E. E.
N. P. Golds, F. R. I. C. S.
N. C. Hughes, A. R. I. B. A.

W. I. Batcheler (Miss)

Senior Civil Engineer, D. G. W.
Assistant Comptroller of Accounts
Senior M. & E. Engineer, D. G. W.
Superintending Quantity Surveyor, D. G. W.
Regional Works Officer (Southern Region)
Consultant Quantity Surveyor.
Partner in Messrs. Davis, Belfield and Everest,
Chartered Quantity Surveyors
Senior Executive Officer (Secretary)
We acknowledge with thanks the co-operation given us throughout our investigation by all whom we approached at Headquarters, Scotland, London Works Directorate, Wales and all the Regions. We are also indebted to those firms of maintenance contractors who directly or indirectly through Regions supplied information upon the organisation and conduct of their business. We also express appreciation of the efforts of our Secretary and her staff in maintaining records, progressing correspondence, and collating the large volume of papers which accrued in the course of our investigation. Their application and thoroughness in tabulating and summarising results of investigations has greatly facilitated the issue of this Report.

**TERMS AND ABBREVIATIONS**

B. & C. E. Building and Civil Engineering
M. & E. Mechanical and Electrical Engineering
D. E. L. Directly Employed Labour
M. T. Motor Transport

**Types of Contract:**

- **Daywork Term** - A term contract of normally three years' duration, based on cost of labour, materials, etc., with separate percentage additions quoted by tenderers on cost of labour and materials to cover overheads and profit.

- **Lump sum** - A contract based on (1) specification and drawings, or (2) specification, drawings and full bills of quantities, for which a lump sum price is obtained from tenderers and only variations are measured.

- **Measured Term** - A term contract of normally two years' duration based on a pre-priced Schedule of Rates. Tenderers quote percentages to adjust the rates to reflect the level of pricing at which the tenderer is prepared to undertake the contract. All work is measured during execution or on completion.

**Financial Categories of Works Services**

- **Part I services** - Individual new works costing £20,000 or more.
- **Part II services** - Individual new works costing less than £20,000 but not less than £250.
- **Part III services** - All maintenance services, whatever their value, including new works under £250.

**Categories of Maintenance (Part III)**

Building and Civil Engineering (i.e. work undertaken by operatives in building and civil engineering trades and grades)

- **A** Cleaning (other than domestic cleaning) where it is M. P. R. W. responsibility e.g. road sweeping, chimney sweeping, window cleaning, cleaning and flushing gutters, drains, gullies, cesspools etc.

- **G** Attention to open spaces, grass cutting, horticulture, agriculture, silviculture.
Categories of Maintenance (Part III) (Contd)
Building and Civil Engineering (Contd)

BN
Day to day maintenance below £250.

D
Minor new works chargeable to maintenance.

C1
External painting services £250 and over.

C2
Internal painting services £250 and over.

D
Repairs and replacements £250 and over.

Mechanical and Electrical Engineering

(i.e. work undertaken by M. & E. trades and grades)

A
Operating plant, including:
(1) Switchboard working
(2) Lift driving, cleaning
(3) Stoking boilers
(4) Firemen’s duties and cleaning and charging of fire appliances.

BLM
London only - lifts maintenance under £250.

BN
Minor new works chargeable to maintenance.

B
Day to day maintenance of M. & E. plant and services including organised planned maintenance.

D
Repairs and replacements £250 and over.
REPORT OF COMMITTEE ON METHODS OF EXECUTING MAINTENANCE AND MINOR WORKS IN THE U.K.

TERMS OF REFERENCE

1. Our terms of reference, promulgated in Heads of Division Circular 5/66 dated 16th March 1966, were in two parts:
   (1) To examine a fully representative sample of M.P.B.W. maintenance work with a view to establishing as clear a comparison as possible between the cost of executing such work:
      (a) by D.E.L.
      and (b) by the use of contractors.
   (2) To make a detailed examination as to whether or not a simple and effective incentive scheme for directly employed labour could be introduced: and if so what form such a scheme might take.

This Report covers part (1). The second part of the terms of reference will be the subject of a further report.

SIZE AND COMPOSITION OF D.E.L. FORCE IN U.K.

2. According to statistics compiled by the Directorate of Home Services, the Ministry on 31st May 1966 employed 31,335 men on works services (excluding Ancient Monuments) in U.K.; 12,736 were on B, C, E, work; 14,323 on M, & E, work and 4,274 on general support duties. This force performs two main categories of work: the operation of utility services and the execution of maintenance and minor new works.

Based on analysis of the results of examination of 25 depots, which is given at Appendix A, we concluded that the distribution of the labour force is broadly as follows:

<table>
<thead>
<tr>
<th>Distribution</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A, C and its support</td>
<td>19</td>
</tr>
<tr>
<td>Support to Category B, C, D and Part II</td>
<td>11</td>
</tr>
<tr>
<td>*Productive on Category B, C, D and Part II</td>
<td>64</td>
</tr>
<tr>
<td>Part I and its support</td>
<td>2</td>
</tr>
<tr>
<td>*Not contributing to the output of the Depot D,E,L.</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*For details of these categories, see paragraphs 25(1) and 26(1).

4. Expenditure in 1965/66 on D.E.L. wages and materials totalled £31.75m., which compares with £32.5m. for 1964/65 when the strength of the force was 33,800 men.

TRADE UNION EVIDENCE

5. The Committee met representatives of the Trade Unions who submitted a Paper, reproduced at Appendix B, and orally expressed their views as recorded at Appendix C.

EXTENT OF INVESTIGATION

6. The Committee gave detailed consideration to the means by which work carried out by direct labour could be compared in cost with work of precisely the same nature and extent carried out by contract. The feasibility of comparing work executed by D.E.L. with what it would have cost under a daywork contract was rejected on the grounds that (1) it was not possible to have the same work done again and (2) it was unlikely that sufficient jobs could be found of identical nature and working conditions. (In our previous Report it was shown that there was, on average, little net difference in cost between the execution of jobs under £250 by a daywork contract or by a measured term contract). Comparison with lump sum contracts...
was also discarded as the work was not generally suitable for this type of contract. Even if competitive
sum tenders could have been obtained, they would have involved several contractors in abortive work and
expenditure.

7. As results were required within a reasonable period of time, it was decided to cost completed works exe-
tuted by D. E. L., using depot records of time and wages, and to compare the results with the measured vat
of the same work as if it had been executed by a measured term contractor, using as the basis the appro-
riate Schedule of Prices and percentage additions applicable to a contract extant in the district at the in
the work was executed by D. E. L. Overhead costs were calculated and added to each part of the compar.

8. The results of the cost comparison, and the conclusions drawn from it, are given in paragraphs 34-46.

METHODS OF INVESTIGATION

9. Our investigations covered:

(1) Detailed study of the activities and cost of D. E. L. at a representative cross-section of depots. In
the course of our fact finding we surveyed 25 depots, which covered 11.7% of the total U. K. labour fore
The 25 included the nine depots of one complete Area.

(2) Comprehensive examination of overhead costs at Depot, Area, Region, and London Headquarters-
attributable to the employment of D. E. L. and of contractors.

(3) Comparative analysis of the cost to the Exchequer of executing maintenance and minor new works by
D. E. L. and by measured term contract at 19 of the depots which were surveyed. The analysis was
broad geographical basis embracing examination of work totalling about £100,000 including materials.

(4) Co-ordination of the reviews of job analysis and overheads at meetings of the Committee, which met
17 times, and by Study Groups of Committee members.

IDENTIFICATION OF OVERHEAD COSTS

10. In parallel with our investigations into the net costs of work executed by D. E. L. and those which would
have arisen if the work had been executed under a measured term contract, we carried out a detailed
study to ascertain the costs and overheads that should be added to make the two figures for each job compar-
able.

11. We reviewed the sources from which on-costs arise through execution of work by D. E. L. and by contract,
sub-divided into two main divisions:

(1) Those which are incurred by an employer, whether the Ministry or a contractor, as additional costs
directly associated with conditions of service of workpeople - although in some instances those for
D. E. L. are in excess of that for which a contractor is legally liable. These are:-

Supervision
Fares
Tools, height and dirty money allowances
Guaranteed week
Calculating and paying wages
Financing
Employers' National Insurance and Graduated Pensions Scheme Contributions
Insurance on persons, property and fire
Holidays with pay
Compliance with safety regulations
Office accommodation, stores and storage accommodation
Incentive payments to workmen (i.e. bonus payments and plus rates)
Provision of small tools, scaffolding and other equipment and plant
Transport at work
Protective clothing
Training
Head Office overheads
Welfare
Assisted travel
Paid sick leave
Superannuation and Gratuities

The above list excludes Selective Employment Tax which was not in operation at the time of our cost comparison exercise. Redundancy payments are also omitted.

(2) Those which are incurred by the Ministry as departmental overheads arising from the servicing and administration of D. E. L. or contracts:

- Site accommodation, water, heating, lighting and power (normally provided by the Department without charge to the Contractor).
- Depot Industrial staff engaged in direction and supervision.
- Professional and technical staff effort at Depot, Area, Region and London Headquarters.
- Administrative, Executive and Clerical support at Depot, Area, Region and London Headquarters.

In our calculations on the last two items, we have used non-industrial staff costs, inclusive of overheads, supplied by Establishment Division 5.

We have excluded from our costing those general departmental overheads at Depot, Area, Region and Headquarters level which arise in particular from relationships with occupying Departments, irrespective of the method of executing works services and are therefore common to both D. E. L. and contract methods of work.

CALCULATION OF COST OF WORK EXECUTED BY D. E. L.

Selection of Jobs for costing

13. We examined work dockets for jobs recently completed at 19 Depots and selected a reasonable cross-section. The work described on the docket had to be suitable for measurement and still wholly visible, which limited the range, particularly of petty items. As far as possible, we restricted our selection of work to a period of six months prior to our investigation so that it would be easier for supervisors and staff to remember the details.

14. We were unable to carry out any cost comparison of Category A work and Category B mechanical services since we had no suitable contracts against which to make comparisons. We had hoped to examine agricultural work, but could not find work dockets which adequately defined the scope of work executed.

Scope of Cost Comparison

15. The Committee examined 800 jobs executed by D. E. L. which ranged in value from under £1 to just over £2,300.

Time spent

16. The hours spent were ascertained by examination of the work dockets. In the majority of depots visited, it was stated that the policy was to account 100% on dockets for the recorded time of attendance. Standing time is absorbed with productive time booked to jobs and we were thus unable from this particular examination to obtain any factual indication of the efficiency of depot management of D. E. L. in avoiding standing time between jobs.

Wage Rates

17. We found a marked diversity in rates being paid to industrial staff at the depots we visited, because of agreements made by Departments prior to the merger which have been continued pending review of the pay structure for industrial employees. As a complete statement of grades and scales of pay was not available to the Committee, a schedule covering the majority of rates being paid was prepared.
Wage Rates (Continued)

from information supplied by Establishment Division 4 and contained in Industrial Circulars. This schedule is reproduced at Appendix D. Weighted averages were calculated separately for each trade at each Depot, and these were used in all our calculations at the rate applicable at the time the work was executed.

Additional Payments to D. E. L. in respect of Overtime Working

18. We found overtime being worked at each of the depots surveyed. The extent of it varied from those depots where the Superintendent exercised stringent control to minimise overtime to one where men were encouraged to work on Sundays, resulting on some occasions in client departments providing staff for Sunday duty to facilitate access by Ministry employees. At one depot we found overtime being worked not only as a means of increasing take-home pay but also to minimise the use of contractors.

19. Overtime is sometimes essential and we have made appropriate allowances for this, i.e. we have not costed against D. E. L. that proportion of the overtime which is attributable to the nature of the work and which would therefore have to be paid as an extra to a contractor.

20. The results of our depot surveys in respect of overtime working are shown in Appendix E. Although the figures reproduced relate only to a particular week, we were assured at each depot that the overtime being worked was normal practice, except for one where overtime was worked on alternate weeks and for which appropriate adjustment has been made.

Bonus Payments

21. Some of the D. E. L. work measured by the Committee had been executed under the bonus system known as Job Price Contracting, and the amount of bonus payments has been included in our costing. The cost of operating this system has been determined, and included in the on-cost calculations. This cost, expressed as a percentage of extra earnings, derived from 2,858 B. & C. E. and 5,855 M. & E. job price contracts was found to be:

<table>
<thead>
<tr>
<th>Area</th>
<th>B. &amp; C. E.</th>
<th>M. &amp; E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>64%</td>
<td>42%</td>
</tr>
<tr>
<td>2</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>3</td>
<td>87%</td>
<td>77%</td>
</tr>
</tbody>
</table>

Further comments on Job Price Contracting will be included in part (2) of this Report.

Materials

22. Expenditure on materials issued for jobs under £250 in value is not recorded on dockets or other records but is bulked for each depot. Materials costs are recorded for jobs over £250 but the documentation was not sufficiently reliable for calculating the net amount incorporated in each job. We therefore assessed the materials for each individual job by measurement and pricing based on Departmental bulk supply and discount contracts. The proportion of the overheads total attributable to materials was found to be 10% of net wages paid.

Overheads on D. E. L.

23. In order to determine overhead costs, which we have expressed as a percentage of wages for hours worked, we surveyed 25 depots.

24. We reviewed the extent to which overheads vary between categories of work, e.g. Category G work makes little demand on depot transport and Category A work requires a relatively small stockholding of 'B' stores (i.e. stores issued for incorporation into works services).
25. Our cost comparison exercise related to job sampling mainly in the field of Category B work, on which two-thirds of the D.E.L. force is employed and on which half the maintenance funds are spent. We excluded from our overhead calculations:

1. Those not contributing to the output of the depot D.E.L., e.g. supervising contract work, working as M.T. drivers at Regional Headquarters, working as messenger at Area Office.
2. Those employed on Category A and G work (in some cases it was not possible to separate these out).

The result of this part of our survey is given at Appendix A.

26. In calculating overheads we included the following:

1. Industrial staff employed in support of Category B, C, D and Part II work - this includes industrial supervisory grades, industrial writers (where not filling Clerical Officer or Clerical Assistant posts) and other industrials employed on writing duties; M.T. drivers; mess men; storekeepers, stores labourers etc.
2. The clerical effort in support of D.E.L. at the depot, e.g. handling clock cards, pay and allowances; work dockets, stores orders and issues for use by D.E.L., Industrial staff records.
3. The cost of supervision by professional and technical staff at depots.
4. The buildings and installed machinery, and holdings of stores used in support of direct labour.
5. The cost of weekly-rated plant and transport used in support of direct labour.
6. Tool allowances; allowances for training apprentices; payments for dangerous and obnoxious employment; transport i.e. car and cycle allowances; excess rent; payments for attendance at school; supply and laundering of overalls; subsistence and re-imbursement of extra fares; assisted travel.

We found it necessary to cost on a general basis:

- Support to direct labour at Area, Regional and Headquarters level;
- Annual paid leave;
- Paid sick leave, being the difference between normal pay for basic conditioned hours and benefit drawn under National Insurance;
- Employers' National Insurance contributions;
- Superannuation and terminal gratuities.

The result of this part of our survey and general costing are summarised as follows:
OVERHEADS ON D.E.L. EXPRESSED AS PERCENTAGES OF WAGES PAID FOR HOURS WORKED

**TABLE B**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Depot I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
<th>VIII</th>
<th>IX</th>
<th>X</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrials in Support )</td>
<td>37.9</td>
<td>29.9</td>
<td>34.7</td>
<td>27.7</td>
<td>30.5</td>
<td>31.6</td>
<td>27.0</td>
<td>33.2</td>
<td>28.2</td>
<td>31.3</td>
<td>103.0</td>
</tr>
<tr>
<td>Clerical Support )</td>
<td>1.8</td>
<td>1.8</td>
<td>2.3</td>
<td>2.4</td>
<td>2.5</td>
<td>2.3</td>
<td>2.4</td>
<td>4.8</td>
<td>1.9</td>
<td>1.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Non-Industrial Supervisory Support )</td>
<td>7.4</td>
<td>7.4</td>
<td>7.4</td>
<td>7.4</td>
<td>7.4</td>
<td>7.4</td>
<td>7.4</td>
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</tr>
<tr>
<td>Buildings</td>
<td>13.5</td>
<td>8.6</td>
<td>10.6</td>
<td>6.4</td>
<td>6.5</td>
<td>16.9</td>
<td>15.7</td>
<td>19.4</td>
<td>10.2</td>
<td>8.2</td>
<td>8.9</td>
</tr>
<tr>
<td>Stores and Workshop Machinery</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
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For details see Appendix.
CALCULATION OF COST OF WORK BASED ON MEASUREMENT

Measurements

28. All measuring was carried out by quantity surveying staff familiar with Priced Schedules and experienced in the preparation of associated final accounts. It was arranged that depot staff who had supervised the D.E.L. should assist in identifying the work executed. We gave instructions that if any doubt existed as to the extent of the work described on the docket, the job was not to be included in the cost comparison.

Pricing of Measured Work

29. The work was, in the main, priced on the basis of an existing term contract, covering the same areas and conditions of working, which had been awarded after competitive tendering for percentages on or off the appropriate Schedules of Prices.

30. In three cases where an appropriate contract did not exist, estimated percentages based on local knowledge have been used in the cost comparison.

Confirmation of figures used in cost comparison

31. After the Committee received the details of D.E.L. costs and the corresponding figures based on measurement, we re-visited the depots and discussed the details of the cost comparison with the quantity surveying and depot supervisory staff and charge-hands concerned, examining the work where doubt existed. We eliminated samples if doubts of any kind remained.

Overheads on executing work by Measured Term Contract

32. All overheads incurred by a contractor are included in the Schedule of Prices and its percentage addition, which forms the basis of the contract.

33. Departmental overhead costs have been calculated and expressed as a percentage of the total contract payment on the basis of measurement, and are shown overleaf for each depot.
## SUMMARY OF OVERHEADS ON MEASURED TERM CONTRACTS
Expressed as percentage of expenditure based on measurement

### TABLE C

<table>
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<tr>
<th></th>
<th>Depot II</th>
<th>Depot III</th>
<th>Depot V</th>
<th>Depot VII</th>
<th>Depot X</th>
<th>Depot XI</th>
<th>Depot XII</th>
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<td>B. &amp; C.E.</td>
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<td>1.0</td>
<td>1.0</td>
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<td>.50</td>
<td>.50</td>
<td>.50</td>
<td>.50</td>
<td>.50</td>
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<td>V</td>
<td>VII</td>
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<td>ELEC.</td>
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<td>ELEC.</td>
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<td>14.5</td>
<td>14.5</td>
<td>14.5</td>
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Measure Term Contracts

Expenditure based on measurement
| DEPOT  | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | T |
| DEPOT  | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | U |
| DEPOT  | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | V |
| DEPOT  | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | W |
| DEPOT  | 3.5 | 0.40 | 3.60 | 1.40 | 3.70 | 0.10 | 3.90 | 4.40 | 3.50 | 2.90 | X |
| DEPOT  | 18.1 | 14.9 | 18.1 | 15.9 | 18.2 | 14.6 | 18.4 | 18.9 | 18.0 | 17.2 | 17.9 |

For details see Appendix.
RESULTS OF COST COMPARISON

34. The sample of 700 jobs in the cost comparison exercise was made at random, subject only to the criteria mentioned previously, i.e. the work had to be suitable for measurement, still wholly visible and, where possible, carried out by D. E. L. in the period of six months prior to our investigation.

35. When analysed, the results of the random sampling showed that the relative cost of work done by D. E. L. and by contract varies considerably with the size of the work item. In each of the size ranges, up to £10, £10-£50, and over £50 the total D. E. L. cost exceeded the comparable total measured value plus M. P. B. W. overheads. The largest difference was in jobs under £10 in value, for which, in the case of B. & C. E. work, the total D. E. L. cost was nearly 150% and, for Electrical work, about 250% above the comparable measured value. However, this was not considered to be a fair comparison, as a contractor would clearly require a much higher percentage if all his work was on petty jobs. Similarly, he could quote a lower percentage if he knew the work would be confined to medium or large sized jobs.

36. At the time the sample was made, most of the existing B. & C. E. term contracts were for work in the range £0-£2,500 per job. Under current procedure, minor maintenance in the range of £0-£250 per job will normally be executed by daywork term contract, the use of measured term contracts being confined to jobs over £250 in value. This means that contract percentages on the new measured term basis can be expected to be lower because of the exclusion of petty jobs; the extent of these is shown by an analysis at three depots where over a period of 12 months 94% of the orders placed on £0-£2,500 measured term contracts were for under £250 each and these petty jobs accounted for 65% of the gross value of orders raised.

37. To ensure that the sample was as fully representative as possible, it was decided to weight the size range in the random selection to accord with the spread of job size which a contractor could have expected when quoting his percentage addition to the Schedule Rates - the resultant overall comparisons are considered to be more reliable than separate figures for each job size. We assessed the proportion of work undertaken by term contractors in the three size categories under £10, £10-£50 and over £50 as follows:-

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<th>Job Value</th>
<th>B. &amp; C. E. Painting</th>
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<tr>
<td>Under £10</td>
<td>12%</td>
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<td>£10-£50</td>
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<tr>
<td>Over £50</td>
<td>73%</td>
<td>100%</td>
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</table>

38. In respect of painting work the spread of job values in our cost comparison exercise was insufficient to produce weighted averages.

39. Table D shows the results of the cost comparison. The sample of B. & C. E. work was made at 17 depots and comprised 570 separate jobs of work, the extremes in size being under £1 to two of over £2,000 each. At three depots, a total of 46 painting jobs carried out by D. E. L. were measured and priced as if they had been executed by a local term contractor using the locally applicable Painting Schedule. At seven depots, a total of 84 electrical jobs carried out by D. E. L. were measured and priced as if by a local term contractor using the locally applicable Electrical Schedules.
### TABLE D

<table>
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<tr>
<th><strong>BUILDING AND CIVIL ENGINEERING WORK</strong></th>
<th><strong>D. E. L.</strong></th>
<th><strong>T. C.</strong></th>
<th>Excess of D. E. L. over T. C.</th>
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<tr>
<td>Total D. E. L. wages including overtime and bonus</td>
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<td>D. E. L. materials</td>
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<tr>
<td>Measured value using appropriate Schedule Term Contract</td>
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<td>Appropriate overheads incurred by M, P, B, W.</td>
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<td>£6,824</td>
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<td><strong>Totals</strong></td>
<td>£68,898</td>
<td>£50,702</td>
<td>36%</td>
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<th><strong>PAINTING WORK</strong></th>
<th><strong>D. E. L.</strong></th>
<th><strong>T. C.</strong></th>
<th>Excess of D. E. L. over T. C.</th>
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<td>Appropriate overheads incurred by M, P, B, W.</td>
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<td><strong>Totals</strong></td>
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<tr>
<th><strong>ELECTRICAL WORK</strong></th>
<th><strong>D. E. L.</strong></th>
<th><strong>T. C.</strong></th>
<th>Excess of D. E. L. over T. C.</th>
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<tbody>
<tr>
<td>Total D. E. L. wages including overtime and bonus</td>
<td>£4,009</td>
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<tr>
<td>D. E. L. materials</td>
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<td></td>
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<tr>
<td>Measured value using appropriate Schedule Term Contract</td>
<td></td>
<td>£5,575</td>
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<tr>
<td>Appropriate overheads incurred by M, P, B, W.</td>
<td>£3,630</td>
<td>£866</td>
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<tr>
<td><strong>Totals</strong></td>
<td>£9,141</td>
<td>£6,441</td>
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</table>

**COMMENTS ON COST COMPARISON**

40. The cost comparison shows the differences, in the samples chosen, between the labour and material costs and overheads of D. E. L. and the comparable expenditure if the work had been executed by term contract. The comparison shows that substantial differences exist, but it does not demonstrate how these arise. While the measured value represents accurately the price which the Ministry would have paid for comparable work to that carried out by D. E. L., it is not possible to derive from it separate figures for the wages and overheads actually incurred by a contractor. To make this comparison, it would have been necessary to ask contractors to carry out work already done by D. E. L., or similar to it, and to time the work as it was being done, and such an exercise was considered impractical for the reasons given earlier in the Report, see paragraph 6.

41. It is possible, however, to calculate for B. & C. E. work the allowances in the W. D. Schedule of Prices (the basis of B. & C. E. term contracts) for the labour element of each measured rate. The results of these calculations are shown in the analysis overleaf.
To provide comparable figures, the D.E.L. docket time was re-priced at the National Joint Council rates payable by contractors in April 1960, i.e. the same level as those used in the W.D. Schedule. This was done to provide a clearer comparison, especially as there is an astonishing lack of consistency between the rates paid at different depots and many depots pay rates in excess of those agreed nationally for the industry. The D.E.L. overtime and bonus were also separated out as these payments would be included in the contract percentage on the measured value side, if incurred by the contractor.

While the "basic wages" on the D.E.L. side accurately reflect the time taken, the comparable figure on the term contract side is calculated from the labour elements in the W.D. Schedule. It is possible that if a contractor considers the rates in the Schedule, generally or for any particular trade, to be high or low for the operations described he may allow for this in the percentage which he quotes on or off the Schedule. The term contract "basic wages" would not then be a completely accurate measure of productivity in comparison with the wages incurred by D.E.L. The contract percentage, however, has to include for all increased costs of labour and materials since 1960, for an assessment of future increases during the three year period of contract, for any overtime, bonus or plus rates and for all plant, overheads and profit as well as for any distance and access difficulties to sites. An assessment has been made of the overheads likely to be incurred by a term contractor and amounts to an addition of about 45% upon the rates in the Schedule, exclusive of profit and of any allowance for special local conditions. The average contract addition for the sample depots is 52% (6 below and 9 above) and as this also includes for the contractor's profit it is unlikely to contain any substantial element of uplift to the labour constants.

The analysis shows that, in the sample, basic wages of D.E.L. were 59% above the assessed wages cost on the measured side; D.E.L. costs other than basic wages were 28% higher.

Since the cost comparisons were carried out, the term contracts at two of the depots were re-tendered and new contracts arranged at reduced percentages - at 40% in lieu of 87.5% at one and at 59.5% in lieu of 72% at the other.

It is not possible to prepare a similar analysis for Electrical work or Painting as no build-up exists of the rates in the Schedules for these trades.

Differences Between Depots

The results of depot sampling have been aggregated to show an average trend but there were wide differences in depot D.E.L. performance. These would arise from:

1. differences in the efficiency of D.E.L. and of its management
2. differences in depot overheads as may be seen from table (B)
3. differences in the term contract percentage
4. differences in the size and nature of jobs in the samples.

At most depots more than one of these factors are involved.

In 14 out of 17 depots the D.E.L. costs for B & C.E. work were above the comparable cost by contract. At three depots, D.E.L. costs were less than the measured value. At one where in the sample D.E.L. was cheaper by 13% the cost of the D.E.L. basic wages was 21% higher than the assessed cost of the term contractor's wages but this was offset by a very high contract percentage. At another, the work consisted of repetitive modernisation which kept the same team of D.E.L. fully occupied (and earning overtime) on
exactly the same type of work. There is little doubt that a contractor would offer a lower percentage for
this repetitive work if tenders were invited.

49. At most depots the labour element cost at April 1960 basic wage rates was considerably in excess of the
of the labour element for the same work in the W.D. Schedule. In fact, nearly two thirds of the total is
in excess by 30% or more.

50. At some depots, part of this difference might be due to time taken up in obtaining access to buildings or in
complying with security regulations, which on the term contract side would be included in the contractor's
percentage addition. It is unlikely, however, that the amount involved would be large. One depot visited
had strict security precautions including the locking up of all buildings and the clearing up of materials and
plant during work breaks - the term contractor had included 6 3/4% in his contract percentage for all these
delays.

51. Idle time between jobs, a reflection of poor management, might also contribute to the difference. At most
depots, as has been mentioned earlier, it was the rule for standing time to be absorbed with productive
time booked to jobs. The term contractor is not likely to tolerate delays between jobs.

52. It was said at one or two of the depots that the quality of the work was better when executed by D.E.L. and
this was given in explanation of the time taken. If this is so, it may be that the quality is better than is
strictly necessary, or it may reflect on the Ministry's supervision of work done by term contractors, who
are paid for the quality specified and approved.

53. The comments on differences between depots in the B. & C.E. sample also apply to the Painting and
Electrical samples. Out of 3 depots sampled for Painting work, 2 had D.E.L. costs well above the compar-
able cost by contract. Out of 7 depots sampled for Electrical work 4 showed D.E.L. costs in excess of
comparable cost by contract.

CAUSES OF UNCOMPETITIVE D. E. L. PERFORMANCE

54. The Committee considers that the major part of the difference in the cost of work executed by D.E.L. as
by contractors is indicative of lower average performance by the direct labour system. Among the factors
which may contribute to this are:-

(1) The lack of incentive for good management, such as is provided by the profit margin of term
contractors.

(2) The lack of any check, where there is no bonus scheme, on whether the time taken is reasonable for
the work done - time after time, chargehands were unable to explain why work had taken so long

(3) The difficulty of dismissing inefficient personnel, especially if they are established. Typical of the
comments on this was that of a Depot Superintendent who said that he would rather tolerate bad work
than go through the prolonged procedures involved in dismissal.

(4) Stricter enforcement of safety regulations - it was alleged that painting term contractors frequently
worked without scaffolding.

(5) Stricter adherence to customs such as that of mates accompanying tradesmen, even if there is no work
for the mate to do.

(6) The absence of an effective incentive bonus scheme for the men. Nevertheless if a bonus scheme is
introduced the increased productivity must more than pay for the cost of operating it if the gap is to be
closed.

(7) The high average age of the operatives.
CONCLUSION

The present exercise covered a very much wider sample than in the previous enquiry but the conclusion reached is the same as in the previous Report: "... the inferences from these exercises lead to the conclusion that the employment of direct labour is not competitive with the use of contractors".

K. C. MANN
Chairman

W. ANDREW  H. J. GILES  N. C. HUGHES

R. C. GEALL  N. P. GOLDS  E. R. PARRINDER

W. L. BATCHELER
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* includes some Category A work

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Employment of Direct Labour

The Trade Union Side of the D.J.I.C. have for many years pressed the Official Side to continue and expand the employment of direct labour in carrying out its varied activities. The Department have taken the view and the Trade Union Side thinks this is not unreasonable, that costs must enter into any decision as to the use of directly employed labour or outside contractors. The Trade Union Side, however, have never been satisfied with the methods of costing which are used in establishing whether directly employed labour is cheaper or more expensive than contractors. It has to be borne in mind that when a contractor submits a tender for carrying out work he has to take into account his own direct labour costs plus his on-costs and plus a certain percentage for profit. Costs of materials may also be taken into consideration where these are supplied by the contractor.

It is the view of the Trade Union Side that whatever figure is submitted by a contractor account should be taken of the costs of the Ministry's administrative machine, because wherever a job is done, there will be a Ministry Depot or establishment complete with non-industrial staff including Clerk of Works, Superintending Engineers, Draughtsmen, Clerical Grades etc., and the cost of these has to be borne, of course, out of public funds. Where directly employed labour is used, the Trade Union Side would like to know what 'on-costs' are added to the wages of the industrial staff plus the cost of the material and equipment used in carrying out the task. If the cost of the non-industrial staff is added to the job undertaken by the industrial staff, then we should like to know what percentage is added.
as depending on this figure the use of directly employed industrial staff could be made competitive or otherwise. In other words the Trade Union Side are arguing whichever way a job is done the non-industrial staff of the Ministry have to be carried.

In looking at the summary of recommendations which were issued to the Trade Union Side on the 17th March, 1966, we feel that 1. and 2. should read as follows:

1. Employment of Direct Labour

   Direct Labour should be employed on:
   (a) Building and Civil Engineering operating services on a planned maintenance basis.
   (b) Mechanical and Electrical operating services on a planned maintenance basis.
   (c) Emergency services at all establishments.

   The above to operate where this would give full employment to the group of trades required.

2. Wherever possible the supervision of direct labour should be improved by better planning of their work and this, in the Trade Union Side's view, devolves great responsibility upon local, and area and perhaps regional management in undertaking more efficient planning of the work-load under their control.

3. The Trade Union Side take the view that the extension of incentive schemes to all depots would result in a much more efficient use of directly employed labour and would also stimulate management in securing the most efficient method of carrying out work. We believe it would be possible for a central estimating team to be established in areas, who could in fact agree with the workpeople's representatives on the prices or times which should be allowed for carrying out the necessary work.

4. With regard to new works, the Trade Union Side take the view that the Ministry should have a department for any work which is put out to "tender" and should be able to submit a "tender" for completing the work in the same manner as is done by private contractors. We
understand this system is operating in a number of cities, one example we have being Sheffield, where the Public Works Department of the Corporation has been able to compete on very favourable terms with outside private contractors.

This also applies in the Greater London Area where the Greater London Council has a Contracts Department who undertake building and engineering works on a "tender" basis.

The Trade Union Side are prepared to accept that under present circumstances the employment of contractors may be occasionally necessary to obviate a "casual" labour force. We naturally do not want a situation where labour can be recruited and discharged merely to meet fluctuations in the work-load. Nevertheless, we are convinced that with proper planning the Ministry could successfully carry out all its maintenance services by direct labour and a large amount of new work by the same method.

5. The Trade Union Side would like to supplement the above statement by oral evidence to the Committee where we could quote examples of what we think are inefficient practices in relation to the use of contractors.

TRADE UNION SIDE

M.O.P.B. & W.

27th July, 1966
Mr. Mann welcomed the Trades Union representatives, and referred to their written evidence which had already been studied by the Committee. He invited them to present any additional aspects of the matter which might now require to be brought into focus and considered.

Mr. Ambrose said that whereas the Trade Union side of the D.J.I.C. accepted the necessity for getting work done in the most economical way, they had long been uneasy about the methods used to determine the cost of carrying out tasks by D.E.L. They felt that Government Departments could not be expected to have the same organisation for arriving at true costs as a contractor had, and that on-costs added to the basic wages and materials might be unrealistic. When they had seen the terms of reference of this Committee, it was realised that these covered exactly the points on which the Trade Union side were seeking reassurance from the Ministry.

Mr. Mann explained that the examinations of evidence of cost now in hand were based on facts and not opinions, and that the information was being obtained at depot level from records ordinarily made in the course of normal procedures. A sample of 25 depots had been surveyed, covering the whole range of every type of depot and the wage rates used for costing were those in force at the particular depot at the time the work was done. He stressed that the Committee
attached great importance to looking at work carried out at a recent date, so that people concerned with it could be expected to remember the details and point out the work if necessary. In reply to a question from Mr. Williams, Mr. Giles assured him that individual workpeople as well as supervisory staff were being asked about specific jobs.

After Mr. Middleton Smith had explained the reason for his presence and that of the Secretary of the D.J.I.C. (to ensure continuity of communication) he said in reply to a question from Mr. Williams that all work in Supplies Division was excluded from the activities of this Committee, since the terms of reference limited the field of enquiry to the Directorate General of Works U.K. organisation. Mr. Ambrose then outlined three points which were causing concern to the Trade Union Side because of their possible effect upon the cost of work as recorded:

1. use of D.E.L. to rectify errors or do again work incorrectly executed by contractors: were firms surcharged with this cost?

2. use by contractors of Ministry's plant normally used by D.E.L. e.g. joinery machinery and lathes, concrete mixers: were charges made for this facility?

3. "labour only" contractors - a new development in industry: was there any intention to introduce them on Ministry work?

Referring to (1) Mr. Mann replied that his Committee were carrying out exercises to determine the cost of work where executed by D.E.L. compared with the same work if executed by contract. Thus the cost of rectifying errors or bad workmanship were not strictly the concern of his Committee. Mr. Middleton Smith observed that work done by D.E.L. after contractors had left a site or building was often due to minor changes of plan on the part of the Ministry or client department.

In respect of (2) Mr. Mann said, and Mr. Middleton Smith endorsed, that plant used on works was debited against the cost of the job at rates of hire promulgated by the Ministry and in the case of contractors hire charges were recovered by deduction from their accounts.
Cases of unrecorded use of Departmental plant and equipment by contractors had not come to the notice of the Committee and in any event such cases would not invalidate the cost comparison exercises which assume that contractors have provided their own plant. Account is taken of any services provided free to a contractor under the terms of his contract by adding an overhead charge on the contract costing.

Mr. Nockles pointed out that the third item had been raised on the D.J.I.C. some time previously, taken up with the Director of Contracts and settled to the satisfaction of the T.U. side.

Mr. Cole then said he wished to submit an additional document from the Electrical Trades Union, some aspects of which were covered in the general statement already made. He pointed out that the Trades Unions were as much concerned with matters affecting their members in the employ of contractors as those in the Ministry. He was critical of the paperwork involved in giving instructions for executing day-to-day maintenance compared with practice in outside firms, which he felt must add to the on-costs attributed to D.E.L.

Mr. Cole then pointed out that members of his Union whether working for outside firms or the Ministry do not participate in payment-by-results schemes, whereas other trades do. He went on to question the recommendations of the First Committee, and in particular the implications of that which recommended the reduction of D.E.L. in the long term, and remarked upon the high average age of the Ministry's employees.

Mr. Mann in reply said that while his first Committee had recommended in their Report immediate action to achieve a planned reduction on the long term, it had been the Committee's view that if the Department had accepted the recommendation the run-down would be a phased operation.

After some discussion about incentive bonus schemes, during which Mr. Mann explained that this part of the Committee's task was still before it, and Mr. Ambrose mentioned his colleagues' misgivings about the Government Departments in which such schemes existed being properly geared to achieve maximum efficiency and consequent benefit to employees, Mr. Mann summed up the view of the Committee that if any scheme were feasible at all, it must pay for itself and promote a permanent increase in productivity.

Mr. Ambrose thanked the Chairman for receiving the delegation, whose members then withdrew.
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<td>362/- (av.)</td>
<td>-</td>
<td>8/7</td>
</tr>
<tr>
<td>Ex-M.W.</td>
<td>-</td>
<td>398/- (av.)</td>
<td>-</td>
<td>8/4</td>
<td>398/- (av.)</td>
<td>-</td>
<td>8/4</td>
</tr>
<tr>
<td>Ex-A.A.W.O.</td>
<td>-</td>
<td>7/3</td>
<td>45/- per week = 15/-</td>
<td>8/3</td>
<td>7/3</td>
<td>45/- per week = 15/-</td>
<td>8/3</td>
</tr>
<tr>
<td>Ex-A.A.W.O.</td>
<td>-</td>
<td>7/3</td>
<td>45/- per week = 15/-</td>
<td>8/3</td>
<td>7/3</td>
<td>45/- per week = 15/-</td>
<td>8/3</td>
</tr>
<tr>
<td>Ex-Navy Works and W.D.</td>
<td>-</td>
<td>293/- 10/- or 22/- (av.)</td>
<td>293/- 6/9</td>
<td>259/- 10/- or 22/- (av.)</td>
<td>293/- 6/9</td>
<td>259/- 10/- or 22/- (av.)</td>
<td>293/- 6/9</td>
</tr>
<tr>
<td>Ex-Navy Works and W.D.</td>
<td>-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
</tr>
<tr>
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<td>-</td>
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<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
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<tr>
<td>Ex-M.W.</td>
<td>-</td>
<td>293/- 10/- or 22/- (av.)</td>
<td>293/- 6/9</td>
<td>259/- 10/- or 22/- (av.)</td>
<td>293/- 6/9</td>
<td>259/- 10/- or 22/- (av.)</td>
<td>293/- 6/9</td>
</tr>
<tr>
<td>Ex-M.W.</td>
<td>-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
</tr>
<tr>
<td>Ex-M.W.</td>
<td>-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
<td>7/3</td>
<td>6/-</td>
</tr>
<tr>
<td>Ex-M.W.</td>
<td>-</td>
<td>6/-</td>
<td>-</td>
<td>6/-</td>
<td>6/-</td>
<td>-</td>
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## Pay Rates for Pay Week containing 1st October, 1965

<table>
<thead>
<tr>
<th>Weekly Rate &amp; Lead</th>
<th>Ministry Rate</th>
<th>Lead or Supplementary Rate &amp; Lead</th>
<th>Weekly Rate &amp; Lead</th>
<th>Ministry Rate</th>
<th>Lead or Supplementary Rate &amp; Lead</th>
</tr>
</thead>
<tbody>
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<td>2/5</td>
<td>2/5</td>
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<td>2/5</td>
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<td>4/7</td>
<td>4/7</td>
<td>4/7</td>
<td>4/7</td>
<td>4/7</td>
</tr>
</tbody>
</table>

### Notes

1. The dates of wage increases for Electrical Industries are shown with those for Government employees. The agreements are aimed to achieve a 6% increase over existing rates.
2. Trades Chargehands and Craft are paid at least 6% over the rate (Working Rule).
3. Chargehands in Electrical Industries are paid at least 6% over the rate.
4. The rates for Electrical Industries are effective from 1st October, 1965.
5. Supplementary payments of 6/- may be made to Craft Chargehands who are paid at 42 hours per week or the two top rates are 6/- per week.
6. From 50th November, 1964, Pay Week containing noon and 10h weeks, rates are reduced by 6d.
7. Lead rates at the S. A. O. W. and M. A. W. are trade rates.
8. Leading hands are paid 6d. more than the rate for Chargehands who are paid 42 hours per week.
9. For rates for Skilled Leading Hands, see page 29.
10. In S. A. O. W. and M. A. W., Leading Hands earn 6d. more than the rate for Chargehands who are paid 42 hours per week.
11. Lead rate for mates 6/-.
### APPENDIX D

**Weekly Hourly Rate & Lead**

<table>
<thead>
<tr>
<th>Lead</th>
<th>Rate a for Pay Week containing 1st April, 1966 onwards (40 hour week)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead</td>
<td>Weekly Hourly Rate &amp; Lead</td>
</tr>
<tr>
<td></td>
<td>Ministry Lead or Supplementary Lead</td>
</tr>
<tr>
<td></td>
<td>Lead use of lead</td>
</tr>
<tr>
<td></td>
<td>Weekly Hourly Rate &amp; Lead</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rate</th>
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<th>9/6</th>
<th>9/3</th>
<th>9/1</th>
<th>9/8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
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<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
</tr>
<tr>
<td>Rate</td>
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<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
</tr>
<tr>
<td>Rate</td>
<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
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<tr>
<td>Rate</td>
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<td>2/-</td>
<td>2/-</td>
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</tr>
<tr>
<td>Rate</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
</tr>
</tbody>
</table>

**Note:**

1. The dates of wage increases in the Building and Electrical Industries do not correspond exactly with those for Government employees, but the rates shown are for approximately the same periods.

2. Trades Chargehands and Gangers in Building Industry are paid not less than 6d. over Building Industry rates (Working Rule).

3. Chargehands in Electrical Industry are paid not less than 6d. over Electrical Industry rates (Working Rule).

4. From pay week containing 1st October, 1966 onwards (40 hour week).

5. Supplementary payments of 10/- to 25/- per week are made to Craftsmen. The rates up to and including 22/- are on an incremental basis. Access to the two top rates is limited.

6. Pay ranges for Skilled Labourers Heavy Works were altered in July, 1965, to a series of flat rates, but the average remained at approximately 15/- per week.

7. Lead rate for rates 15/-.

8. Leading hands each.O.M. and Services Lead Charge hands services only 10/-

9. Pay ranges for Skilled Labourers Heavy Works were altered in July, 1965, to a series of flat rates, but the average remained at approximately 15/- per week.

10. In ex-O.M., A.W.M. and P.D. lead rates for Labourers were often negotiated, but it is understood, on average, these would still be in the region of 15/- weekly.

11. Lead rate for rates 15/-.

---

**Weekly Hourly Rate & Lead**

<table>
<thead>
<tr>
<th>Lead</th>
<th>Rate a for Pay Week containing 1st April, 1966 onwards (40 hour week)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead</td>
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</tr>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Lead use of lead</td>
</tr>
<tr>
<td></td>
<td>Weekly Hourly Rate &amp; Lead</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rate</th>
<th>9/9</th>
<th>9/6</th>
<th>9/3</th>
<th>9/1</th>
<th>9/8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
</tr>
<tr>
<td>Rate</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
</tr>
<tr>
<td>Rate</td>
<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
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<tr>
<td>Rate</td>
<td>2/-</td>
<td>2/-</td>
<td>2/-</td>
<td>2/-</td>
<td>2/-</td>
</tr>
<tr>
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<td>1/-</td>
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**Note:**

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**Weekly Hourly Rate & Lead**

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</tr>
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<td>Weekly Hourly Rate &amp; Lead</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rate</th>
<th>9/9</th>
<th>9/6</th>
<th>9/3</th>
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<th>9/8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
<td>10/-</td>
</tr>
<tr>
<td>Rate</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
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<tr>
<td>Rate</td>
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<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
<td>5/-</td>
</tr>
<tr>
<td>Rate</td>
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<td>2/-</td>
<td>2/-</td>
<td>2/-</td>
<td>2/-</td>
</tr>
<tr>
<td>Rate</td>
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<td>1/-</td>
<td>1/-</td>
<td>1/-</td>
</tr>
</tbody>
</table>

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11. Lead rate for rates 15/-.
### Additional Payments to D.E.L. Arising from Overtime

**Depot** | **27/3/66** | **Actual hours worked during week by total D.E.L.** | **6/3/66** | **Actual hours worked during week by total D.E.L.** | **Hours Paid for Col. (b)** | **(f)** Additional Payment for Overtime by Total D.E.L. Workers | **Additional Payment for non-essential overtime expressed as a percentage of actual hours worked**
---|---|---|---|---|---|---|---|
I | 6,821 | 7,530 | 2,341 | 2,371 | 10.1 | 1.15 | 1.0 |
II | 13,880 | 15,311 | 11,357 | 12,886 | 10.4 | 9.2 | 9.0 |
III | 3,818 | 4,168 | 1,535 | 1,615 | 8.3 | 5.2 | 5.0 |
IV | 5,858 | 6,431 | 3,017 | 3,138 | 9.78 | 3.97 | 3.5 |
V | 5,401 | 5,972 | 2,159 | 2,265 | 10.3 | 4.38 | 4.5 |
VI | 5,709 | 5,978 | 2,426 | 2,440 | 4.7 | 0.55 | 0.5 |
VII | 5,356 | 5,914 | 2,987 | 3,181 | 10.4 | 6.5 | 6.0 |
VIII | 2,731 | 2,880 | 2,141 | 1,141 | 5.3 | 2.1 | 1.5 |
IX | 2,873 | 3,207 | 1,715 | 1,920 | 11.5 | 10.0 | 7.0 |
X | 10,723 | 11,744 | 5,277 | 6,292 | 11.5 | 9.5 | 8.5 |
XI | 6,453 | 6,697 | 4,644 | 5,739 | 3.1 | 2.04 | 1.5 |
XII | 2,754 | 2,907 | 805 | 816 | 5.3 | 1.4 | 1.0 |
XIII | 6,157 | 6,698 | 4,401 | 4,813 | 8.3 | 8.14 | 6.5 |
XIV | 4,993 | 5,624 | 2,899 | 3,360 | 12.7 | 15.9 | 12.0 |
XV | 5,155 | 5,502 | 4,235 | 5,457 | 6.7 | 7.3 | 6.5 |
XVI | 6,568 | 7,049 | 3,933 | 4,415 | 7.3 | 7.3 | 6.5 |
XVII | 23,140 | 25,789 | 18,816 | 20,924 | 11.4 | 11.2 | 9.0 |
XVIII | 4,612 | 4,913 | 2,193 | 2,346 | 6.3 | 7.0 | 6.0 |
XX | 9,255 | 9,827 | 3,877 | 3,947 | 6.2 | 6.2 | 5.8 |
XXI | 4,653 | 5,105 | 3,505 | 3,813 | 11.3 | 8.75 | 8.0 |
XXII | 6,973 | 7,508 | 5,000 | 5,374 | 9.2 | 7.48 | 6.5 |
XXIII | 1,746 | 1,938 | 1,442 | 1,595 | 11.0 | 9.59 | 9.0 |
XXIV | 1,907 | 2,088 | 1,295 | 1,367 | 9.49 | 5.16 | 3.0 |
XXV | 2,885 | 3,251 | 2,239 | 2,398 | 12.1 | 11.5 | 8.0 |
XXVI | 3,097 | 3,330 | 2,619 | 2,816 | 7.6 | 7.5 | 7.5 |

*These are the employees appropriate to our cost comparison exercise i.e. in the main employed on Category B, C, D and Part II Work.*

In view of the wide variations in overtime working we have applied to our cost comparison exercise the individual depot figures shown in column (h) as appropriate.
OVERHEAD ON D.E.L. IN RESPECT OF INDUSTRIALS IN SUPPORT

For each depot visited the number of industrials in various grades who were supporting the men engaged on productive work in Maintenance Categories B, C and D and in some cases on Part II work was determined mainly by cross-examination of junior technical grades and senior industrial supervisory grades.

The time of supervisory grades had to be split in those cases where some supervision of contractors' labour was involved, where they spent time on duties such as inspection of married quarters at changes of occupancy, where time was spent in operating a planned maintenance system, and where some work was done at their trade. Only the time spent in supervising, supplying stores, arranging and controlling the work has been included as in support of the D.E.L. on productive work.

With motor transport drivers, care was taken to exclude any time spent serving non-industrial staff, supporting Categories A and G or Part I works, and in messengerial, post or other runs not in support of D.E.L.

Stores effort in support of various categories of work and, where applicable, in supplies to contractors was assessed, and only the proportion of industrial staff in stores appropriate to the number of productive workers being analysed has been taken.

Industrials in support include those men employed cleaning workmen's mess rooms, toilets, and workshops, but not those cleaning non-industrial offices. In many cases "green card" men are employed on this class of work.

Men on writing duties are only included if not filling a Clerical Officer or Clerical Assistant post on the depot clerical complement.

As the number of industrials in support is relatively small compared with the number of productive workers, a few on leave or sick in the week under examination could unduly affect the proportion, therefore wages for a full week for absentees were added to support and productive worker's wages paid for hours worked to give the results shown in columns (e) and (f) in the following table.

The ratio of these does not give the true overhead for industrials in support because the support men themselves incur overheads due to paid leave, employer's N.I. contributions, etc., and wages for support must be enhanced by the appropriate
overheads before dividing by the wages for productive workers.

The following overheads were considered appropriate and have been used in the table:

- Paid Leave: In full 7%
- Paid Sick Leave: In full 2.9%
- Employer's N.I. Contributions: In full 4.8%
- Superannuation and Gratuities: In full 16.2%
- Assisted travel, subsistence and travelling expenses at work: In full 0.6%
- Buildings: Assessed as 7%
- Clerical support at Depot level: In part, assessed as 1.5%
- Area Support: In full 0.3%
- Regional and Headquarters Support: In full 2.7%

Total 43.0%.
**OVERHEAD ARISING FROM INDUSTRIALS IN SUPPORT cont'd**

<table>
<thead>
<tr>
<th>Depot (a)</th>
<th>Week Ending (b)</th>
<th>No. of Men</th>
<th>Wages paid in that week plus what would have been paid if all absentees had worked a full week</th>
<th>Industrials in support ratio</th>
<th>Overhead for Industrials in Support enhanced by appropriate overheads (excl.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Support (c)</td>
<td>Productive (d)</td>
<td>Support (e)</td>
<td>Productive (f)</td>
</tr>
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<td>15</td>
<td>60</td>
<td>217</td>
<td>819</td>
</tr>
<tr>
<td>II</td>
<td>6/3/66</td>
<td>46</td>
<td>269</td>
<td>933</td>
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</tr>
<tr>
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<td></td>
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<tr>
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<td></td>
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<td></td>
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<td></td>
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<td>547</td>
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<td>85</td>
<td>534</td>
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<tr>
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<td>5</td>
<td>48</td>
<td>104</td>
<td>914</td>
</tr>
<tr>
<td>XXIV</td>
<td></td>
<td>7</td>
<td>63</td>
<td>136</td>
<td>1,068</td>
</tr>
</tbody>
</table>

**Total**  
423 | 2,345 | 7,715 | 38,087

**Average**  
20.2 | 28.9

Some reasons for the variations in this overhead between depots are:

1. The classes of work differed.
2. Geographical locations varied, e.g. the work load may be concentrated or widely scattered.
3. Great differences exist in the balance of complementing of depot staff between technical and industrial supervisory grades, often in the quasi-technical field, e.g. some depots have low numbers of technical staff and high industrial, whilst others have high technical and practically no industrial supervisors.
1. The clerical effort at depot level in support of D.E.L. consists of work on clock-cards, pay, allowances, docket, stores for use by D.E.L. and industrial grades establishment matters.

2. By discussion with depot superintendents, and in some cases by examination of locally prepared statements on the allocation of duties between members of the depot clerical staff, we assessed the number and grades of clerical staff employed in support of D.E.L. Where we found Foremen of Works Writers filling Clerical Officer or Clerical Assistant posts we treated them as clerical staff.

3. The following table summarises the results of our site surveys:

<table>
<thead>
<tr>
<th>Executive and Clerical Staff supporting D.E.L.</th>
<th>Proportion of Staff time in each Grade</th>
<th>Total annual salary bill including overheads (£)</th>
<th>Depot D.E.L. Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depot</td>
<td>E.O.</td>
<td>G.O.</td>
<td>C.A.</td>
</tr>
<tr>
<td>I</td>
<td>-</td>
<td>1.75</td>
<td>-</td>
</tr>
<tr>
<td>II</td>
<td>-</td>
<td>3</td>
<td>0.2</td>
</tr>
<tr>
<td>III</td>
<td>-</td>
<td>1.1</td>
<td>-</td>
</tr>
<tr>
<td>IV</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>V</td>
<td>-</td>
<td>1.85</td>
<td>-</td>
</tr>
<tr>
<td>VI</td>
<td>-</td>
<td>1.75</td>
<td>-</td>
</tr>
<tr>
<td>VII</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>VIII</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>IX</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>X</td>
<td>-</td>
<td>2</td>
<td>0.75</td>
</tr>
<tr>
<td>XI</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>XII</td>
<td>-</td>
<td>0.75</td>
<td>-</td>
</tr>
<tr>
<td>XIII</td>
<td>-</td>
<td>1.75</td>
<td>-</td>
</tr>
<tr>
<td>XIV</td>
<td>-</td>
<td>1.5</td>
<td>-</td>
</tr>
<tr>
<td>XV</td>
<td>-</td>
<td>1.5</td>
<td>-</td>
</tr>
<tr>
<td>XVI</td>
<td>-</td>
<td>1.66</td>
<td>-</td>
</tr>
<tr>
<td>XVII</td>
<td>0.4</td>
<td>3.35</td>
<td>2.75</td>
</tr>
<tr>
<td>XVIII</td>
<td>-</td>
<td>0.8</td>
<td>1.</td>
</tr>
<tr>
<td>XIX</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>XX</td>
<td>-</td>
<td>1.5</td>
<td>0.4</td>
</tr>
<tr>
<td>XXI</td>
<td>-</td>
<td>1.35</td>
<td>1.4</td>
</tr>
<tr>
<td>XXII</td>
<td>0.75</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>XXIII</td>
<td>1.0</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td>XXIV</td>
<td>1.0</td>
<td>0.75</td>
<td>-</td>
</tr>
<tr>
<td>XXV</td>
<td>1.0</td>
<td>0.75</td>
<td>-</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Professional & Technical Staff

<table>
<thead>
<tr>
<th>Depot</th>
<th>No. of D.E.L.</th>
<th>Professional &amp; Technical Staff</th>
<th>Total annual salary bill incl. overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Main</td>
<td>Tech. B</td>
</tr>
<tr>
<td>A</td>
<td>97</td>
<td>-</td>
<td>.22</td>
</tr>
<tr>
<td>B</td>
<td>61</td>
<td>-</td>
<td>.53</td>
</tr>
<tr>
<td>C</td>
<td>65</td>
<td>-</td>
<td>.25</td>
</tr>
<tr>
<td>D</td>
<td>83</td>
<td>.22</td>
<td>.69</td>
</tr>
<tr>
<td>E</td>
<td>121</td>
<td>-</td>
<td>.27</td>
</tr>
<tr>
<td>F</td>
<td>121</td>
<td>-</td>
<td>.47</td>
</tr>
<tr>
<td>G</td>
<td>169</td>
<td>-</td>
<td>.93</td>
</tr>
<tr>
<td>H</td>
<td>72</td>
<td>.29</td>
<td>.93</td>
</tr>
<tr>
<td>I</td>
<td>68</td>
<td>-</td>
<td>.56</td>
</tr>
<tr>
<td>J</td>
<td>49</td>
<td>-</td>
<td>.30</td>
</tr>
<tr>
<td>K</td>
<td>103</td>
<td>.30</td>
<td>.31</td>
</tr>
<tr>
<td>L</td>
<td>115</td>
<td>.35</td>
<td>.69</td>
</tr>
<tr>
<td>M</td>
<td>106</td>
<td>.50</td>
<td>.39</td>
</tr>
<tr>
<td>N</td>
<td>75</td>
<td>.04</td>
<td>.22</td>
</tr>
<tr>
<td>O</td>
<td>89</td>
<td>-</td>
<td>.42</td>
</tr>
<tr>
<td>P</td>
<td>203</td>
<td>-</td>
<td>.31</td>
</tr>
<tr>
<td>Q</td>
<td>66</td>
<td>.36</td>
<td>.59</td>
</tr>
<tr>
<td>R</td>
<td>69</td>
<td>-</td>
<td>.31</td>
</tr>
<tr>
<td>S</td>
<td>65</td>
<td>-</td>
<td>.46</td>
</tr>
<tr>
<td>T</td>
<td>79</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTALS</td>
<td>2,024</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The resultant overhead on D.E.L. can be expressed as a percentage of wages paid for hours worked by:

\[
\text{No. of employees} \times \frac{\text{cost/employee/annum}}{52} \times \frac{\text{wages paid for week}}{\text{hours worked}} \times 100\%
\]

Applying the results of our survey of 25 depots this becomes:

\[
\frac{234.5 \times 58}{52 \times 35,144} \times 100 = 7.46\%
\]

This amount is included in the overheads on D.E.L. in the cost comparison exercise.
Information was obtained from the Chief Estate Surveyor, and from the Area Officer whose depots were surveyed in toto, regarding the estimated cost inclusive of rates, water, electricity, gas and heating of buildings used solely in support of DEL at each of the depots surveyed. We treated this cost as an overhead on the total DEL employed at each depot.

2. We are thus able to express the overhead on D.E.L. arising from the provision of buildings as:

\[
\text{ANNUAL COST OF BUILDINGS} - \frac{\text{ANNUAL WAGES PAID FOR HOURS WORKED}}{52} \times 100\%
\]

3. The results are tabulated below:

<table>
<thead>
<tr>
<th>Depot</th>
<th>Estimated annual cost of buildings</th>
<th>Total wages paid for hours worked in a particular week</th>
<th>Overhead (\frac{(a)}{(b) \times 52} \times 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>17,000</td>
<td>2,417</td>
<td>13.5</td>
</tr>
<tr>
<td>II</td>
<td>23,000</td>
<td>5,136</td>
<td>8.6</td>
</tr>
<tr>
<td>III</td>
<td>7,500</td>
<td>1,355</td>
<td>10.6</td>
</tr>
<tr>
<td>IV</td>
<td>7,000</td>
<td>2,115</td>
<td>6.4</td>
</tr>
<tr>
<td>V</td>
<td>6,500</td>
<td>1,933</td>
<td>6.5</td>
</tr>
<tr>
<td>VI</td>
<td>17,000</td>
<td>1,930</td>
<td>16.9</td>
</tr>
<tr>
<td>VII</td>
<td>16,000</td>
<td>1,963</td>
<td>15.7</td>
</tr>
<tr>
<td>VIII</td>
<td>10,000</td>
<td>990</td>
<td>19.4</td>
</tr>
<tr>
<td>IX</td>
<td>5,500</td>
<td>1,036</td>
<td>10.2</td>
</tr>
<tr>
<td>X</td>
<td>16,850</td>
<td>3,924</td>
<td>8.2</td>
</tr>
<tr>
<td>XI</td>
<td>10,157</td>
<td>2,328</td>
<td>8.4</td>
</tr>
<tr>
<td>XII</td>
<td>23,728</td>
<td>2,237</td>
<td>14.3</td>
</tr>
<tr>
<td>XIII</td>
<td>16,581</td>
<td>2,295</td>
<td>14.3</td>
</tr>
<tr>
<td>XIV</td>
<td>7,666</td>
<td>1,782</td>
<td>8.5</td>
</tr>
<tr>
<td>XV</td>
<td>9,750</td>
<td>1,940</td>
<td>9.6</td>
</tr>
<tr>
<td>XVI</td>
<td>12,266</td>
<td>2,345</td>
<td>9.2</td>
</tr>
<tr>
<td>XVII</td>
<td>26,900</td>
<td>6,699</td>
<td>5.9</td>
</tr>
<tr>
<td>XVIII</td>
<td>5,029</td>
<td>3,336</td>
<td>6.5</td>
</tr>
<tr>
<td>XX</td>
<td>16,440</td>
<td>5,080</td>
<td>10.7</td>
</tr>
<tr>
<td>XXI</td>
<td>6,340</td>
<td>1,793</td>
<td>7.0</td>
</tr>
<tr>
<td>XXII</td>
<td>11,114</td>
<td>2,989</td>
<td>8.25</td>
</tr>
<tr>
<td>XXIII</td>
<td>11,975</td>
<td>600</td>
<td>38.3</td>
</tr>
<tr>
<td>XXIV</td>
<td>11,675</td>
<td>740</td>
<td>30.3</td>
</tr>
<tr>
<td>XXV</td>
<td>3,700</td>
<td>1,148</td>
<td>6.2</td>
</tr>
<tr>
<td>XXVI</td>
<td>7,300</td>
<td>1,179</td>
<td>11.9</td>
</tr>
</tbody>
</table>

4. The average figure obtained from this exercise is 9.95%. In calculating the average we have excluded the high figure of 49.3% at Depot XIII because

- (1) we did no cost comparisons at this Depot
- (2) the high figure is attributable to the use of a hangar to house agricultural machinery and Category G work is not in the scope of our cost comparisons.
Variations in the cost of accommodating D.E.L. are bound to arise from:

1. differences in location of buildings i.e. town or country.
2. differences in the classes of work on which D.E.L. are employed.
3. the location of D.E.L. within a depot i.e. concentrated or dispersed.

Some of the high figures shown in column (c) of the above table are attributable to the retention of buildings in excess of the requirements of the present day labour strengths.
OVERHEAD ON D.E.L. ARISING FROM THE PROVISION OF WORKSHOP MACHINERY AND THE HOLDING OF STORES

1. The annual charges arising from the provision of workshop and machinery and the holding of stores are:

   (1) Accommodation which we have dealt with in Appendix I

   (2) Machinery

      (a) Interest charges
      (b) Depreciation (20 years of life vide C.M.E.E. Circular 15/64)
      (c) Maintenance - assessed at 5% of capital value

   (3) 'A' Stores (hand tools and other enabling non-consumable items)

      (a) Interest charges
      (b) Depreciation (we have assumed a life of 4 years)

   (4) 'B' Stores (equipment and materials issued for incorporation in works services)

      (a) Interest charges
      (b) Losses mainly arising from the disposal of surplus stocks.

      We have ignored this item as not being a fair charge against the D.E.L. - nevertheless it exists.

2. We had the installed machinery and the holdings of 'A' and 'B' stores at nine of the depots which we surveyed valued at purchase price, and on this valuation assessed the annual charges as follows using an Interest Rate of 5%:

<table>
<thead>
<tr>
<th>Item</th>
<th>Machinery</th>
<th>'A' Stores</th>
<th>'B' Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£33,900</td>
<td>£66,100</td>
<td>£110,750</td>
</tr>
<tr>
<td>Interest Charges</td>
<td>£1,695</td>
<td>£3,305</td>
<td>£5,537</td>
</tr>
<tr>
<td>Depreciation</td>
<td>£1,017</td>
<td>£14,542</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance</td>
<td>£1,695</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Annual Charges</td>
<td>£4,407</td>
<td>£17,847</td>
<td>£5,537</td>
</tr>
</tbody>
</table>
3. We consider that the annual charges in respect of 'A' Stores are a fair charge against the total D.E.L. of 1,246 men at the Depots under examination other than those employees not directly contributing to the depot functions leaving a nett total of 1,220 men with a weekly payment of £18,078 for hours worked.

4. We consider that the annual charges in respect of workshop machinery and 'B' Stores is an appropriate charge against the productive workers in the field of Category B, C, D and Part II work i.e. a total of 722 men with a weekly wage payment of £10,228 for hours worked.

5. The overhead charge can be expressed as:-

\[
\text{TOTAL ANNUAL CHARGES} \times \frac{100}{52 \times \text{WAGES PAID PER WEEK}}
\]

6. The overhead charges are therefore:

(a) In respect of Workshop Machinery

\[
\frac{4,407}{52 \times 10,228} \times 100\% = 0.82\%
\]

(b) In respect of 'A' Stores

\[
\frac{17,847}{52 \times 18,078} \times 100\% = 1.89\%
\]

(c) In respect of 'B' Stores

\[
\frac{5,537}{52 \times 10,228} \times 100\% = 1.03\%
\]

7. The total overhead on direct labour arising from the provision of workshop machinery and the holding of stores, expressed as a percentage of wages paid for hours worked, is 3.74%.

8. This sampling is based on nine depots covering a good cross section of the Ministry's work and can be considered as fairly representative of the general picture.
OVERHEAD ON D.E.L. ARISING FROM THE PROVISION OF TRANSPORT AND WEEKLY RATED PLANT

1. The following table shows the incidence of the overheads arising from the use of transport and weekly rated plant by the men appropriate to our cost comparison exercise. The overheads are expressed as percentages of wages paid for work done.

<table>
<thead>
<tr>
<th>Depot</th>
<th>Transport %</th>
<th>Plant %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>3.86</td>
<td>-</td>
<td>3.86</td>
</tr>
<tr>
<td>II</td>
<td>4.41</td>
<td>1.62</td>
<td>6.03</td>
</tr>
<tr>
<td>III</td>
<td>3.33</td>
<td>-</td>
<td>3.33</td>
</tr>
<tr>
<td>IV</td>
<td>2.02</td>
<td>-</td>
<td>2.02</td>
</tr>
<tr>
<td>V</td>
<td>3.12</td>
<td>0.33</td>
<td>3.45</td>
</tr>
<tr>
<td>VI</td>
<td>5.61</td>
<td>-</td>
<td>5.61</td>
</tr>
<tr>
<td>VII</td>
<td>2.0</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td>VIII</td>
<td>3.6</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td>IX</td>
<td>2.0</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td>X</td>
<td>4.88</td>
<td>0.66</td>
<td>5.54</td>
</tr>
<tr>
<td>XI</td>
<td>3.7</td>
<td>3.64</td>
<td>7.34</td>
</tr>
<tr>
<td>XII</td>
<td>9.61</td>
<td>-</td>
<td>9.61</td>
</tr>
<tr>
<td>XIII</td>
<td>1.65</td>
<td>-</td>
<td>1.65</td>
</tr>
<tr>
<td>XIV</td>
<td>1.81</td>
<td>-</td>
<td>1.81</td>
</tr>
<tr>
<td>XV</td>
<td>3.13</td>
<td>1.11</td>
<td>4.24</td>
</tr>
<tr>
<td>XVI</td>
<td>2.16</td>
<td>-</td>
<td>2.16</td>
</tr>
<tr>
<td>XVII</td>
<td>1.9</td>
<td>3.4</td>
<td>5.30</td>
</tr>
<tr>
<td>XVIII</td>
<td>4.32</td>
<td>-</td>
<td>4.32</td>
</tr>
<tr>
<td>XIX</td>
<td>2.3</td>
<td>-</td>
<td>2.3</td>
</tr>
<tr>
<td>XX</td>
<td>3.6</td>
<td>1.69</td>
<td>5.3</td>
</tr>
<tr>
<td>XXI</td>
<td>1.62</td>
<td>1.3</td>
<td>2.92</td>
</tr>
<tr>
<td>XXII</td>
<td>1.05</td>
<td>-</td>
<td>1.05</td>
</tr>
<tr>
<td>XXIII</td>
<td>0.59</td>
<td>-</td>
<td>0.59</td>
</tr>
<tr>
<td>XXIV</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>XXV</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Average: 2.6, 1.3, 3.9

2. Some of the variations in transport are attributable to geographical factors, but the wide extent of the differences and our observations in the field seem to indicate a lack of accurate assessment of the numbers and types of vehicles required. In a few cases we felt that the existing provision was inadequate.

3. The incidence of weekly rated plant shown in the above table is in every case arising from ex-Navy Works activities and is by no means all relating to large concentrations of D.E.L. This seems to indicate a need for a review of the holding and use of plant at the smaller ex-Navy Works locations.
OVERHEAD ON D.E.L., ARISING FROM THE PAYMENT OF TOOL ALLOWANCES, OBNOXIOUS AND
DANGEROUS EMPLOYMENT ALLOWANCES, CAR AND CYCLE ALLOWANCES,
SUBSISTENCE AND TRAVELLING EXPENSES, THE COST OF ASSISTED TRAVEL,
THE COST OF FREE ISSUE OF OVERALLS AND THEIR LAUNDERING.

1. The following table shows the incidence of the overheads in respect of
the above items for the employees appropriate to our cost comparison exercise.
The overheads are expressed as percentages of wages paid for hours worked.
The figures shown are based on a survey of one week excepting car and cycle
allowances, the cost of assisted travel and overalls which are based in most
cases on the out-turn over 12 months.

2. The wide variations are attributable to differences in location and in
the nature of the work, and variations in conditions of employment. In relation
to the total overheads on D.E.L., that arising from these miscellaneous items is
of minor significance.
<table>
<thead>
<tr>
<th>Depot</th>
<th>Assisted travel from home to work</th>
<th>Tool allowances, obnoxious &amp; dangerous employment, overall &amp; transport (car &amp; cycle) allowances</th>
<th>Subsistence &amp; travelling expenses at work</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>-</td>
<td>0.66</td>
<td>0.11</td>
<td>0.77</td>
</tr>
<tr>
<td>II</td>
<td>-</td>
<td>0.72</td>
<td>-</td>
<td>0.72</td>
</tr>
<tr>
<td>III</td>
<td>-</td>
<td>0.39</td>
<td>2.18</td>
<td>2.97</td>
</tr>
<tr>
<td>IV</td>
<td>-</td>
<td>0.13</td>
<td>0.57</td>
<td>0.70</td>
</tr>
<tr>
<td>V</td>
<td>0.10</td>
<td>0.10</td>
<td>0.20</td>
<td>0.40</td>
</tr>
<tr>
<td>VI</td>
<td>2.70</td>
<td>0.05</td>
<td>0.27</td>
<td>3.02</td>
</tr>
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<td>0.93</td>
<td>1.90</td>
</tr>
<tr>
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<tr>
<td>XV</td>
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<tr>
<td>XVI</td>
<td>-</td>
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<td>3.35</td>
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<td>1.84</td>
<td>0.01</td>
<td>1.85</td>
</tr>
<tr>
<td>XVIII</td>
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<td>0.13</td>
<td>0.30</td>
</tr>
<tr>
<td>XIX</td>
<td>-</td>
<td>1.36</td>
<td>0.36</td>
<td>1.72</td>
</tr>
<tr>
<td>XX</td>
<td>1.65</td>
<td>0.85</td>
<td>-</td>
<td>1.90</td>
</tr>
<tr>
<td>XXI</td>
<td>-</td>
<td>1.14</td>
<td>0.12</td>
<td>1.26</td>
</tr>
<tr>
<td>XXII</td>
<td>5.70*</td>
<td>1.00</td>
<td>0.16</td>
<td>6.86</td>
</tr>
<tr>
<td>XXIII</td>
<td>-</td>
<td>0.19</td>
<td>0.10</td>
<td>0.29</td>
</tr>
<tr>
<td>XXIV</td>
<td>-</td>
<td>0.53</td>
<td>-</td>
<td>0.53</td>
</tr>
<tr>
<td>XXV</td>
<td>3.10*</td>
<td>1.28</td>
<td>-</td>
<td>4.38</td>
</tr>
</tbody>
</table>

Average: 0.3  0.9  0.3  1.5

*Includes travelling time allowance
The cost of training apprentices is not fully or correctly covered by the wages paid whilst at college on day release plus apprentice training allowances paid to craftsmen in the week surveyed, since day release only occurs in term time and there are periodic payments of tuition and examination fees to be taken into account.

2. In the case of apprentices in their early years there is little return for the wages paid, and loss of productivity per year has been assessed on a descending scale as follows:

- 1st year - 100% loss including time at school or college
- 2nd year - 60% 
- 3rd year - 30% 
- 4th year - 20% 
- 5th year - 20%

Taking the pay for these years and multiplying by the loss, the average loss per year per boy is £190 approximately.

3. Typical fees payable at Technical Colleges are £5 for tuition + £3 10s. 0d. for examination fees over 18 years of age and £3 for tuition + £3 10s. 0d. for examination fees under 18 years of age. Examination fees are paid on two occasions only, therefore the average annual fee payment is £5 15s. 0d. per apprentice.

4. Cost of books and excess fares can be claimed but average for these is low and is assessed at 10s. per year per boy.

5. Apprentices are issued with meal vouchers value 2s. 6d. per day when under 18, and value 1s. 3d. per day when over 18 and under 19, giving an average cost of £21 per year per boy.

6. Apprentice allowance at the rate of 10s. per week is payable to craftsmen on Government rates of pay instructing the boys and the average annual payment is assessed as £24.

7. The total average cost per apprentice is therefore

£190 + £5 15s. 0d. + 10s. + £21 + £24 = £241 5s. 0d. per year or

£21 12s. 0d. per week.
8. This figure has been used to assess the training cost of apprentices in depots where all facilities are available, and lower figures as appropriate have been assessed for other depots.

9. Adults on day release attend college during term times only, therefore the wages paid have been reduced to \( \frac{37}{52} \) of the wages paid in the week examined, and 3/3d. per man has been added to cover the average weekly cost of fees.

10. Training costs for each of the depots surveyed are assessed as follows:
### Overhead on D.E.L. Arising from Training

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1 3 6</td>
<td>1 3 6</td>
<td>800</td>
<td>4,081</td>
<td>2.08</td>
</tr>
<tr>
<td>II</td>
<td>23</td>
<td>17</td>
<td>2</td>
<td>105 16</td>
<td>117 2</td>
<td>1,063</td>
<td>529</td>
<td>0.18</td>
</tr>
<tr>
<td>III</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IV</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>2</td>
<td>9 3</td>
<td>750</td>
<td>750</td>
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<tr>
<td>V</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1 17 6</td>
<td>1 17 6</td>
<td>1,065</td>
<td>529</td>
<td>0.18</td>
</tr>
<tr>
<td>VI</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VII</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VIII</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IX</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 4</td>
<td>15 1 9</td>
<td>617</td>
<td>1,647</td>
<td>2.65</td>
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<td>X</td>
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<td>1</td>
<td>4</td>
<td>18 8 4</td>
<td>22 15 3</td>
<td>2,311</td>
<td>1,647</td>
<td>2.63</td>
</tr>
<tr>
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<td>10</td>
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<td>-</td>
<td>40</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
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<td>1</td>
<td>4 2</td>
<td>4 2</td>
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<td>11 8 6</td>
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<td>1,615</td>
<td>0.98</td>
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<td>2</td>
<td>2</td>
<td>8 4</td>
<td>8 4</td>
<td>1,615</td>
<td>1,615</td>
<td>0.98</td>
</tr>
<tr>
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<td>21</td>
<td>7</td>
<td>126 16</td>
<td>149 11</td>
<td>6,328</td>
<td>6,328</td>
<td>2.16</td>
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<td>1 12 6</td>
<td>12 6</td>
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<td>775</td>
<td>1.59</td>
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<td>-</td>
<td>-</td>
<td>16</td>
<td>2 6</td>
<td>18 11</td>
<td>1,565</td>
<td>1,565</td>
<td>0.73</td>
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<td>-</td>
<td>-</td>
<td>2</td>
<td>23</td>
<td>27 7 6</td>
<td>1,272</td>
<td>1,272</td>
<td>0.87</td>
</tr>
<tr>
<td>XXIV</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTALS</td>
<td>55</td>
<td>56</td>
<td>21</td>
<td>375 10</td>
<td>428 4 3</td>
<td>55,144</td>
<td>4,345</td>
<td>1.22</td>
</tr>
</tbody>
</table>

11. It will be noted that the training cost at the two largest depots is approximately double the average assessed for all depots surveyed, but 13 of these 25 depots had no apprentices.

12. Under the Industrial Training Act, 1964, a levy is to be imposed on all firms in the construction and engineering industries, and the initial levy is 0.5% of the net emoluments bill for the year. As the above table only takes productive workers into account, and the total of productive workers surveyed was 2,345 out
1. In response to a questionnaire issued by the Committee, the following picture emerged of the cost of support to D.E.L. at Area Level:

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of Areas</th>
<th>Executive and Clerical Staff supporting D.E.L.</th>
<th>Proportion of staff time in each Grade</th>
<th>Total annual salary bill including overheads £</th>
<th>Cost per annum per industrial employee £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S.E.O.</td>
<td>E.E.O.</td>
<td>E.O.</td>
<td>C.C.</td>
</tr>
<tr>
<td>A</td>
<td>2</td>
<td>-</td>
<td>0.2</td>
<td>0.2</td>
<td>0.25</td>
</tr>
<tr>
<td>B</td>
<td>3</td>
<td>-</td>
<td>0.09</td>
<td>0.17</td>
<td>0.35</td>
</tr>
<tr>
<td>C</td>
<td>4</td>
<td>-</td>
<td>0.37</td>
<td>1.45</td>
<td>2.75</td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>-</td>
<td>0.35</td>
<td>0.52</td>
<td>1.36</td>
</tr>
<tr>
<td>E</td>
<td>3</td>
<td>-</td>
<td>0.17</td>
<td>0.45</td>
<td>2.0</td>
</tr>
<tr>
<td>F</td>
<td>2</td>
<td>-</td>
<td>0.07</td>
<td>0.8</td>
<td>0.9</td>
</tr>
<tr>
<td>G</td>
<td>5</td>
<td>0.1</td>
<td>0.185</td>
<td>1.685</td>
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</tr>
<tr>
<td>H</td>
<td>3</td>
<td>-</td>
<td>0.02</td>
<td>0.05</td>
<td>0.20</td>
</tr>
<tr>
<td>I</td>
<td>3</td>
<td>0.1</td>
<td>0.65</td>
<td>1.30</td>
<td>3.55</td>
</tr>
</tbody>
</table>

Average cost per annum per employee £1.5

2. The professional and technical support to D.E.L. at Area Level was largely reported as negligible, but there are variations in that some Areas have a technical grade safety officer. We have therefore increased the average cost p.a. per employee to £2.0 to take account of the technical support.

3. The overhead on D.E.L. arising from support at Area Level can be expressed as a percentage of wages paid for hours worked by:

\[
\text{Total overhead} = \frac{\text{No. of Employees} \times \text{Cost/Employee/Annum}}{52 \times \text{Wages paid per week for hours worked}} \times 100\%
\]

which, based on our survey of 25 depots, is:

\[
\frac{2,345 \times 2.0}{52 \times 35,144} \times 100\% = 0.26\%
\]
OVERHEAD ON D.E.L. IN RESPECT OF REGIONAL AND HEADQUARTERS SUPPORT

1. In response to a questionnaire issued by the Committee and by discussion with E.D.S., Accounts Division, the Chief Labour Officer, the Chief Safety Officer, and the Chief Welfare Officer, the following picture emerged of the cost of support to D.E.L. at Regional and Headquarters Levels.

REGIONAL PROFESSIONAL AND TECHNICAL STAFF

2.

<table>
<thead>
<tr>
<th>Region</th>
<th>Proportion of staff time in each grade</th>
<th>Total annual salary bill including overheads £</th>
<th>No. of Industrial Employees</th>
<th>Cost per annum per industrial employee £</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.02 - 1.8</td>
<td>5,795</td>
<td>1,629</td>
<td>3.56</td>
</tr>
<tr>
<td>B</td>
<td>0.05 - 1.8</td>
<td>5,940</td>
<td>1,895</td>
<td>3.34</td>
</tr>
<tr>
<td>C</td>
<td>0.03 - 1.8</td>
<td>7,155</td>
<td>2,418</td>
<td>2.96</td>
</tr>
<tr>
<td>D</td>
<td>0.05 - 1.8</td>
<td>5,845</td>
<td>2,438</td>
<td>2.40</td>
</tr>
<tr>
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<td>0.05 - 1.8</td>
<td>5,940</td>
<td>2,657</td>
<td>2.26</td>
</tr>
<tr>
<td>F</td>
<td>0.05 - 1.8</td>
<td>6,440</td>
<td>2,787</td>
<td>2.31</td>
</tr>
<tr>
<td>G</td>
<td>1.8</td>
<td>6,204</td>
<td>4,619</td>
<td>1.31</td>
</tr>
<tr>
<td>H</td>
<td>1.8</td>
<td>6,204</td>
<td>3,419</td>
<td>1.82</td>
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<tr>
<td>I</td>
<td>0.15 1.95</td>
<td>7,429</td>
<td>4,166</td>
<td>1.78</td>
</tr>
</tbody>
</table>

Average cost/employee/annum: 2.19

REGIONAL EXECUTIVE AND CLERICAL STAFF

3. In this field we found wide variations due to the differences in support received from Accounts Division Headquarters.

4. We decided to base our costing on regions whose payrolls had not been converted to A.D.P. On this basis we ignored the staff costs of Accounts Division Headquarters when examining the cost of support to D.E.L.
Executive and Clerical Staff supporting D.E.L.

<table>
<thead>
<tr>
<th>Region</th>
<th>Proportion of Staff time in each Grade</th>
<th>Total annual salary bill including overheads £</th>
<th>Cost per annum per industrial employee £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S.E.O.</td>
<td>H.E.O.</td>
<td>E.O.</td>
</tr>
<tr>
<td>C</td>
<td>1.6</td>
<td>3.25</td>
<td>18.55</td>
</tr>
<tr>
<td>D</td>
<td>0.2</td>
<td>1.5</td>
<td>3.4</td>
</tr>
<tr>
<td>E</td>
<td>0.56</td>
<td>0.56</td>
<td>3.45</td>
</tr>
</tbody>
</table>

Average Total cost/employee/annum 16.8

HEADQUARTERS SUPPORT

6. We identified the Headquarters support on D.E.L. as arising from:
   (1) Supplies Division
   (2) Accounts Division
   (3) Establishment Division (E.D.4).
   (4) Chief Welfare Officer
   (5) Chief Safety Officer
   (6) Chief Labour Officer

7. Supplies Division We ascertained that for 1965/6 the Supplies Division charge to D.G.W. for advisory services was £308,000 against an expenditure of £204,000,000 i.e. approximately 0.15% and we have ignored any Supplies Division on-cost on D.E.L. as negligible.

8. Accounts Division Cognisance of the contribution made by Accounts Division has been made in our calculation of the on-costs at Regional Level - see para. 4.

9. Establishment Division (E.D.4) Information on the grades and numbers of staff in the division engaged on work associated with D.G.W. industrial staff (excluding Ancient Monuments) in the U.K. was supplied by the Assistant Secretary, E.D.4.
10. **Chief Welfare Officer**  The Chief Welfare Officer deals with Industrial and Non-Industrial grades at home and abroad, and she estimates that 33% of her time is spent on work for D.G.W. Industrial Staff (excluding Ancient Monuments) in the U.K.

11. **Chief Safety Officer**  The Headquarters support amounts to the C.S.O. only, who estimates that he spends 70% of his time as support to the Ministry's total U.K. D.E.L.

12. **Chief Labour Officer**  The C.L.O. is assisted by a Tech. A. Labour Officer. C.L.O. estimates that he spends 90% and his assistant 100% of his time in support of the Ministry's total U.K. D.E.L.

13. **Staff costs**  D.G.W., D.E.L. strength Home (excluding Ancient Monuments) comprises 24% of the Ministry's total U.K. D.E.L. and on this basis the support costs arising from the above are:

<table>
<thead>
<tr>
<th>Grade</th>
<th>No.</th>
<th>Annual Salary Bill including overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Secretary</td>
<td>0.5</td>
<td>2,995</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>1.5</td>
<td>6,145</td>
</tr>
<tr>
<td>S.E.O.</td>
<td>1.5</td>
<td>4,782</td>
</tr>
<tr>
<td>H.E.O.</td>
<td>3.0</td>
<td>7,617</td>
</tr>
<tr>
<td>E.O.</td>
<td>7.0</td>
<td>13,069</td>
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<tr>
<td>C.O.</td>
<td>7.5</td>
<td>9,472</td>
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<tr>
<td>C.A.</td>
<td>1.5</td>
<td>1,457</td>
</tr>
<tr>
<td>Chief Safety Officer</td>
<td>0.7 \times 0.84 = 0.59</td>
<td>2,686</td>
</tr>
<tr>
<td>Chief Labour Officer</td>
<td>0.9 \times 0.84 = 0.75</td>
<td>3,438</td>
</tr>
<tr>
<td>Tech. A.</td>
<td>1.0 \times 0.84 = 0.84</td>
<td>2,895</td>
</tr>
<tr>
<td>Chief Welfare Officer</td>
<td>0.33</td>
<td>1,063</td>
</tr>
</tbody>
</table>

\[
\text{Total Cost/employee/annum} = \frac{\£55,679}{31,535} = \£1.77
\]

14. **The resultant average total cost per employee of support at Regional and Headquarters Levels is therefore:**

\[
\£2.19 + \£16.8 + \£1.77 = \£20.76
\]
15. The resultant overhead on D.E.I. can be expressed as a percentage of wages paid for hours worked by:

\[
\text{NO. OF EMPLOYEES} \times \frac{\text{COST/EMPLOYEE/ANNUM}}{52} \times \frac{\text{WAGES PAID PER WEEK FOR HOURS WORKED}}{100} \times 100
\]

which based on our survey of 25 depots is:

\[
\frac{2,345 \times 20.76}{52 \times 35,144} \times 100 = 2.67\%
\]
The minimum annual leave allowance for industrial employees is two weeks. After 12 years qualifying service this is increased by half a week from the beginning of the following leave year. Foremen of trades, foremen fitters, foremen refrigeration, foremen electricians, chargemen and leading men are entitled to three weeks annual leave.

Annual leave is paid for at plain time rates for the normal working hours of the day, days or week for which leave is requested. Leave is recorded in hours, and for the purpose of converting the leave scales:

1. "a week" means the conditioned weekly hours of the grade, excluding overtime and meal breaks;
2. For part-time employees "a week" means the normal weekly hours which they contract to work.

The conditioned hours of the majority of employees are 40 per week, exclusive of meal breaks, and taking the generality of employees and the exceptions into account, it can be reckoned that, on average, annual paid leave accounts for 82 hours per annum per employee.

In addition, eight and a half days in the year (compared with six in the building and civil engineering etc. industries) are paid holidays for the Ministry's industrial employees, amounting on average to 68 hours per annum. We thus arrive at an average figure of 150 hours (3½ weeks generally speaking) paid leave per employee per annum.

Up to three days' paid special leave may be granted by a depot superintendent for various personal reasons, i.e. bereavement, domestic distress or marriage, while a greater amount for trade union or local government duties may be granted by Establishment Division 4.

The overhead arising from paid leave can be expressed as a percentage of wages paid for hours worked as

\[
\text{Overhead} = \frac{\text{Hours Paid Leave per annum}}{\text{Hours Paid for Work Done per annum}} \times 100% 
\]

Our depot surveys show a weekly average per man of 49.3 hours paid for work done.

The number of weeks worked in a year equals 52 − leave − sick = 52 − 3½ (see para. 5 above) − 3 (see Appendix Q) = 45½.

The overhead arising from paid leave is therefore:

\[
\frac{150}{45.25 \times 49.3} \times 100% = 6.72% 
\]

which, bearing in mind paragraph 6 above, we have rounded up to 7%.
1. At the Committee's request, Accounts Division processed the industrial payroll now being handled by computer methods (7,142 accounts) over a recent period of 12 months to ascertain the amount paid out by the Ministry under the Scheme of Paid Sick Leave for Government Industrial Employees.

2. Sick pay was found to be 2.7% of the gross wages paid.

3. Of the 25 Depots surveyed the gross wages paid were made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages paid for hours worked</td>
<td>£35,144</td>
</tr>
<tr>
<td>Paid for leave</td>
<td>£1,153</td>
</tr>
<tr>
<td>Paid for sick absence</td>
<td>£930</td>
</tr>
<tr>
<td>Paid for school absences</td>
<td>£179</td>
</tr>
<tr>
<td>Allowances</td>
<td>£482</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£37,888</strong></td>
</tr>
</tbody>
</table>

4. Expressed as a percentage of wages paid for hours worked the overhead arising from paid sick leave is therefore $2.7 \times \frac{37,888}{35,144} = 2.9\%$.

5. It was also necessary to determine the period of time which this sick payment represents in order to assess the average nett number of working weeks for each man. This was done by calculating, from our survey figures, the average sick leave payment for 40 hours under the scheme after National Insurance Benefit deductions had been made, and also the average nett payment per week for hours worked. The average weekly payment to a man on paid sick leave was £7 10s. Od and the average weekly payment for hours worked £15 0s. Od. Sick payments in a year amounted to £15 \times 52 \times \frac{2.9}{100} = £22 6s. Od. which represents $\frac{22.6}{7.9} = 3.0$ weeks per year.
OVERHEAD ON D.E.L. ARISING FROM THE PAYMENT OF EMPLOYERS' NATIONAL INSURANCE CONTRIBUTIONS

1. Employers' contributions appropriate to the time of our cost comparison exercise, as promulgated by Treasury Circular 2-CP(1) 59/01 dated 14th October, 1965, were:

<table>
<thead>
<tr>
<th>Employees contracted out of the Graduated Pension Scheme (i.e. established personnel)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male aged 18 to 70 (except those aged 65 or over and treated as retired)</td>
<td>15s. 9d. per week</td>
</tr>
<tr>
<td>Female aged 18 to 65 (ditto 60 or over)</td>
<td>12s. 10d.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees other than those contracted out of the Graduated Pension Scheme</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male under 18</td>
<td>9s. 0d. per week</td>
</tr>
<tr>
<td>Male aged 18 and over</td>
<td>13s. 4d.</td>
</tr>
<tr>
<td>Female under 18</td>
<td>7s. 6d.</td>
</tr>
<tr>
<td>Female aged 18 and over</td>
<td>11s. 4d.</td>
</tr>
</tbody>
</table>

2. Taking a typical 100 employees as comprising three male workpeople under 18, 50 male over 18 unestablished and 47 male over 18 established, we arrive at an average figure for employers' contribution per employee of 14s. 4d. per week.

3. Our surveys of depots gave a total of £35,144 gross wages paid for work done in a particular week by 2,345 productive workers.

4. The overhead on direct labour arising from the Ministry's liability to pay employers' National Insurance contributions can therefore be expressed as:

\[
\frac{\text{Number of Men} \times \text{Weekly Contribution}}{\text{Total Wages Paid Per Week for Hours Worked}} \times 100\% = \frac{2,345 \times 14s. 4d.}{\£35,144} \times 100\% = 4.8\%
\]
1. We were informed by Establishment Division 2 that the Treasury is carrying out a full scale review to determine the Government's liability in respect of superannuation and gratuities to industrial civil servants, and that in the meantime Treasury assessed this on-cost as 15% of the total wages bill.

2. It will be seen from Appendix Q paragraph 3 that the ratio of gross wages paid to wages paid for hours worked is deduced from our depot surveys as 37,888 : 35,144. On this basis the overhead on D.E.L. arising from superannuation and gratuities is $15 \times \frac{37,888}{35,144} = 16.2\% \text{ of wages paid for hours worked.}$
OVERHEADS IN RESPECT OF INDUSTRIAL SUPERVISORY STAFF EMPLOYED
IN SUPPORT OF CONTRACT WORK

In response to a questionnaire issued by the Committee to all Regional Directors, Under Secretary, Scotland and Director of Works, London, facts were collated regarding the time spent by industrial supervisory staff in support of contract work – seldom was a man engaged full time on such duties.

The cost of industrials in support of contract work (all methods of execution) was found to be, expressed as a percentage of contract expenditure:

<table>
<thead>
<tr>
<th>Min.</th>
<th>Max.</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>5.3%</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

The survey covered 37 depots with an estimated annual expenditure by contract of £3,850,000.
OVERHEADS ON MEASURED TERM CONTRACT WORK IN RESPECT OF DEPOT CLERICAL STAFF

Three depots were selected where the estimated annual expenditure on work done by measured term contracts amounted to about £100,000, and where the amount of work done on daywork term contracts was small.

The value and number of orders paid in 1965/66 was calculated at each depot and the clerical and typing effort in relation to these was assessed by talking to the Depot Superintendents and the staff concerned. The procedure to be followed was laid down in desk instructions which had been issued by the Area Office based on D.I.C. Circulars No.1 and No.9.

The results are summarised in the following table:

<table>
<thead>
<tr>
<th>Depot</th>
<th>No. of orders</th>
<th>Amount paid to T.C.</th>
<th>Clerical Effort</th>
<th>Cost of Clerical Effort</th>
<th>Overhead % = Cost of Clerical Effort/amount paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>467</td>
<td>£89,780</td>
<td>0.7 C.O. 0.65 Typist</td>
<td>1,565</td>
<td>1.75</td>
</tr>
<tr>
<td>IV</td>
<td>636</td>
<td>£59,150</td>
<td>0.75 C.O. 0.33 Typist</td>
<td>1,293</td>
<td>2.19</td>
</tr>
<tr>
<td>V</td>
<td>956</td>
<td>£102,760</td>
<td>0.55 C.O. 0.55 Typist</td>
<td>1,270</td>
<td>1.24</td>
</tr>
<tr>
<td>Total</td>
<td>2,059</td>
<td>£251,690</td>
<td>2.0 C.O. 1.53 Typist</td>
<td>4,128</td>
<td></td>
</tr>
</tbody>
</table>

Average: 1.64

The variation in overhead figures at the three depots can be due to differences in the relative amounts of work carried out by measured term contracts and the clerical staff on the depots, e.g. on Depot IV the Clerical Officer could, it was considered, have dealt with many more orders if he had needed to. Even at Depot I there was room for dealing with more orders as there was some needless effort being spent on keeping extra records of each order.

The average overhead figure of 1.64% was considered to be a fair one to use in the cost comparison exercise.
OVERHEAD ON CONTRACT WORK IN RESPECT OF DEPOT NON-INDUSTRIAL SUPERVISORY STAFF

1. In response to a questionnaire issued by the Committee to all Regional Directors, Under Secretary, Scotland and Director of Works, London, facts were collated regarding the time spent by depot professional and technical staff in support of contract work. Details are as follows:

<table>
<thead>
<tr>
<th>Professional and Technical Staff</th>
<th>Proportion of Staff time in each Grade</th>
<th>Total annual salary bill including overheads</th>
<th>Cost expressed as percentage of contract expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Main</td>
<td>Tech.I</td>
<td>Tech.II</td>
</tr>
<tr>
<td>A</td>
<td>-</td>
<td>-</td>
<td>.06</td>
</tr>
<tr>
<td>B</td>
<td>-</td>
<td>-</td>
<td>.57</td>
</tr>
<tr>
<td>C</td>
<td>-</td>
<td>-</td>
<td>.26</td>
</tr>
<tr>
<td>D</td>
<td>-</td>
<td>-</td>
<td>.74</td>
</tr>
<tr>
<td>E</td>
<td>-</td>
<td>-</td>
<td>.58</td>
</tr>
<tr>
<td>F</td>
<td>-</td>
<td>-</td>
<td>1.12</td>
</tr>
<tr>
<td>G</td>
<td>-</td>
<td>-</td>
<td>.27</td>
</tr>
<tr>
<td>H</td>
<td>-</td>
<td>-</td>
<td>.48</td>
</tr>
<tr>
<td>I</td>
<td>.57</td>
<td>1.09</td>
<td>-</td>
</tr>
<tr>
<td>J</td>
<td>-</td>
<td>-</td>
<td>.93</td>
</tr>
<tr>
<td>K</td>
<td>-</td>
<td>-</td>
<td>.73</td>
</tr>
<tr>
<td>L</td>
<td>-</td>
<td>-</td>
<td>.47</td>
</tr>
<tr>
<td>M</td>
<td>.45</td>
<td>.67</td>
<td>2.27</td>
</tr>
<tr>
<td>N</td>
<td>.36</td>
<td>.33</td>
<td>1.14</td>
</tr>
<tr>
<td>O</td>
<td>.61</td>
<td>.47</td>
<td>3.25</td>
</tr>
<tr>
<td>P</td>
<td>-</td>
<td>-</td>
<td>1.25</td>
</tr>
<tr>
<td>Q</td>
<td>.37</td>
<td>1.46</td>
<td>1.45</td>
</tr>
<tr>
<td>R</td>
<td>.46</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>S</td>
<td>-</td>
<td>.22</td>
<td>-</td>
</tr>
<tr>
<td>T</td>
<td>-</td>
<td>.51</td>
<td>-</td>
</tr>
<tr>
<td>U</td>
<td>-</td>
<td>.31</td>
<td>-</td>
</tr>
<tr>
<td>TOTALS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. The variation in the figures of staff cost expressed as a percentage of contract expenditure reflect the different ratios between types of contracts in each depot; although the picture is further complicated by varying levels of staffing and by geographical differences.

3. We have used the average figure of 7.1% in our cost comparison exercise.

4. It is of interest to note that a study of this survey in relation to the contract arrangements at the depots under examination shows a pattern of depot staff costs/type of contract similar to that revealed by the Report of Committee appointed to review Methods of Executing Maintenance and Minor New Works dated June, 1965.
**OVERHEADS ON MEASURED TERM CONTRACT WORK IN RESPECT OF**

**SUPPORT AT AREA, REGION AND LONDON HEADQUARTERS**

Except for quantity surveying services we found that the main effort in support of measured term contracts was concentrated at Regional Headquarters. We investigated one Region with an annual expenditure of £3,461,000 on measured term contracts and our findings are detailed below.

(a) **Preparation of documents and lists of firms, tender invitations, receipt of tenders and issue of acceptances**

<table>
<thead>
<tr>
<th>Effort</th>
<th>Total annual salary bill including overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
</tr>
<tr>
<td>0.025</td>
<td>80</td>
</tr>
<tr>
<td>0.15</td>
<td>380</td>
</tr>
<tr>
<td>0.33</td>
<td>6.16</td>
</tr>
<tr>
<td>1.00</td>
<td>1,263</td>
</tr>
<tr>
<td></td>
<td>£2,339</td>
</tr>
</tbody>
</table>

Overhead % = \( \frac{\text{Cost of effort}}{\text{Annual expenditure}} \) = 0.07%

(b) **Payment of interim valuations and final accounts**

<table>
<thead>
<tr>
<th>Effort</th>
<th>Total annual salary bill including overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
</tr>
<tr>
<td>0.05</td>
<td>160</td>
</tr>
<tr>
<td>0.15</td>
<td>380</td>
</tr>
<tr>
<td>1.00</td>
<td>1,067</td>
</tr>
<tr>
<td>3.00</td>
<td>6,315</td>
</tr>
<tr>
<td>0.15</td>
<td>147</td>
</tr>
<tr>
<td>0.12</td>
<td>166</td>
</tr>
<tr>
<td>1.00</td>
<td>1,027</td>
</tr>
<tr>
<td></td>
<td>£10,062</td>
</tr>
</tbody>
</table>

Overhead % = \( \frac{\text{Cost of effort}}{\text{Annual expenditure}} \) = 0.29%

(c) **Safety Officer giving advice to depot staff in connection with accidents to employees of measured term contractors**

<table>
<thead>
<tr>
<th>Effort</th>
<th>Total annual salary bill including overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
</tr>
<tr>
<td>0.025</td>
<td>70</td>
</tr>
</tbody>
</table>

Overhead % = \( \frac{\text{Cost of effort}}{\text{Annual expenditure}} \) = 0.01% (say)
(d) **Passing of fees for payment, insertion of accounts code numbers, keeping records of expenditure and preparing liability statements**

<table>
<thead>
<tr>
<th>Effort</th>
<th>Total annual salary bill including overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.01 H.K.O.</td>
<td>£25</td>
</tr>
<tr>
<td>0.02 E.O.</td>
<td>£37</td>
</tr>
<tr>
<td>0.06 C.O.</td>
<td>£75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£137</strong></td>
</tr>
</tbody>
</table>

Overhead % = \( \frac{\text{Cost of effort}}{\text{Annual expenditure}} \) = 0.1% (Say)

Total of (a), (b), (c) and (d) = 0.38%

The Committee decided that the support at Area and London Headquarters was such that it precluded making any reasonable calculations. Therefore to cover for this and any other Regional effort not detailed above, the Committee have increased the total of 0.38% to 0.5%.
OVERHEAD ON MEASURED TERM CONTRACTS ARISING FROM SITE ACCOMMODATION ETC. PROVIDED BY THE MINISTRY WITHOUT CHARGE TO THE CONTRACTOR

1. Information was obtained from Area Quantity Surveyors on the floor space allocated free of charge to firms with term contracts, the basis of which had been used in the cost comparison.

2. Area Quantity Surveyors were also asked to furnish information as to the annual expenditure on each of the contracts involved.

3. The areas were valued at rates comparable to those used in the calculations of the similar overhead on D.E.L.

4. We were then able to express the overheads as:

\[
\text{Annual overhead} = \frac{\text{Annual cost of Building}}{\text{Annual expenditure on Contract}} \times 100
\]

The percentages were then applied as an overhead on each contract at the particular depot where it was used in the cost comparison, as set out below:

<table>
<thead>
<tr>
<th>DEPOT</th>
<th>TYPE OF CONTRACT</th>
<th>ESTIMATED ANNUAL COST OF BUILDINGS £</th>
<th>ANNUAL EXPENDITURE ON CONTRACTS £</th>
<th>OVERHEAD a / b x 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td>B. &amp; C.E.</td>
<td>No covered accommodation provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Painting</td>
<td>&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electrical</td>
<td>90</td>
<td>14,300</td>
<td>.60</td>
</tr>
<tr>
<td>III</td>
<td>B. &amp; C.E.</td>
<td>No covered accommodation provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>2,700</td>
<td>130,000</td>
<td>2.10</td>
</tr>
<tr>
<td>VI</td>
<td>B. &amp; C.E.</td>
<td>No covered accommodation provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electrical</td>
<td>120</td>
<td>10,000</td>
<td>1.20</td>
</tr>
<tr>
<td>VII</td>
<td>B. &amp; C.E.</td>
<td>No covered accommodation provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>192</td>
<td>89,500</td>
<td>0.21</td>
</tr>
<tr>
<td>X</td>
<td>B. &amp; C.E.</td>
<td>No covered accommodation provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>775</td>
<td>73,000</td>
<td>1.10</td>
</tr>
<tr>
<td>XI</td>
<td>B. &amp; C.E.</td>
<td>No covered accommodation provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Painting</td>
<td>&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electrical</td>
<td>486</td>
<td>10,600</td>
<td>4.60</td>
</tr>
<tr>
<td>XII</td>
<td>B. &amp; C.E.</td>
<td>192</td>
<td>25,000</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>Painting</td>
<td>52</td>
<td>5,000</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Electrical</td>
<td>192</td>
<td>45,000</td>
<td>0.40</td>
</tr>
<tr>
<td>XIV</td>
<td>B. &amp; C.E.</td>
<td>486</td>
<td>10,600</td>
<td>4.60</td>
</tr>
<tr>
<td></td>
<td>Electrical</td>
<td>230</td>
<td>62,500</td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>1,184</td>
<td>33,000</td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>394</td>
<td>29,000</td>
<td>1.40</td>
</tr>
<tr>
<td>XVI</td>
<td>B. &amp; C.E.</td>
<td>2,196</td>
<td>66,700</td>
<td>3.70</td>
</tr>
<tr>
<td></td>
<td>Electrical</td>
<td>75</td>
<td>65,500</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>2,196</td>
<td>66,700</td>
<td>0.90</td>
</tr>
<tr>
<td>XX</td>
<td>B. &amp; C.E.</td>
<td>2,196</td>
<td>107,500</td>
<td>4.40</td>
</tr>
<tr>
<td>XXI</td>
<td>B. &amp; C.E.</td>
<td>881</td>
<td>25,000</td>
<td>3.50</td>
</tr>
<tr>
<td>XXII</td>
<td>Electrical</td>
<td>679</td>
<td>25,000</td>
<td>2.90</td>
</tr>
<tr>
<td>XXIII</td>
<td>B. &amp; C.E.</td>
<td>3,620</td>
<td>107,500</td>
<td>3.40</td>
</tr>
</tbody>
</table>
OVERHEADS IN CONNECTION WITH THE MEASUREMENT OF MEASURED TERM CONTRACT WORK

1. The measurement of term contract work is shared between private quantity surveyors and the Ministry's own quantity surveying staff.

2. The scales of fees for private quantity surveyors are:

   B. & C.F. Work
   4% on orders up to £2,500.
   3½% on orders over £2,500 with a minimum fee of £100 for any order.
   These percentages allow for examining and certifying claims for payments on account when requested and for all travelling and out-of-pocket expenses.

   Painting Work only
   4% on all orders.
   This percentage allows for examining and certifying claims for payments on account and for all travelling and out-of-pocket expenses.

   Internal electrical wiring of Buildings
   3½% on value of measured work on a single station ordered on a term contract or a contract arranged specially for that station.
   4% on value of measured work on more than one station based on a series of orders placed on term contracts.
   3½% on value of interim certificates.
   2½% on aggregate value of increases and decreases under variation of price clauses.
   Expenses at rates of standard scale.

3. In addition to the foregoing fees, there are Ministry costs in appointing the private surveyor, payment of fees and a small amount of time expended by the Area and Regional Quantity Surveyors. It is estimated that this would not exceed 0.25%.

4. When the measuring of term contracts is carried out by Ministry staff the policy is that staff costs and overheads should not exceed the fee that would have been paid to a private quantity surveyor.

5. Taking into consideration all the foregoing information, 4.25% has been used in the cost comparison to cover the costs of measuring term contract work.
CABINET

ELECTORAL REFORM: REDUCTION OF THE AGE OF VOTING TO 18: INCREASE IN ELECTORATE

Memorandum by the Secretary of State for the Home Department

In my memorandum on electoral reform (C(68) 74) I indicated that the Registrar-General for England and Wales was preparing a forecast of the addition to the electorate at mid-1970 that would result from a reduction of the age of voting to 18. This information is now given in column (c) of the table below. It is given for the revised standard regions in England and Wales. Corresponding figures have been provided by the Registrar-General for Scotland. It has not proved possible to supply similar figures for the major conurbations.

<table>
<thead>
<tr>
<th>Region</th>
<th>Total (18 and over)</th>
<th>21 and over</th>
<th>18 and under 21</th>
<th>(c) as percentage of (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>Northern</td>
<td>2,334</td>
<td>2,192</td>
<td>136</td>
<td>6.2</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>3,425</td>
<td>3,228</td>
<td>197</td>
<td>6.1</td>
</tr>
<tr>
<td>East Midlands</td>
<td>2,394</td>
<td>2,252</td>
<td>142</td>
<td>6.3</td>
</tr>
<tr>
<td>East Anglia</td>
<td>1,180</td>
<td>1,110</td>
<td>70</td>
<td>6.3</td>
</tr>
<tr>
<td>South East</td>
<td>12,564</td>
<td>11,047</td>
<td>717</td>
<td>6.0</td>
</tr>
<tr>
<td>South West</td>
<td>2,654</td>
<td>2,504</td>
<td>150</td>
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Potential electorate as at mid-1970 in thousands

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L. J. C.

Home Office, S.W.1.

27th May, 1960
CABINET

REDUCTION OF MINISTRY OF PUBLIC BUILDING AND WORKS DIRECT LABOUR FORCE

Memorandum by the Chancellor of the Exchequer

The proposal by the Minister of Public Building and Works to reduce his direct labour force must be viewed against the background of the urgent need for reductions in Government expenditure. The Mann Committee's report revealed waste of money. Running down the directly employed labour force by one third and placing the work out to contract could produce net savings of the order of £5 million a year.

2. It would be impossible to obtain equivalent savings retaining the existing labour force. We cannot afford to rely on natural wastage; a run down is essential and the Minister's proposals have had the unqualified support of Treasury Ministers throughout.

3. The proposed criteria for employment of direct labour would probably reduce numbers by 9,000/10,000 spread over the country. The Minister's proposals would not begin to produce redundancies until the end of 1968 at the earliest and it would take some time to complete the operation. No doubt many of the men discharged would find work with contractors and natural wastage would assist to the extent of about 1,000 men a year. The proposed policy is consistent with that which we have adopted in respect of Government cleaners.

4. I agree that the Government must follow the code of conduct for redundancy which the Department of Employment and Productivity has prepared. There should be consultation with the unions concerned, on the basis of the Mann Report and the Minister's proposals to reduce his direct labour force, reserving to management the right to take the final decision, after consultation, to reduce the force.

5. In my view the Minister's proposals can be made to meet the requirements of the First Secretary's policy by:-

(i) withholding publication of the Second Mann Report until consultations with the Trade Unions have been initiated;

(ii) presenting to the Trade Unions simultaneously the Second Mann Report and the Minister's proposals to reduce his direct labour force to the level determined by the proposed criteria;
(iii) delaying public announcement until after the fullest consultation with the Unions.

6. I invite my colleagues to endorse the policy as agreed by the Committee on Industrial Policy.

R. H. J.

Treasury Chambers, S.W.1.

29th May, 1968
11th June, 1960

CABINET

SPECIAL DRAWING RIGHTS IN THE INTERNATIONAL MONETARY FUND: DRAFT WHITE PAPER

Memorandum by the Chancellor of the Exchequer

At the annual meeting of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) held in Rio de Janeiro in September, 1967, the Governors of the IMF agreed an outline plan for the creation of a new international reserve asset, in the form of Special Drawing Rights (SDRs) in the Fund. A postal vote among Governors of the Fund, which was completed on 31st May, produced an overwhelming majority in favour of adopting the necessary amendments to the Fund's Articles of Agreement to give effect to the SDR scheme. Member countries of the Fund are now being asked whether they accept the proposed amendments. This process of ratification may take some months.

2. Legislation will be required before the United Kingdom can formally notify the Fund that it accepts the proposed amendments. We intend to obtain the necessary legislation before Parliament rises for the Summer Recess. A Bill for this purpose has been drafted and approved by the Legislation Committee for introduction soon after the Whitsun adjournment. Since the Bill refers to the proposed amendments it is necessary to lay these before Parliament in a White Paper.

3. The importance of the subject also fully justifies a White Paper and I propose that it should also include an explanatory text about the SDR scheme. I invite my colleagues' agreement to the draft for this purpose attached at the Annex. I should like to publish the White Paper on or about 19th June. The Bill would appear immediately afterwards. Neither the White Paper nor the Bill should be controversial.

R.H.J.

Treasury Chambers, S.W.1.

11th June, 1960
Draft White Paper on Special Drawing Rights  
In the International Monetary Fund  

Special Drawing Rights  
An Explanatory Note

The proposal for a system of "Special Drawing Rights" which has been adopted by the Board of Governors of the International Monetary Fund and now awaits ratification by the Parliaments of member-countries is a development which should be of great importance to the orderly expansion of world trade in future years.

1. The technical details are set out in the Appendix, which reproduces the report by the Executive Directors of the I.M.F. to the Board of Governors proposing the requisite amendments to the Articles of Agreement of the I.M.F. The effect of these amendments will be to make it possible for member-countries, under certain carefully defined conditions, to agree on the deliberate creation of additional liquidity for the world. The proposed system should thus help to smooth out disturbances to world economic expansion which could otherwise follow from a lack of adequate reserves.

2. This is an innovation of the greatest importance. The actual scheme is the outcome of many years of negotiation, and necessarily embodies compromises. To begin with, no doubt, the role of S.D.R.s in the international monetary system will be a modest one. But the scheme is the most significant new departure in international monetary affairs since the signing of the original Articles of Agreement of the I.M.F. at Bretton Woods in 1944. It embodies a new principle and offers the hope of progress to a more rationally managed world monetary system in years to come.

Reasons for Action Now

4. The need for new action in the field of international liquidity began to emerge when the forces which brought about a growth of world reserves in the last two decades were seen to be weakening.

5. At the end of the war, a very high proportion of the world's gold had accumulated in the reserves of the United States. The lack of liquidity in the hands of other countries could have been a considerable impediment to the growth of world trade, since every nation must have adequate reserves to finance the inevitable swings in its balance of payments. This danger was avoided for a long period because from about 1950 onwards - shortly after the devaluation against the dollar of many of the world's currencies - the United States moved into a period of persistent deficit in its balance of payments, largely due to heavy outflows of dollars for defence, aid, and investment. This allowed other countries to build up reserves in the form of dollars and gold paid out to finance the deficit. Thus there was not only a gradual redistribution of reserves, but...
also a steady increase, because of the swelling dollar balances. At the same time the I.M.F. came to play an important role through its drawing rights, and the quotas of its members were twice increased (in 1959 and 1961).

6. The expansion of world trade and output in the post-war period has surpassed anything which has been known in any previous period of history. There is little doubt that the satisfactory functioning of the monetary system during this period accounts, in part, for this success. Her Majesty's Government believes that a gradual and sustained growth of international liquidity is the best means of ensuring rising prosperity for the world as a whole. This gradual expansion has been achieved over the past two decades somewhat fortuitously. For some time now, the authorities of the leading countries in international monetary matters have been considering what might be done to ensure a continuing expansion of liquidity in stable conditions in future.

7. The volume of dollar holdings outside the United States has now become very large and clearly new liquidity cannot come from this source indefinitely. The United States' Government has recognised this in its efforts to correct its balance of payments deficit. Nor can the world look to newly mined gold for the necessary additions to reserves. It is sometimes suggested that the problem could be solved by increasing the price of gold, but Her Majesty's Government, in common with most other governments, believes that this would do more harm than good, and would mark a retreat from the concept of rational management of the world monetary system.

8. What is needed, then, is a rational means of making controlled additions to the world's stock of reserves on the basis of a collective judgment of the world's needs at any particular point in time. This is the purpose of the scheme for Special Drawing Rights. The amendments to the Articles of the I.M.F. which are proposed will not bring Special Drawing Rights into being, but will embody the scheme in the Articles and so give the I.M.F., by procedures to be laid down in the amended Articles, the power to create them when the need arises.

9. Special Drawing Rights (S.D.R.s) will be quite different from the existing drawing rights in the I.M.F. Under the existing facilities, member countries may, on certain conditions, make temporary drawings of currencies of other countries from the pool held by the Fund and made up principally of members' subscriptions. In contrast, S.D.R.s will be created and distributed by the I.M.F. without any deposit of gold or currencies in a central pool. They will be managed in a separate account. When a participant in the S.D.R. scheme uses his S.D.R.s he will do so by transferring them,
in the books of the Fund, to another participant who will be
obliged to supply convertible currency in exchange. Despite
their title, therefore, the Special Drawing Rights will have the
character of transferable assets. They will be a clear addition
to the world’s liquidity and their value to countries which hold
them will depend wholly on the obligations, which all members will
assume, to accept them in exchange for currency. In this sense the
new assets will be much more like the gold and foreign exchange at
present held in the Exchange Equalisation Account than the existing
drawing rights in the I.M.F.
10. The use of S.D.R.s will naturally be subject to carefully
defined conditions. The provisions governing their use are set
out in the draft Article XXV, "Transactions in Special Drawing
Rights." The principal restrictions on the use of S.D.R.s will be:-
(a) Section 3(a) of Article XXV lays down that, except as
provided otherwise, a participant will be expected to use its
S.D.R.s only to meet a balance of payments or reserve need
and not merely for the purpose of changing the composition of
its reserves. However, it is for the member country itself,
in the first instance, to judge whether this condition is
fulfilled. Section 3(b) says that the use of S.D.R.s will not
be subject to challenge, although the Fund may make
representations to and may ultimately suspend a participant
which fails to fulfill the expectation in Section 3(a).
(b) Members who make heavy use of their S.D.R.s will be obliged
later to "reconstitute" their holdings of S.D.R.s to some
extent. For the first five-year period during which the scheme
is in operation, the rule will be that the average of a
country’s total daily holdings of S.D.R.s must not be less than
30% of its allocation. Thus, for example, a country which had
used all its S.D.R.s in the first two years of the period would
then have to reconstitute its holdings by buying enough S.D.R.s
from other members with currency to arrive at an average holding
over the whole period above the 30% limit. After the first
five year period the reconstitution provisions will be
reviewed. Reconstitution will not mean a loss of reserves for
any country but only a change in their form. The arrangement
will have the effect of keeping the ownership of this new and
unfamiliar asset reasonably well spread over the membership of
the scheme. The provisions governing reconstitution are in
Section 6 of Article XXV and Schedule G.
(c) Participants in the scheme will not have absolute freedom
to decide whether or not to accept S.D.R.s from other members.
Section 5 of Article XXV provides for the Fund to designate
Participants to accept S.D.R.s and provide currency in exchange.
It specifies two principles which will govern the selection of countries for designation, namely that they should be countries with strong balance of payments and reserve positions or countries who need to acquire S.D.R.s to meet obligations under the scheme, particularly the obligation to reconstitute their holdings.

(d) A limit is set to the amount of S.D.R.s which a country is obliged to accept, providing currency in exchange. Article XXV Section 4 says, in effect, that no country need hold S.D.R.s beyond three times its allocation. But it may do so voluntarily.

11. The value of S.D.R.s will be defined in terms of a weight of gold and it will therefore remain constant in terms of gold despite changes in currency values (Article XXI, Section 2). S.D.R.s will be allocated to all participants in the scheme (participation is open to all members of the I.M.F.,) in amounts determined as percentages of quotas in the I.M.F. (Article XXIV, Section 2(b)). Decisions to allocate S.D.R.s will be made for five-year basic periods and each participant would receive an annual allocation within this period.

12. Article XXVI contains provisions for interest and charges to be received from or paid to the Fund. Participating countries will pay charges or receive interest in S.D.R.s depending on whether it has on balance used or acquired them.

13. Procedures are laid down in the draft Articles for bringing the scheme into force (Article XXIV, Section 4). A proposal would be made by the Managing Director to the Board of Governors. The Managing Director is obliged first to satisfy himself that the principles (laid down in Article XXIV, Section 1) governing the allocation of S.D.R.s have been met, and to conduct consultations to enable him to ascertain that there is broad support among participants for the proposal. It must also be concurred in by the Executive Directors. It then requires a majority of 85% of the total voting power for approval by the Board of Governors. Procedures are also laid down for the cancellation of S.D.R.s, the suspension of transactions in S.D.R.s, the termination of participation by a member and for liquidation of the scheme (Articles XXIV, XXIX, XXX and XXXI).

Participation by the United Kingdom

14. The Chancellor of the Exchequer, as the United Kingdom Governor of the I.M.F., has voted in favour of the resolution which forms Annex A of the Executive Directors' report and that resolution has now been adopted. Her Majesty's Government propose that when the amendments to the Articles have come into force, the
United Kingdom should become a participant in the Special Drawing Account by depositing the instrument referred to in Article XXIII, Section 1, with the Fund. This instrument would state that the United Kingdom undertakes all the obligations of a participant and that all the necessary steps to enable the United Kingdom to carry out these obligations have been taken. Her Majesty's Government propose to introduce legislation for this purpose. It is the Government's intention that S.D.R.s owned by the United Kingdom should be treated as part of its reserves in the same way as gold and convertible currencies. The proposed legislation would therefore permit Special Drawing Rights to be taken into the Exchange Equalisation Account and all transactions in S.D.R.s in accordance with the scheme to be undertaken through the E.E.A.

Other changes in the I.M.F.

15. The report of the Executive Directors also describes certain other proposals for amending the Articles of Agreement of the I.M.F. These Articles have not been amended since they were agreed at Bretton Woods in 1944. The most important changes concern the majorities required for certain decisions by the I.M.F. These proposals also have the support of Her Majesty's Government.
NOTE

Ministers are asked to note the particularly confidential nature of these documents (notwithstanding that the Committee's Report does not itself bear a formal classification) and to ensure that they are not distributed more widely than is strictly necessary.
CABINET

THE FULTON COMMITTEE REPORT ON THE CIVIL SERVICE

Note by the Prime Minister

I circulate a copy of the Fulton Committee Report on the Civil Service together with a covering note by the Joint Permanent Secretary to the Treasury and Official Head of the Home Civil Service.

2. If the Cabinet agree, I would propose in my statement to be made to the House on the day of publication to announce the Government's acceptance of all the main recommendations of the Report with particular reference to-

(i) the establishment of the Civil Service Department;

(ii) the establishment of a Civil Service College; and

(iii) the unified grading structure of the Service.

3. With regard to (iii) above I suggest the formula should be on the lines that the Government accept this in principle as an objective towards which they would work within the specific timetable which the Committee propose for its implementation; and that the necessary consultations with Staff Associations on this and other issues raised by the Committee should begin immediately.

4. It would have to be made clear that those recommendations which involve substantial cost - and here I am thinking particularly of the proposals for pay and pensions - would have to be phased in over a period of years in accordance with the requirements of the Government's public expenditure policy. As is made clear in paragraph 6 of the attached paper:

(a) The effect of the structure proposals on the pay bill, estimated to amount in the end to £5-£10 million, will not be felt at all before 1972.

(b) The revised arrangements for pensions, costing eventually some £17 million, would have to be geared to the introduction of the State earnings-related scheme (planned for 1973) and this cost would build up gradually.
5. I will inform Cabinet of my intentions with regard to Ministerial responsibilities and the proposals for dealing with Parliamentary Questions.

H.W.

10 Downing Street, S.W.1.

14th June, 1968
Memorandum by the Official Head of the Home Civil Service

INTRODUCTION

Attached is a copy of Volume I of the Fulton Committee Report on the Civil Service. There is a short summary of the main findings after Chapter 8; and there is a full list of recommendations immediately after the appendices at the end of the Report.

2. The version circulated herewith is, so far as we know, the final one; though the Committee have not yet formally signed it and intend to do so on 19th June.

3. I have discussed the report at a weekend conference of Permanent Secretaries at which all the principal Departments were represented, and I am planning to discuss it with the leading members of the professional Civil Service at a Conference on Saturday, 15th June. This memorandum reflects the views of the Permanent Secretaries; if anything substantially different emerges from the conference with the professionals, I will report it immediately.

4. The main conclusions of the Report can be summarised as follows:

(a) A Civil Service Department should be created separate from and independent of the Treasury, absorbing the Civil Service Commission, with enlarged functions, under the control of the Prime Minister, assisted by another Minister who should be a member of the Cabinet. There should be a similar enlargement of the functions of establishment divisions in Departments.

(b) A Civil Service College should be established, to be the focus of a greatly expanded programme of Civil Service training and research.

(c) A policy of recruitment, training and career management should be adopted with the object of providing an open road to the top for all kinds of talent - and in particular to ensure that specialists are given greater opportunities and training for undertaking managerial responsibilities, while administrators develop greater expertise in the subject matter of their fields of activity, and in the techniques of policy formulation and management.

(d) There should be introduced a unified grading structure over the Civil Service as a whole, in place of the present general and departmental classes.
(e) Departments should be reorganised, with the necessary changes in the system of Government accounting, to provide for long term planning and for the fixing of objectives, for the achievement of which responsibility can be placed on individuals who can be held to account for the results achieved.

(f) While the Civil Service should remain predominantly a career service, ways should be developed, including a reform of the pension system, for increasing the inflow and outflow at all levels.

5. The scheme of this memorandum is as follows:

First, attention is drawn to the cost of the Committee's recommendations, both in terms of increased numbers of civil servants and in terms of Exchequer expenditure, and Ministers are invited to consider whether notwithstanding the cost, the reform should be proceeded with.

Secondly, it is suggested, on the assumption that Ministers wish to proceed, that a general welcome should be given to the broad objectives of the Report, as set out in the summary above, and that definite decisions should be announced on Items (a) and (b) above, and perhaps also on (c). Thirdly, reasons are given why the remaining recommendations require further study and consultation before decisions can be announced, though it is recommended that the study proposed by the Committee into the methods of selection of candidates for the Civil Service should be put in hand at once.

Finally some comment is given on the criticisms of the Civil Service contained in the Report.

THE COST OF THE RECOMMENDATIONS

6. Details are given in the Appendix of the best estimate that can be made, in the short time we have had to study the Report, of the likely annual cost of the various recommendations, both in the immediate future and as the longer term recommendations come into effect. This is of necessity little more than an informed guess at the present stage; but it can be taken as certain that the total, both in terms of money and resources, will be substantial. The various costs fall into two main sections. The first relate to a set of recommendations involving early expenditure - including increased training, enlarged managerial activities, the development of planning units and improvements in the working environment. It will be seen from Appendix II A that the cost of these recommendations may be expected to build up to a sum of the order of £11–£12 millions a year. This will involve an increase in the numbers of civil servants engaged on these activities - and they will be largely highly qualified civil servants - of the order of 3,000 (there are already indications that some Departments believe this to be an underestimate). Unless Ministers are prepared to accept costs of this order, we can hardly pretend that we are putting the Report into effect. The next set (Appendix II B) covers the necessarily highly speculative estimate of the increases in pay which might follow from the introduction
of the unified grading structure and the cost of the pension proposals. Even if it proves right to carry through both these sets of recommendations in full in their present form - and much further study is needed on both - the increased costs would not follow for some years and then would build up slowly. As far as the unified structure is concerned this would not, on the Committee's own showing, come into effect for some five years, though the cost thereafter might prove substantial. As far as pensions are concerned, changes would have to be related to the introduction of the State earnings-related pension scheme for which the present planning date is April, 1973. Even if some parts of the changes in Civil Service superannuation took place earlier, it would in any event be a number of years before the full cost accrued, as retirements took place. It might be towards the end of the decade before we reached the full annual rate of cost.

7. It is true that if the Committee's recommendations are successfully implemented there is a prospect of securing, in the end, a more efficient and more economical service. This however will take time to bring to fruition; and we cannot say at this stage whether the results, in terms of reduction in the numbers of civil servants as a whole, could be expected to offset the increases referred to above. What is certain, however, is that the increases must take place first, before any reductions as a result of the Report can be achieved. This will naturally give rise to criticism from those who think the Civil Service is already too large, but it will have to be faced.

8. These circumstances naturally lead to the conclusion that efforts should be redoubled to find other ways of reducing the size of the Civil Service. Efforts to this end are being made continuously by Departments, particularly since the introduction of the manpower ceiling at the beginning of the current financial year; and I must report to Ministers that my colleagues are coming under increasing difficulty in providing for the maintenance of the services for which they are responsible under the present ceilings. While we have proposals which could lead to some reduction in numbers eventually, it is unlikely that they could be accomplished sufficiently quickly to make any difference in the current financial year, or much difference in the next. We cannot, therefore, pretend that extra cost can quickly be matched by counter-balancing savings, nor that much can be achieved without facing the cost; to purport to be implementing the Report without extra staff and extra expenditure would soon be seen to be a sham.

THREE IMMEDIATE ISSUES

9. If Ministers are prepared to accept the cost, then there are three major questions on which the Government may wish to take immediate decisions.

The Civil Service Department

10. The first of these relates to the creation of the proposed Civil Service Department, the expansion of its activities and the corresponding expansion in the activities of Departments in the field of staff management. The Committee's recommendation, as summarised in paragraph 4 above, is that there should be created a Civil Service Department, in the charge of the Prime Minister, with the Head of the
Home Civil Service as its Permanent Secretary. The Prime Minister would be assisted by a Minister without departmental duties who would be in the Cabinet. The new Department would take over the functions of the present pay and management groups of the Treasury, including their present responsibilities for the pay of the Armed Forces and other public services. The staff and work of the Civil Service Commission would be integrated with the new Department, but arrangements would be made for safeguarding the impartiality of the Commission in the selection of individual candidates.

11. This recommendation will not necessarily be immediately acceptable to all the Staff Associations, some of whom gave evidence against it to the Fulton Committee. Nevertheless the Committee have gone out of their way to meet the points made by the Staff Associations by spelling out the relationship between the new Department and the new "Treasury" in a way which should secure to the new Department a satisfactory degree of independence. The Committee recognises that the new Department can function properly only if it has, subject to the normal rules of collective Cabinet responsibility and in present circumstances to incomes policy generally, final authority on Civil Service pay questions as well as for the policy of the broad alignment of pay in the public services generally. The other component of staff costs is numbers. On this the Committee's recommendation is that the Treasury, while remaining free to query the policy behind a proposal on the grounds of its costs as a whole, will have to accept the view of the Civil Service Department on the scale of staffing required for any given level of policy activity.

12. On this understanding I recommend that the Government should announce the immediate acceptance of this recommendation and take the steps necessary to set up the new Department.

Staff Management and Training

13. The Report also recommends that more resources should be devoted in Departments to all aspects of staff management. This will naturally take time to build up; and in the early stages, since good men are scarce, it may mean that other activities may not be able to go ahead as fast as some Departments might wish. Nevertheless it is the main burden of the Report that the Civil Service has been undermanaged; and acceptance of the Report implies devoting more resources and better qualified resources to these ends.

14. Again on the hypothesis that Ministers are prepared to accept the costs, an immediate announcement could be made that the Government accept the Committee's recommendation on training, and intend to establish a Civil Service College on the lines recommended by the Committee. There is general agreement on all sides on the necessity for a greatly expanded training effort at all levels, and the Committee have left us free to work out the details ourselves. Some of these cannot be settled until the new pattern of the grading structure is clearer; nevertheless a useful start can and should be made.
Structure of the Service

15. The extent to which the Government should accept, even in principle, the proposals made by the Committee for a unified structure seems to me more open than the decisions on the preceding issues. The arguments for acceptance are substantial:

(a) There will be wide agreement in principle, both within and without the Service, with the objectives of the Committee in framing these proposals, in enabling men to be matched to jobs, in improving the opportunities of Civil Servants fully to develop their talents, and in providing a foundation for the application of the principles of accountable management.

(b) There can be no doubt that there are at present too many classes in the Service, that their grouping and relationships leave considerable room for improvement and in particular that as a result of this and inadequate personnel management, the best use is not made of the available talent.

(c) The Committee's proposals have an immediate and apparently egalitarian appeal as providing a clean sweep and a clear new structure, though it will be noted that the main new feature is not the abolition of horizontal class barriers between higher and lower, which in the case of the general management field was proposed by the Treasury, but in addition the abolition of vertical lines of division, while yet retaining much of the substance of separate occupational groups.

16. On the other hand, practical difficulties may well be shown up by the thoroughgoing study, which the Committee themselves recognise is necessary. Thus:

(a) As regards the implications for pay, only such a study can show whether such a structure could be reconciled with the established principle of settling pay by fair outside comparisons of similar work as laid down by the Priestley Royal Commission of 1953-55. The arrangements proposed might mean that, when we needed to adjust pay to enable us to recruit or interchange with the private sector, we should run into new rigidities.

(b) Nor can we be certain that it could be introduced without unacceptable rises in pay as the result of aligning the existing scales into single grades (where, in order to get staff agreement, "levelling up" would be inevitable).

(c) There are also possible awkward results for management to the extent that the staff associations could claim a right to be consulted over grading, since this would, under the structure, determine pay, on which, under the Whitley system the Government is committed to consult with them.
17. The Committee state that "given acceptance in principle of our proposals for a unified grading structure" the first priority is to mount a major study to work out the details, and they suggest that it would take from three to five years to do this, and implement a scheme throughout the Service. Clearly it would be right to mount such a study after the necessary consultations with the Staff Side. If the Government were on the balance of the foregoing considerations to commit themselves at the outset to the acceptance in principle which is recommended by the Committee, it would be important that this should be done in terms which adequately preserve the rights of the Staff Side to consultation and negotiation.

THE REMAINING RECOMMENDATIONS

18. There are a large number of these and it is only possible in this memorandum to deal with the more important ones. These are:

(a) Recruitment
(b) Career Management
(c) Mobility, pensions and a career service
(d) Accountable management
(e) Hiving off
(f) Planning Units
(g) Top appointments
(h) Review of progress

Recruitment

19. The Committee recommend enquiries into certain aspects of selection and this will be put in hand at once. There is, however, one of their recommendations which is likely to be controversial. This is that in the recruitment of graduates preference should be given to those with degrees in "relevant" subjects - though "relevance" is not defined. The extent to which knowledge obtained in a first degree course is of overriding importance in the qualifications of an administrative civil servant is debatable; the arguments against it are well set out in the Report (paragraph 80) where the views of a dissenting minority are given. There is also the practical difficulty of deciding which degree courses are "relevant". It seems inevitable that we must allow public debate to take place on this question and consider it in consultation not only with the Staff Associations but also with the University authorities, before coming to a decision. On the other hand it would be far less controversial, and would probably help recruitment, to make it clear that in assigning successful candidates to Departments regard will be had to the subject matter of their degree course and any other relevant experience.
Career Management

20. A great deal of what the Committee say on this subject is entirely acceptable but there will be doubts and controversy about their proposal that non-specialist administrators should be grouped according to broad areas of subject matter, and that the first two groups for this purpose should be an "economic" group and a "social" group. It is possible to interpret this idea loosely or rigidly; if it is taken rigidly and thought to mean that every administrator at the outset of his career should be labelled either "economic" or "social" then the disadvantages of the proposal are obvious enough. There are many areas of government that cannot be described as either economic or social, and it is clear that administrators in the social field need appreciation of economic techniques and vice versa. If a rigid line of demarcation were followed we would be in danger of recreating rigidities of the kind which the Committee wish to get rid of in their proposal for the abolition of the existing classes. If, on the other hand, it is interpreted more loosely, and taken to indicate that we should so plan the careers of individual civil servants that they obtain progressively wider experience in related fields, and that two very important such fields are those of economic and social policy, then it is clearly much more acceptable. In this area again no immediate decision seems appropriate.

Mobility, Pensions and a Career Service

21. To encourage and facilitate late entry to the Service, as the Committee recommend, will be to continue an existing trend. Coupled with this is the Committee's proposal to do away with "established" status. To abolish the link between "establishment" and pensionability is compatible with modern developments in the pension field, and to defer the granting of established or permanent status until a proper period of probation or trial is satisfactorily concluded, should not in principle cause difficulty, though continuity of pension rights would need to be safeguarded in the case of late entry from other pensionable employment. The Committee recommends that some concept of permanent status is desirable, even if "establishment" is the wrong term, and this is acceptable. The payment of pensions to temporary staff would be costly, as would the other pension recommendations, including the shorter qualifying period and free transferability. These changes, including both their feasibility and their cost, will require detailed study and negotiation with the staff associations. It will also be necessary to consider them in the context of the new earnings-related pension scheme which is now being considered by the Government.

Accountable Management

22. There is certainly room, as the Committee suggest, for a much wider application of the principles of accountable management, and management by objective, to the work of the Civil Service. We are already moving in this direction and there is no doubt that we should go as far as we possibly can. There are of course difficulties, as the Committee have noted; much work cuts across departmental boundaries and therefore the responsibilities of different Ministers are involved. In these and other cases it will not be easy to provide operational definitions of objectives for particular units, especially in headquarters' offices.
This is also true of much of the Parliamentary and negotiating work, as well as the task of keeping in contact with outside interests and activities. There is also the point, which the Committee note, that these ideas will need a fresh look at the traditional forms of Government accounting. Nevertheless the Service could and should go much further in this direction.

"Hiving Off"

23. The Committee examined briefly the proposition that further areas of Civil Service work should be "hived off" from central government and entrusted to autonomous boards or corporations. It was put to them that this might be one way of creating new "accountable units of management" not only for public commercial enterprises but also for blocks of executive activity. To such units the test of efficiency as demonstrated by results could be more readily applied. "Hiving off" appeared to have succeeded in Sweden but attracted criticism in the United States.

24. The present Government legislated to establish the Airports Authority and proposes to carry out the largest piece of "hiving off" which is ever likely to occur by making the Post Office a public Corporation. Some further "hiving off" is one of the possibilities which could flow from the Green Paper on Health Service Organisation being prepared by the Minister. There is probably no great dispute about the merits of hiving off commercial activities which can be made largely or wholly self-supporting. The tests for other executive activities are likely to be whether the management can genuinely be called to account by reference to results; and whether Ministers are ready to decide, and Parliament and public opinion to accept, that they should renounce day-to-day control and responsibility. The Committee are surely right to say that there is something worth further study here, and as a first step a good deal of work on it will need to be done in the Civil Service Department and other Departments.

Planning Units and Senior Policy Advisers

25. The proposal for a planning unit in each Department, divorced from responsibility for day-to-day business, has much to commend it and is indeed adopted in some Departments; it is not invariably, however, the best way of doing the job. In some of the more complex Departments more than one unit will be necessary; in others planning is virtually the whole of their work; in others again it cannot be done within the boundaries of the Department, but must be done inter-departmentally. The need however for special provision for forward planning is undisputed; most Departments would agree that they do not do as much of this as they should and would wish to do, primarily because of the pressures of current work and the shortage of suitable staff. The relieving of these difficulties would be widely welcomed.

26. The Committee associate with their proposal for planning units, a recommendation that there should be in each Department one or more "Senior Policy Advisers". This will need careful consideration; it appears to be based, at least in part, on a misunderstanding of the present practice. The idea of the "monolithic" Departments in which the Permanent Secretary was the sole source of advice to a Minister was never as widespread as outside observers seem to think and is now almost entirely obsolete; Ministers receive policy advice direct from Deputy Secretaries and in many cases also from Under-Secretaries.
and professional advice is fed in at all levels. The precise way in which advice on future planning is dovetailed into these arrangements and the organisation for deciding what future planning should be done and what priority should be given to it will no doubt vary from Department to Department; but it would be wrong, in my view, to do anything to detract from the ultimate authority of the Permanent Secretary in this as in other matters — the importance of which the Committee recognise.

27. In view of the different circumstances of each Department, it would seem that the best procedure in relation to both these recommendations would be for Departments to inform the Civil Service Department both of their existing arrangements for future planning and policy advice together with any proposals they may have for modifying and developing them to meet the objectives of the Fulton Committee's recommendations.

Top Appointments

28. The Committee recommend that the Head of the Home Civil Service, in advising the Prime Minister on top appointments, should be assisted by a Board of Permanent Secretaries, top specialists and some eminent outsiders. This is a sensible recommendation which should reassure people that justice is done and is seen to be done. It is questionable, however, whether eminent outsiders should be members of the Board, even though there may well be occasions when the advice of particular outsiders could usefully be obtained. Since no outsider could know more than a small proportion of possible candidates their role would inevitably be that of overseeing the way in which decisions were taken. There would be difficulty in choosing an acceptable panel of outsiders and circumstances could arise in which the freedom of Ministers could be restricted, in a way which would not happen if the Board consisted solely of serving civil servants.

Review of Progress

29. The Committee invite the Government either to report annually to Parliament on progress over the next five years, or alternatively to set up another Committee of the same kind as the Fulton Committee to review progress at the end of the five-year period. Partly for the reasons given by the dissenting minority and partly because five years may turn out not to be a sensible interval, the Committee's first alternative seems to be the sounder one.

CRITICISMS OF THE CIVIL SERVICE

30. So far this memorandum has been concerned with the recommendations of the Committee which are dealt with in Chapters 2-8 of their Report. This is prefaced, in Chapter 1, by a description and critique of the state of the Civil Service at present. It is of course accepted, and indeed to be welcomed, that the Committee should have been both searching and forthright in its criticisms, and the Permanent Secretaries whom I have consulted have told me that they recognise that much of the criticism is fair in substance, even if parts of it are overdrawn and most could well have been differently expressed.
We believe however that the Report as a whole will be badly received in a considerable part of the Service, partly as being unbalanced in concentrating almost exclusively on criticism with little regard to the strength of the Service, and partly because to many civil servants some of the Committee's analysis will be seen to be at variance with the facts as they know them - in particular that scant regard appears to have been paid to the great changes in the structure of the Service that have taken place since the reorganisation committee of 1920 as well as the considerable efforts for change and modernisation that have been going on in the last few years. We fear that this may distract attention from the undoubted merits, not only of the Committee's broad objectives, but also of much of what they propose, and that morale could be affected in parts of the Service, both in relation to its present tasks and also in pressing through with the necessary enthusiasm reforms on the general lines which the Committee recommend. Careful handling will be necessary to avoid this and to secure practical advantages from the Committee's work. This has obvious implications for the way in which the Government present their own first reactions to the Report.

ISSUES FOR DECISION

32. These would appear to be as follows:

(i) Is the additional cost in manpower and money required for tackling at any rate the basic recommendations of the Report acceptable?

(ii) If so should the Government announce at the time the Report is published decisions on:

(a) The proposed Civil Service Department.

(b) The Civil Service Training College and the new training policy.

(c) The introduction of a unified grading structure.

(iii) As regards the rest of the recommendations, should the announcement say that the Government welcome the objectives of the Report and will be examining them urgently with a view to reaching decisions to be announced in due course, and that in the meantime they accept the proposal for an enquiry into methods of selection.
### APPENDIX 1

**APPROXIMATE ANNUAL COST OF IMPLEMENTING RECOMMENDATIONS OF THE FULTON COMMITTEE**

#### Annual increases of staff numbers

<table>
<thead>
<tr>
<th></th>
<th>1968-69</th>
<th>1969-70</th>
<th>Thereafter</th>
<th>Total increase on current numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Civil Service Department</td>
<td>100</td>
<td>350</td>
<td>-</td>
<td>450</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Extra &quot;management&quot; staff in Departments</td>
<td>300</td>
<td>700</td>
<td>500-1,000</td>
<td>1,500-2,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Planning Units</td>
<td>-</td>
<td>150</td>
<td>120</td>
<td>270</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td>4. Training</td>
<td>12</td>
<td>120</td>
<td>4,68</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>412</td>
<td>1,320</td>
<td>1,088-1,588</td>
<td>2,820-3,320</td>
</tr>
</tbody>
</table>

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The staff figures for after 1969-70 represent an increase of approximately 50. No provision is made for extra accommodation.

This is the staff element for expanded personnel management, decentralising recruitment and for the larger Departments to have a Management Services Unit.

A modest provision for each Department to have some planning staff and for a small central co-ordinating staff.

This includes staff for the College and a training margin of staff in Departments.
### APPENDIX II

**APPROXIMATE ANNUAL COST OF IMPLEMENTING RECOMMENDATIONS OF THE FILTON COMMITTEE**

<table>
<thead>
<tr>
<th>Recommendations involving early expenditure</th>
<th>1968-69</th>
<th>1969-70</th>
<th>Thereafter</th>
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<tr>
<td>Civil Service Department</td>
<td>0.3</td>
<td>0.7</td>
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<td>Extra &quot;management&quot; staff in Departments</td>
<td>0.6</td>
<td>1.5</td>
<td>1.0-2.0</td>
<td>3.0-4.0</td>
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<tr>
<td>Planning Units</td>
<td>-</td>
<td>0.5</td>
<td>0.35</td>
<td>0.85</td>
</tr>
<tr>
<td>Training</td>
<td>0.1</td>
<td>0.5</td>
<td>1.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Working Environment</td>
<td>-</td>
<td>1.0</td>
<td>1.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Over £5m. per annum is spent on maintenance, minor works and furniture, and some £5-£5m. on office cleaning. At least £1m. per annum on the former head would be required to improve standards (say £1.5m.) and £0.5m. on the latter.

### Miscellaneous

This includes the advertising costs of decentralising to Departments recruitment of professional staff (£0.75m.) and improved pay of typists.

<table>
<thead>
<tr>
<th></th>
<th>1.0</th>
<th>5.2</th>
<th>4.75-5.75</th>
<th>10.85-11.85</th>
</tr>
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</table>

(2) CONFIDENTIAL
APPROXIMATE ANNUAL COST OF IMPLEMENTING RECOMMENDATIONS OF THE POLICEMAN COMMITTEE

Ultimate total annual increase over current levels

2. Recommendations involving expenditure only in the longer term

1. New Pay and Grading Structure

Any precise estimate of the cost of this cannot be made until we have a clearer picture of what the new structure would look like and how it would be implemented.

2. Pensions

This combines the cost of giving pensions to those at present classed as temporary and of preservation of pension rights for all voluntary leavers.

As explained in paragraph 6 of the paper expenditure on these two recommendations would not start for several years, and would then only build up slowly - in the case of pensions as retirements and transfers took place.
MEMBERS OF THE COMMITTEE

LORD FULTON (CHAIRMAN)

SIR NORMAN KIPPING, O.M.G., K.B.E., J.P., (1)

SIR PHILIP ALLEN, K.C.B.

MR. W. C. ANDERSON, C.B.E.

RT. HON. SIR EDWARD BOYLE, BART., M.P.

SIR WILLIAM COOK, C.B., F.R.S.

SIR JAMES DUNNETT, K.C.E., C.M.G.

DR. NORMAN HUNT

MR. R. R. NEILD

MR. R. SHELDON, M.P. (2)

PROFESSOR LORD SIMEY OF TOXTETH

SIR JOHN WALL, O.B.E.

(1) The Committee appointed Sir Norman Kipping to be their Vice-Chairman.

(2) Mr. Sheldon succeeded Mrs. Shirley Williams, M.P. on her appointment as Parliamentary Secretary, Ministry of Labour, in April, 1966.
1. We were appointed on 8th February, 1966 to "examine the structure, recruitment and management, including training, of the Home Civil Service, and to make recommendations." We describe the scope of our inquiry at Appendix A.

2. In producing our report we are greatly indebted to a large number of people - for their evidence, both written and oral, and for the research they have done on our behalf. We have thought it best to reserve most of our very many acknowledgements for Appendix L, where we also indicate the methods and procedures we have followed in the course of our inquiry.

3. In order to keep the main body of our report short, and, we hope, readable, we have confined it to a statement of our main proposals and the reasons for them. We have thus, with very few exceptions, deliberately refrained from summarising, debating or even referring in the course of the argument to the many points that have been put to us, both orally and in writing. The evidence has been so voluminous that we could not have done justice to it without multiplying the length of our report many times. We decided that we must avoid this. We hope that this will not lead those who gave evidence to us to feel that what they said has been ignored; it should be clear from what we have written how greatly we have been influenced by it.

4. Some of the appendices, printed in this volume, deal more fully with certain topics than was practicable in the main body of our report, and make further, more detailed recommendations. In these we discuss some of the evidence that has mainly influenced our thinking on these topics; and Appendix K gives a more general account of the evidence that has made an especially positive contribution to our work.

5. Our main findings are summarised at the end of the report and before the appendices. A detailed list of our recommendations is at the end of this volume.

6. We are publishing four further volumes containing the written evidence that has been put before us and the reports of various
investigations and surveys. They are listed in the table of contents and briefly described in Appendix L.

7. We have reached a very wide measure of agreement. Some of us have reservations on certain points, which are indicated in the text. For the rest, we would not all put the same emphasis on every statement; some of us would have wished to go further, and others less far. But except where explicit reservations are made, this is the report of us all.

8. In addition to the many acknowledgements of help that we make in Appendix L, we wish to record here two special debts. The first is to our staff. Our secretary, Mr. R.W.L. Wilding, has been throughout our task invariably indefatigable, firm, patient and resourceful. He takes with him, on his return to more normal duties in the Civil Service, the warm thanks and good wishes of us all. We also wish to express our appreciation of all the help we have had from our assistant secretary, Mr. M.A. Simons, and from their staff, Mr. J.A. Lewry, Miss B.J. Fearn, and Mrs. E.J. Baker. Individually and collectively, we have received from them constant support and unfailing kindness and courtesy. Secondly, his colleagues wish to acknowledge how much they owe to Dr. Norman Hunt. He led the Management Consultancy Group whose report illuminated much of our discussions; he also, together with Mr. Wilding, bore the heavy burden of preparing the successive drafts of our report. He brought to bear on this task not only his own great knowledge and enthusiasm but also a sensitive awareness of the views of the colleagues, for which they are very grateful.
Table of Contents

Volume 1: Report and Appendices

REPORT

Chapter 1

The Civil Service today

Chapter 2

The tasks of the modern Civil Service and the men and women they need

Chapter 3

Recruitment, training and career management

The responsibility for recruitment
Recruitment procedures and the problems of delay
The principles and methods of recruitment
   The recruitment of graduates, post-graduates and their equivalents
   The recruitment of non-graduates
Late entrants and recruitment for short-term appointments
The management of new entrants
Training
Career management

Chapter 4

Mobility, pensions and a career service

Late entry
Temporary appointments
Short-term loans and secondments
Personal appointments by Ministers
Movement out of the Service
The Civil Service as a career
Terms of service and pension arrangements
Chapter 5

The structure of departments and the promotion of efficiency

Accountable and efficient management
The departmental management services unit
Policy planning
The overall direction of departments
The delegation of responsibility to autonomous public boards

Chapter 6

The structure of the Civil Service

The objectives
The present structure
Defects of the present structure
The new structure we propose
Pay in the unified grading structure
Advantages of the unified grading structure
Priorities in the establishment of the unified grading structure

Chapter 7

The central management of the Civil Service and relations with staff associations

The task of central management
The new Civil Service Department
Relations between the Civil Service Department and other departments
Relations with the Treasury
Whitley Council machinery and the role of staff associations

Chapter 8

The Civil Service and the community

Consultation and secrecy
The Civil Service and Parliament
The anonymity of civil servants
Ministers and civil servants
Serving the community
Complementary reforms
Manpower
The implementation of our proposals

Reservation by Lord Simey on Chapter 1

Summary of main findings
APPENDICES

Appendix A
The scope of our inquiry

Appendix B
Text of the Northcote-Trevelyan and Macaulay Reports

Appendix C
Impressions of the Civil Services in France, Sweden and the United States
The French Civil Service
The Swedish Civil Service
The United States Civil Service

Appendix D
Problems of three specialist groups:
Accountants, Lawyers and Research Officers
Accountants
Lawyers
Research Officers

Appendix E
Recruitment procedure
Present procedures
Proposed changes in recruitment procedure

Appendix F
The recruitment of graduates

Appendix G
Interchange of staff with other employments

Appendix H
Pension arrangements and early retirement
Pensions for temporary staff
Preservation of pension rights on voluntary leaving
Compulsory early retirement
The question of a contributory pension scheme
Improved pensions for short service
The retiring age
The statutory basis of the pension scheme
Appendix I
The working environment

Appendix J
The supporting grades

Appendix K
Main evidence on important topics

Appendix L
Procedure and acknowledgements

LIST OF RECOMMENDATIONS

Volume 2: Report of a Management Consultancy Group
(published with the Report)

Volume 3: Surveys and investigations
(to be published later)

1. Social Survey of the Civil Service
2. Profile of a Profession: The Administrative Class of the Civil Service
3. Civil Service Unsuccessfuls: Fifteen years later
4. Administrative Class Follow-up Survey
5. Executive Class Follow-up Survey
6. School Background of Members of the Administrative Class
8. Study of Ability, Efficiency and Job Satisfaction among Executive and Clerical Officers
9. Recruitment of Graduates to the Civil Service: Survey of Student Attitudes
10. Reports on the Civil Service since the Northcote-Trevelyan Report
Volume 4: Factual, statistical and explanatory papers

<table>
<thead>
<tr>
<th>Section I</th>
<th>Introductory Factual Memorandum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section II</td>
<td>Manpower</td>
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<td>Terms of Service</td>
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<td>Structure and Staff Representation</td>
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<tr>
<td>Section VI</td>
<td>Training</td>
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<tr>
<td>Section VII</td>
<td>Careers and Career Management</td>
</tr>
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<td>Section VIII</td>
<td>Management Services</td>
</tr>
</tbody>
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Volume 5: Proposals and opinions

<table>
<thead>
<tr>
<th>Part I</th>
<th>Government Departments</th>
</tr>
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<tbody>
<tr>
<td>Part II</td>
<td>Staff Associations (with some comments from H.M. Treasury)</td>
</tr>
<tr>
<td>Part III</td>
<td>Organisations outside the Civil Service</td>
</tr>
<tr>
<td>Part IV</td>
<td>Individuals</td>
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CHAPTER I
THE CIVIL SERVICE TODAY

The Home Civil Service today is still fundamentally the product of the nineteenth-century philosophy of the Northcote-Trevelyan report. The tasks it faces are those of the second half of the twentieth century. This is what we have found; it is what we seek to remedy.*

2. The foundations were laid by Northcote and Trevelyan in their report of 1854. Northcote and Trevelyan were much influenced by Macaulay whose Committee reported in the same year on the reform of the India Service. The two reports, so remarkable for their bluntness and brevity (together they run to about twenty pages in the original printing), have had such a far-reaching influence that we reproduce them in full in Appendix B.

3. These reports condemned the nepotism, the incompetence and other defects of the system inherited from the eighteenth century. Both proposed the introduction of competitive entry examinations. The Macaulay Report extolled the merits of the young men from Oxford and Cambridge who had read nothing but subjects unrelated to their future careers. The Northcote-Trevelyan Report pointed to the possible advantages of reading newer, more relevant subjects, such as geography or political economy, rather than the classics. But as the two services grew, this difference between the two reports seems to have been lost. There emerged the tradition of the "all-rounder" as he has been called by his champions, or "amateur" as he has been called by his critics.

4. Both reports concentrated on the graduates who thereafter came to form the top of each service. They took much less notice of the rest. In India, the supporting echelons were native, and the technical services, such as railways and engineering, were the business of specialists who stood lower than the ruling administrators. At home, the all-round administrators were to be supported by non-graduates to do executive and clerical work and by specialists (e.g.

* Lord Simey enters a reservation on this chapter. It is printed on page...
Inspectors of Schools) in those departments where they were needed. A man had to enter the Service on completing his education; once in, he was in for life. The outcome was a career service, immune from nepotism and political jobbery and, by the same token, attractive for its total security as well as for the intellectual achievement and social status that success in the entry examination implied.

5. Carrying out the Northcote-Trevelyan report took time; there was long debate. Over the years other committees and commissions have considered various aspects of the Civil Service. Many new specialist classes have been added to the system, notably the scientists, engineers and their supporting classes: there is now an impressive amount of detailed training. Many other modifications have been made. The reports of the main committees and commissions are summarised and discussed in a note published in Volume 3.

6. Nevertheless, the basic principles and philosophy of the Northcote-Trevelyan report have prevailed: the essential features of their structure have remained.

7. Meanwhile, the role of government has greatly changed. Its traditional regulatory functions have multiplied in size and greatly broadened in scope. It has taken on vast new responsibilities. It is expected to achieve such general economic aims as full employment, a satisfactory rate of growth, stable prices and a healthy balance of payments. Through these and other policies (e.g. public purchasing, investment grants, financial regulators) it profoundly influences the output, costs and profitability of industry generally in both the home and overseas markets. Through nationalisation it more directly controls a number of basic industries. It has responsibilities for the location of industry and for town and country planning. It engages in research and development both for civil and military purposes. It provides comprehensive social services and is now expected to promote the fullest possible development of individual human potential. All these changes have made for a massive growth in public expenditure. Public spending means public control. A century ago the tasks of government were mainly passive and regulatory. Now they amount to a much more active and positive engagement in our affairs.
6. Technological progress and the vast amount of new knowledge have made a major impact on these tasks and on the process of taking decisions; the change goes on. Siting a new airport, buying military supplies, striking the right balance between coal, gas, oil and nuclear-powered electricity in a new energy policy—all these problems compel civil servants to use new techniques of analysis, management and co-ordination which are beyond those not specially trained in them.

9. The increase in the positive activities of government has not been solely an extension of the powers and functions of the State in an era of technological change. There has also been a complex intermingling of the public and private sectors. This has led to a proliferation of para-state organisations: public corporations, nationalised industries, negotiating bodies with varying degrees of public and private participation, public participation in private enterprises, voluntary bodies financed from public funds. Between the operations of the public and the private sectors there is often no clear boundary. Central and local government stand in a similarly intricate relationship; central government is generally held responsible for services that it partly or mainly finances but local authorities actually provide. As the tasks of government have grown and become more complex, so the need to consult and co-ordinate has grown as well.

10. The time it takes to reach a decision and carry it out has often lengthened. This is partly because of technological advance and the resulting complexity e.g. of defence equipment. Another reason is that the public and Parliament demand greater foresight and order in, for example, the development of land, the transport system and other resources, than they did in the past.

11. Governments also work more and more in an international setting. The improvement in communications and the greater interdependence of nations enlarges the difficulties as well as the opportunities of government.
To meet these new tasks of government, the modern Civil Service must be able to handle the social, economic, scientific and technical problems of our time, in an international setting. Because the solutions to complex problems need long preparation, the Service must be far-sighted; from its accumulated knowledge and experience, it must show initiative in working out what are the needs of the future and how they might be met. A special responsibility now rests upon the Civil Service because one Parliament or even one Government often cannot see the process through.

At the same time, the Civil Service works under political direction and under the obligation of political accountability. This is the setting in which the daily work of many civil servants is carried out; thus they need to have a lively awareness of the political implications of what they are doing or advising. The Civil Service has also to be flexible enough to serve governments of any political complexion — whether they are committed to extend or in certain respects to reduce the role of the State. Throughout, it has to remember that it exists to serve the whole community and that imaginative humanity sometimes matters more than tidy efficiency and administrative uniformity.

In our view the structure and practices of the Service have not kept up with the changing tasks. The defects we have found can nearly all be attributed to this. We have found no instance where reform has run ahead too rapidly. So, today, the Service is 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.

First, the Service is still essentially based on the philosophy of the amateur (or 'generalist' or 'all-rounder'). This is most evident in the Administrative Class which holds the dominant position in the Service. 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. Today, as the report of our Management Consultancy Group illustrates, this concept has most damaging consequences. It cannot make for the efficient despatch of public business when key men rarely stay in one job longer than two to three years before being moved to some other post, often in a very different area of government activity. A similar cult of the generalist is found in that part of the Executive Class that works in support of the Administrative Class and also even in some of the specialist classes. The cult is obsolete at all levels and in all parts of the Service.

16. Secondly, the present system of classes in the Service seriously impedes its work. The Service is divided into classes both horizontally (between higher and lower in the same broad area of work) and vertically (between different skills, professions or disciplines). There are 47 general classes whose members work in most government departments and over 1,400 departmental classes. Each civil servant is recruited to a particular class; his membership of that class determines his prospects (most classes have their own career structures) and the range of jobs on which he may be employed. It is true that there is some subsequent movement between classes; but such rigid and prolific compartmentalism in the Service leads to the setting up of cumbersome organisational forms, seriously hampers the Service in adapting itself to new tasks, prevents the best use of individual talent, contributes to the inequality of promotion prospects, causes frustration and resentment and impedes the entry into wider management of those well-fitted for it.

17. Thirdly, many scientists, engineers and members of other specialist classes get neither the full responsibilities and corresponding authority, nor the opportunities they ought to have. Too often they are organised in separate hierarchies in which the policy and financial aspects of the work are reserved to a parallel group of "generalist" administrators; and their access to higher management

* See Chapter 2, paragraph

\[^{6}\text{These figures, and those quoted throughout our report, relate except where otherwise stated to non-industrial staff excluding the Post Office (see Appendix A).}\]
and policy-making is restricted. Partly this is because many of them are equipped only to practise their own specialism; a body of men with the qualities of the French polytechnicien - skilled in his craft, but skilled too, as an administrator - has so far not been developed in Britain. In the new Civil Service a wider and more important role must be opened up for specialists trained and equipped for it.

16. Fourthly, too few civil servants are skilled managers. Since the major managerial role in the Service is specifically allocated to members of the Administrative Class it follows that this criticism applies particularly to them. Few members of the class actually see 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 different courses of action. One reason for this is that they are not adequately trained in management. Another is that much of their work is not managerial in this sense; so they tend to think of themselves as advisers on policy to people above them, rather than as managers of the administrative machine below them. Scientists and other specialists are also open to criticism here: not enough have been trained in management, particularly in personnel management, project management, accounting and control.

19. Fifthly, there is not enough contact between the Service and the rest of the community. There is not enough awareness of how the world outside Whitehall works, how government policies will affect it, and the new ideas and methods which are developing in the universities, in business and in other walks of life. Partly this is a consequence of a career service. Since we expect most civil servants to spend their entire working lives in the Service, we can hardly wonder if they have little direct and systematic experience of the daily life and thought of other people. A new element has been added to this in recent years; our Social Survey of the Civil Service finds that the
pattern of recruitment and promotion to the Administrative Class has tended to make it socially and educationally more uniform*. The public interest must suffer from any exclusiveness or isolation which hinders a full understanding of contemporary problems or unduly restricts the free flow of men, knowledge and ideas between the service and the outside world.

20. Finally, we have serious criticisms of personnel management. Career-planning covers too small a section of the service - mainly the Administrative Class - and is not sufficiently purposive or properly conceived; civil servants are moved too frequently between unrelated jobs, often with scant regard to personal preference or aptitude. Nor is there enough encouragement and reward for individual initiative and objectively measured performance; for many civil servants, especially in the lower grades, promotion depends too much on seniority.

21. For these and other defects the central management of the Service, the Treasury, must accept its share of responsibility. It is unfortunate that there was not a major reform in the post-war years when the government took on so many new tasks and the Service had been loosened by war-time temporary recruitment and improvisation. There was then a great opportunity to preserve and adapt to peace-time conditions the flexibility which war had imposed. For a number of reasons, not all of them internal to the Service, this opportunity was not taken. In the 1950's the old ways reasserted themselves. The nature of the task was changing and the Service was left behind. Only recently has any attempt been made to introduce significant reforms. Despite the recent improvement in its management services the Treasury has failed to keep the Service up to date.

22. To some extent the urgent need for fundamental reform has been obscured by the Service's very considerable strengths, notably its capacity for improvisation - aptly demonstrated by the speed with which new departments have been set up in the last four years. There

* We commissioned a survey of the social and educational background of the main general-service classes. It was carried out by Dr. A. H. Halsey, Head of the Department of Social and Administrative Studies at the University of Oxford, and Mr. I. N. Crewe, Assistant Lecturer in Politics at the University of Lancaster. Their report is published in Volume 3.
are exceptionally able men and women at all levels. There is a strong sense of public service. Its integrity and impartiality are unquestioned. We believe that the country does not recognise enough how impressively conscientious many civil servants are in the personal service they give to the public. It is of high importance that these and other qualities should be preserved.

23. In making our proposals for reform we have been influenced by what we have seen of foreign civil services - the emphasis on training and professionalism in France, the way young men of thrust and vigour in France and Sweden quickly reach posts of high responsibility where they are directly advising Ministers, the contributions the 'in-and-outers' make to government in the United States and the role played by specialists in both the United States and France. Our impressions of the visits we paid to these three countries are recorded in Appendix C.

24. One basic guiding principle should in our view govern the future development of the Civil Service. It applies to any organisation and is simple to the point of banality, but the root of much of our criticism is that it has not been observed. The principle is: look at the job first. The Civil Service must continuously review the tasks it is called upon to perform and the possible ways in which it might perform them; it should then think out what new skills and kinds of men are needed, and how these men can be found, trained and deployed. The Service must avoid a static view of a new ideal man and structure which in its turn could become as much of an obstacle to change as the present inheritance.

25. We have sought to devise a form of management for the Civil Service that will ensure that it is better run and enable it to generate its own self-criticism and forward drive. One of the main troubles of the Service has been that, in achieving immunity from political intervention, a system was evolved which until recently was virtually immune from outside pressures for change. Since it was not immune from inside resistance to change, inertia was perhaps predictable.
The tasks of modern government make heavy demands on civil servants at every level. Their jobs are immensely various. We thought it necessary, both for our own guidance and to help general understanding, to investigate and report in detail on the work that civil servants do. We therefore commissioned a special investigation of the work of the Service. It was carried out by a group led by a member of the Committee, Dr. Norman Hunt, and including management consultants, an executive from a business firm and a civil servant from the Organisation and Methods Division of the Treasury. Their report, which we publish as Volume 2, contains a description of the work of those areas of the Service that they studied. We do not propose to summarise it here. But it is important at least to outline the general scope of the work of civil servants before considering what skills and kinds of men and women are needed.

Civil servants work in support of Ministers in their public and parliamentary duties. Some of them prepare plans and advise on policy, assembling and interpreting all the data required - whether for a decision on a new social security policy, a change in defence policy, a new national transport policy or a new international joint project in the technical field; and whether Ministers, individually or collectively, place greater or lesser reliance on direct government intervention. They prepare legislation and assist Ministers with its passage through Parliament. They draft regulations and answers to Parliamentary Questions. They produce briefs for debates and the mass of information which the constitutional principle of parliamentary and public accountability requires. Increasingly, senior civil servants now appear before Parliamentary Committees. Some of this varied work has no counterpart in business or, indeed, anywhere outside the government service.

Operating policies embodied in existing legislation and implementing policy decisions take up most of the time of most civil servants. There are taxes to be collected, employment and social
security offices to be run. There is a mass of individual case-work both in local offices and in the central departments of state. New policy may require the creation of a new administrative framework. There are major programmes to be managed and controlled, such as the planning and engineering of motorways from their initial location and design to the finished construction; the design of Polaris installations and other military works; the management of international programmes like Concorde; the vast range of scientific research and development and of government procurement; the central responsibility for the nationalised industries and for the state of the economy.

29. Some of the work involves the Civil Service in complex relationships with other bodies which are partners in the execution of Government policy or are directly affected by it. They include local authorities and nationalised industries in the first category and a multitude of organised interests in the second. This work calls for practical judgement and negotiating skill. It also calls for a thorough knowledge of the subject under negotiation and of the problems and interests of the bodies concerned. In the economic field, for example, many civil servants need a knowledge of industry and an understanding of market forces.

30. Technical progress has a major impact on both the making and the implementation of policy, whether the tasks are traditional or new to government. Computers are a good example of this; they offer prospects of sophisticated administration hitherto impossible by permitting much more comprehensive approaches to problems and the use of more, and vastly more complex, data. This trend greatly enhances the importance of numeracy. Skill in the use of numbers is needed in addition to the qualities of judgement and foresight.

31. Even this brief and impressionistic description is perhaps enough to make it clear that, as a body, civil servants today have to be equipped to tackle the political, scientific, social, economic and technical problems of our time. They have to be aware of interests and opinions throughout the country and of many developments abroad. They have to keep up with the rapid growth of new knowledge and acquire new techniques to apply it. In short the Civil Service is no place for the amateur. It must be staffed by men and women who are truly professional.
We use the word "professional" in this context to include two main attributes which in our view are essential in varying combinations for work in the government service. One is being skilled in one's job — skill which comes from training and sustained experience. The other is having the fundamental knowledge of and deep familiarity with a subject that enable a man to move with ease among its concepts. Both spring from and reinforce a constant striving for higher standards. The work of government demands these qualities not only in the members of the generally recognised professions, but at all levels and in all parts of the Service. We use 'professional' in this comprehensive sense.

These attributes of professionalism are already present in the Civil Service in some measure. But today's tasks require them to be much further developed than hitherto. The Service must also be quicker to recognise the contribution new professional skills can make to its work.

There are two broad types of professionalism that we believe the Service needs.

The first is the professionalism of those whose work in government is just one of a number of career opportunities for the exercise of their qualifications and skills. In this category are the architects, lawyers, doctors, engineers, scientists, accountants, economists, draughtsmen, technicians and so on. Some of these, like doctors and scientists, have acquired their professionalism or specialism by recognised training outside the Service. Others, like some draughtsmen and technicians, may acquire and develop their skills after joining the Service. In either event in their early years they do much the same type of work in the public service as if they had gone into private practice, business, the universities or local government. In the rest of this report we shall normally refer to these men and women as 'specialists', not to denote any narrow sub-division of some professional field, but solely as a convenient label for this broad category of Civil Service staff.

The Civil Service already employs large numbers of men and women of this type. But it has not always recognised the need for new kinds of specialism quickly enough or recruited enough specialists of the high quality that the public interest demands. In particular, it has
been slow to recognise the benefits that would flow from a much larger
recruitment of particular categories such as accountants, statisticians,
economists and Research Officers and their employment in positions
of greater responsibility. For example, while there were 106
economists in the Civil Service in 1967, there were only 19 in 1963.
We discuss the specific problems of accountants and Research Officers* in Appendix D. Here we think it right to draw special attention to the
position of accountants.
37. Present practice in the Civil Service severely restricts the role
of the Accountant Class and excludes its members from responsibility
for financial control. They are limited to the relatively narrow field
in which departments themselves keep commercial accounts or are
concerned with the financial operations of commercial organisations.
Their outlets into other kinds of work and into posts of higher
management are severely limited. At present the Service employs only
309 accountants of whom 64 are temporary; no post carries a salary of
more than £4,500 and there are only six accountants' posts with
salaries above £3,650. In our view, qualified accountants could make
a valuable contribution to the management of several areas of civil
service work: for example, in financial forecasting and control, in
the whole field of government procurement and in reviewing the
financial performance of nationalised industries. These are areas of
work similar to those in which accountants are prominent in industry;
but they are generally excluded from them in the Civil Service.
Further, the skills of the modern management accountant appear to us
to be increasingly needed at high levels of policy-making and
management. He is trained to evaluate policy options in financial
terms, to compare the costs and benefits arising from different uses
of resources, and to apply quantitative techniques to the control of
expenditure and the measurement of efficiency.
38. In addition to employing specialists in the right numbers and
of the right type and quality, the Service should also allow them to
carry more responsibility. Their organisation in separate hierarchies,
with the policy and financial aspects of their work reserved to a
parallel group of 'generalist' administrators, has manifest

*A class engaged on research mainly in the field of the social
sciences. A fuller description is given in Appendix D.
disadvantages. It slows down the processes of decision and management, leads to inefficiency, frequently means that no individual has clear managerial authority, and prevents the specialists from exercising the full range of responsibilities normally associated with their professions and exercised by their counterparts outside the service. In addition, the obstacles at present preventing them from reaching top management must be removed. The need for wider outlets also generally applies to specialists whose work is peculiar to government, such as Tax Inspectors. For specialists who are to carry these greater responsibilities there will need to be a deliberate policy of training in administration and management. Our proposals to achieve these ends are contained in later chapters.

39. The second kind of professionalism which needs to be much more fully developed is the professionalism of those members of the Administrative and Executive Classes who are now treated, and regard themselves, as 'generalists'. In the rest of this report we shall refer to members of both these classes and their future counterparts as 'administrators'. Parts of their work closely resemble management in industry and commerce; other parts do not. We use 'administrator', like 'specialist', as the most generally convenient label.

40. Frequent moves from job to job within the Service or within a department give 'generalist' administrators proficiency in operating the government machine, and in serving Ministers and Parliament. But many lack the fully developed professionalism that their work now demands. They 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 these policies—methods which are sometimes baffling to those outside the Service who are affected by them; and it obstructs the establishment of fruitful contacts with sources of expert advice both inside
41. The fuller professionalism now required from all administrators (including by our definition those now classified as "Executive") in turn calls for new principles to be applied to their selection, training and deployment. It must be accepted that for the administrator to be expert in running the government machine is not in itself enough. He must in future also have or acquire the basic concepts and knowledge, whether social, economic, industrial or financial, relevant to his area of administration and appropriate to his level of responsibility. He must have a real understanding of, and familiarity with, the principles, techniques and trends of development in the subject-matter of the field in which he is operating.

42. As we see it, the application of this principle means that an administrator must specialise, particularly in his early years, in one of the various areas of administration. At the same time, since modern administration requires men to have breadth as well as depth, and since civil servants operate in a political environment, it seems to us important that such specialisation should not be too narrowly conceived. We considered two possible ways of achieving these objectives.

43. We considered whether we should recommend a grouping of departments on the basis of their main areas of activity. Thus, some departments are mainly concerned with social problems, others with economic, financial, commercial and industrial problems and others with scientific or technical problems. It seemed attractive to believe that if departments were broadly grouped in this way an administrator might best develop his professionalism, and in particular his knowledge of the subject-matter of his area of administration, by spending most of his career within one group of departments. We rejected this solution. It is possible broadly to group departments in this way, yet almost every department has its own mixture of social, scientific, economic and financial work. The Department of Education and Science is a good example. While predominantly a social department, with branches dealing with schools, teachers, further
education and so on, nevertheless:-

(a) administrators also staff the Accountant General's Branch which deals mainly with financial and economic questions;

(b) there are administrators in its Architects and Buildings Branch concerned largely with the technical and financial aspects of school-building programmes and projects;

(c) administrators staff its Establishment and Organisation Branch which is concerned with individual career management and the promotion of efficiency and economy in the organisation of the department;

(d) there is a large proportion of administrators among the staff of the General Science Branch and of the Council for Scientific Policy.

Today the pattern in the Department of Education and Science, as in any other department, is for an administrator to move from job to job between these widely differing branches within the department. It is this pattern of movement that we have criticised as an obstacle to the development of the required professionalism. If the Department of Education and Science were simply grouped with other social departments, this would only multiply the number of different kinds of job to which a man would be liable to be moved. This would defeat our aims rather than promote them. We recommend, therefore, a different solution.

44. Although the tasks that fall to administrators are immensely varied, we believe that they fall into broad categories which are identifiable on the basis of the subject-matter of the work rather than on the basis of the particular department in which the work is done. It is on this categorisation by subject-matter that administrative specialisation should be based.

45. We have not been able to survey all the administrative jobs in the Service. It is for the Civil Service Department* to analyse them and to identify groups of jobs which provide a field for specialisation on the basis of their common subject matter. We believe, however, that we can identify two such groups at present.

*We recommend in Chapter 7 that the central management of the Civil Service should be transferred from the Treasury to a new Civil Service Department. From this point onwards in our report we refer to this new department by name when we discuss the part to be played by central management in running the Service.
146. First, we think that a broad group of administrative jobs in different departments is concerned with a subject-matter that is primarily economic and financial. Within this broad group the emphasis in some areas of government may be on general economic planning and control; in others, on the problems of international trade or of particular industries; in others, on the financial control of major programmes of capital and current expenditure; in others (mainly in technical and scientific departments) on the economic and financial aspects of large technological projects. Thus, from a general economic and financial basis, the work develops its own internal specialisms. We think that this pattern should be reflected in the training and deployment of individual administrators for this work.

47. There is a second broad group of administrative jobs where the basis is essentially social; for example, housing, town and country planning, education, race relations, social security, industrial relations, personnel management, crime and delinquency. Again, within a common framework of knowledge and experience, the work develops its own specialisms. Here too the training and deployment of individual administrators should reflect this pattern.

48. Each of these two main categories of work has its own substantial and broadly-based body of knowledge. We believe that a civil servant needs to draw on this to supplement his skills as an administrator if he is to develop the professionalism now needed. So the Service must ensure that its administrators acquire and develop the appropriate body of knowledge together with its associated conceptual framework and analytical tools. This means that an administrator at least in his early years, should specialise in one or other of these main categories of work - the economic, industrial and financial, or the social. In consequence, for basic training and career management administrators should be distinguished into these two broad groups. We emphasise that this should not preclude further groupings if these are found necessary or desirable.
The economic and financial administrators should be men and women who, in addition to their skill in administration, also have appropriate qualifications, experience and training in such subjects as economics, finance, business administration, and statistics, especially as applied to government work. Their deployment should not be limited only to the main economic departments of government. They should be employed in any department in posts that are mainly financial or concerned with economic administration and management. They should, as we have said, add to their basic knowledge of their field any further specialisation that particular areas of government work require. Thus, the career pattern of the economic and financial administrator may involve movement between departments; it should involve a steady broadening of an individual's responsibility as he moves upwards, but he should normally move between posts appropriate to members of the group. These administrators will not replace specialist economists; we discuss their relationship below.

We have proposed that within the economic and financial group of administrators there should be different branches of further specialisation. One of these to which we wish to draw special attention is work in the predominantly scientific and technical areas of the Service. These areas will be largely staffed by specialists, for example, scientists and engineers. Some of these - we hope an increasing number - will eventually come to be managers or administrators in the field of their specialism. But we see a continuing need in some departments for economic and financial administrators who have been specially trained to apply their skills to work of a high scientific and technological content, for example to the economic aspects of research and to the financial control of advanced technological projects. Some of them, and we hope their number will grow, will have had scientific or technical training before they enter the Service; and this will be of value to their understanding of the language and problems of their specialist colleagues. However, the primary function of the administrator in
This field is not to duplicate the specialist knowledge of the scientists or engineers, but to apply his economic and financial skills in a scientific and technological context.

51. The group of social administrators would be broader and more heterogeneous than its economic and financial counterpart. In addition to their administrative skills, social administrators should also have training and experience in the social studies relevant to modern government. These include a knowledge of the social structure, organisation and planning of communities and regions; methods of social investigation and the techniques of collecting and analysing information commonly used in public and private enquiries into social problems; and of social administration, especially the structure of the publicly provided social services and the policy problems which arise from their development. The emphasis in this training should vary, depending very much on the particular social area of government concerned. Clearly, most social administrators will be concentrated in the main social departments of government. But many will also be employed throughout the Service. For example, we would expect the personnel and organisation divisions of all departments to contain a proportion of social administrators. There would also be jobs in the economic departments for which social administrators will be needed. As with the economic and financial administrators, the career pattern may involve service in more than one department, but normally within the area of the social administrator's expertise.

52. Though in each department there should be a suitable blend of administrators from both groups, they should not replace those specialists in their departments (e.g. engineers, accountants, economists, sociologists) whose primary concern is the practice of their specialism. Thus the economic administrators in an economic department would not, for example, generally replace those who are economists by profession. The economic administrators will not have the same depth of expertise, and will
be immersed in the day-to-day operations of the department in a way that would be inappropriate for the specialist economist. On the other hand, the employment of specialist economists in a department will not duplicate or make unnecessary the work of economic administrators. Besides making their contribution to policy-making, the economic administrators will be providing a great deal of explanatory information for Ministers, Parliament and the public: they will also be engaged in negotiation with outside interests; many will be involved in the administration of existing economic policies, for example, policies for the distribution of industry. Jobs of this kind do not need to be, nor should they be, handed over to specialist economists. Indeed, a specialist economist who became immersed in these day-to-day problems of administration could not maintain the high degree of economic expertise his work demands. Similar considerations apply to the relationships between social administrators and the specialists with whom they work. Our aim is not to replace specialists by administrators, or vice versa. They should be complementary to one another. It is, rather, that the administrator, trained and experienced in his subject-matter, should enjoy a more fruitful relationship with the specialist than in the past, and that the service should harness the best contribution from each.

53. The policy of grouping administrators which we have proposed is necessary to enable them to gain the knowledge and experience their work requires. Within each group the depth of understanding, skill, knowledge and experience demanded will vary with the level of responsibility. The higher the responsibility of the post, the greater the understanding required of its occupant. It is therefore important that those who have entered the Service direct from school and have the ability to rise to positions of high responsibility should be given the kind of experience and encouraged to gain the qualifications, that they will need for this purpose. We are convinced however that professionalism, as we have described it.
is not limited in its conception to work at senior levels. It means the ability and the sustained effort needed to ensure that each job, whatever its level, is performed to a constantly improving standard. The principle that every civil servant should be equipped to pursue this aim applies throughout.

54. This grouping will also provide the necessary basis of knowledge for a dynamic Service. Civil servants who are more at home with the machinery of administration than with its content tend to be cautious - sometimes, even negative - ; a few, reacting the other way to what they do not fully understand, may well be rash. Either because they lack training or have moved too frequently between jobs, they are often not equipped to conduct a fruitful dialogue with experts both inside and outside the Service. Well-prepared innovation is more likely to come from those whose grasp of their subject gives them a sure awareness of its possibilities as well as its limitations and from those able to talk with experts in their own language. This is what our proposed grouping of administrators is designed to produce.

55. We do not wish that these two groups of administrators should be frozen into a rigid pattern for the rest of the century. They represent what we see as the present application of the guiding principle set out in paragraph 41: that those engaged in administration and management must not only be skilled in running the government machine, but must also have the basic concepts and knowledge relevant to their area of administration. We propose these groups as a starting-point. It should be the task of the central management of the Service to develop and refine them and to keep them up to date as the tasks of the Service change and develop. But we are confident that the continuous application of this principle will provide for the Service the necessary reservoir of trained talent and expertise.

56. From these groups and from the specialists (as defined in paragraph 35) will also come men and women to specialise in the kinds of government work for which many different kinds of background and experience can be appropriate. Examples are contracts work, computers
and M., personnel work and so on. Such further specialisation should be encouraged and it should be possible where appropriate for some people to make their careers in one or other of these areas of further specialisation. For example, a social administrator or an accountant might go on to specialise in C. and M. work, moving in this field between departments to jobs of higher responsibility and eventually, perhaps after appropriate experience outside government, rising to the most responsible jobs in this field in the Service.

57. From all these professionals, administrators and specialists alike, will come the future top management in the Service. They will be men and women experienced in running the government machine; they will have a basic expertise in one or more aspects of a department's work; and they will have been broadened by increasing responsibilities and experience to become the fully professional advisers of Ministers and managers of their policies.

58. The pattern of professionalism which we propose for the future will thus be based upon training and specialisation in the early years of a civil servant's career. Some twenty years will pass before the Service is predominantly staffed by men and women whose careers have been formed in this way. We believe, however, that greatly improved standards of professionalism can be achieved in a much shorter time by the present generation of civil servants. This will need carefully planned posting and specially devised training courses. We revert to this in the section on training in the next chapter.
59. We have so far discussed the tasks of the Service and the professional skills they call for in its members. We turn now to the problems of recruitment, training and career development.

60. We begin by considering where the main responsibility for recruitment to the Service should lie and how far it should be delegated to individual departments or establishments. In this context we make general recommendations designed to reduce the present length of the recruitment process. We go on to the principles and methods that should apply to the recruitment of the various types of men and women the Service needs. Finally, we turn to the question of post-entry training and career management.

THE RESPONSIBILITY FOR RECRUITMENT

61. The central responsibility for recruitment is at present divided. The Treasury is responsible for recruitment policy. The running of competitions, the selection of successful candidates and (in large part) their initial allocation to departments is in the hands of an independent body, the Civil Service Commission. In addition, some very numerous categories of staff are recruited initially by departments. But in all cases the Commissioners must issue a certificate for a civil servant to achieve permanent status*. The Commissioners hold their appointments directly from the Crown and are appointed by Order in Council. The justification for this independence has been the need to ensure that all appointments to the Service are made strictly on merit and are clear of political or other patronage. We consider, however, that the present arrangement is in need of fundamental revision.

62. We regard recruitment, training and subsequent career development as parts of a single process to be as closely integrated as possible. We believe accordingly that recruitment should be in the hands of those who also share a direct responsibility for

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* i.e. to be established. Where recruitment is central, establishment is a part of initial recruitment. Where it is departmental, establishment comes later.
the individual's subsequent training, deployment and development. As a consequence, assessments of performance will be much more fully and directly fed back to those responsible for recruitment. These in turn will be better placed to adjust their criteria and methods as necessary; they will also have a much closer knowledge of the changing work and needs of departments. In our view the Service suffers now from the separateness and consequent remoteness of the Civil Service Commission, which under the existing arrangements cannot know enough of the needs of individual departments and is too little connected with the training and early management of those whom it appoints.

53. We recommend, therefore, that the Civil Service Commission should cease to be a separate and independent organisation. It should become part of the new Civil Service Department, and its staff should be integrated with it. Some of its functions should be shared with the various employing departments in ways we discuss below.

54. The selection of recruits should be, and should be seen to be, independent of any form of patronage. But this is not incompatible with a much closer association between the selectors and both the central management of the Service and the employing departments. We believe that the tradition of making appointments solely on merit is now well enough established to survive without keeping the Civil Service Commission as a separate organisation; independence in selection can be assured by other means. We do not wish to make a detailed recommendation; one such means, however, might be to designate an individual senior officer in the Civil Service Department as First Civil Service Commissioner, and to give him the formal responsibility for final decisions on the selection of recruits. It should be accepted no less clearly than in the past that the First Commissioner would not be subjected to ministerial or parliamentary questioning over individual appointments.

The Commission now also recruit staff for the Diplomatic Service, the House of Commons, the Government of Northern Ireland and a number of 'fringe' bodies whose staff do not form part of the Civil Service. The Civil Service Department could, perhaps, continue to act for them on an agency basis.
We have expressed the view that some of the Civil Service Commission's present functions should be shared with the various employing departments. This is desirable because recruitment should be directly related to the needs of individual departments. They know the tasks they have to perform and are best placed to indicate the qualifications, training and experience needed. Therefore, we wish to see departments play a larger part in the recruitment process in two ways.

First, in drawing up the annual manpower budget for discussion with the Civil Service Department, each department should indicate as exactly as possible its needs at all levels, both for the various kinds of specialist staff and also for the different types and groups of administrative staff referred to in Chapter 2. These needs (allowing for the necessary interdepartmental movement) would determine the pattern of recruitment. Essentially this would be recruitment for specific ranges of jobs.

Secondly, we think departments should have a greater influence on the selection of individuals. We considered the case for handing all recruitment over to the departments; but we rejected this on the grounds that it would encourage wasteful competition, place the less glamorous departments at too great a disadvantage and break up a Service which, in our view, should remain unified. We think however that a higher proportion than at present should be recruited directly by departments, and that the employing departments should be better represented in the recruitment process where it continues to be central. We return to these proposals in more detail later in this chapter.

RECRUITMENT PROCEDURES AND THE PROBLEMS OF DELAY

Another serious criticism of the present methods of recruitment is that they are too slow in operation. This criticism has arisen partly because the Civil Service Commission has until recently interpreted the principle of competitive examination as obliging it to wait until the whole of a very large field has been examined and put in order of merit, no matter how outstanding a particular applicant may be. Various modifications made in recent years
have led to considerable improvements. These have included 'continuous competitions' for a number of important groups, e.g. Tax Inspectors and the relatively small number of Experimental Officers who are recruited centrally. But the process is still apt to take too long. It takes too long between application and the announcement of the result of the examination; and between the result of the examination and the time when successful candidates are able to start work*. Lengthy periods of waiting and suspense are undesirable for those still attending school or university. For those who have left and who feel under pressure to start earning, they may be decisive in causing them to turn to other employment. For those already in jobs, who are candidates for late entry (often scarce specialists), they cause serious embarrassment, because of obligations to existing employers.

69. The Service will continue to face severe competition for talent. It cannot allow the survival of traditional procedures to place it at a disadvantage with industry and commerce, the nationalised industries and local government. We recognise that when there are many well-qualified applicants for a small number of posts, competitions must continue. But we think that the procedures of formal competition should be restricted to posts for which they are indispensable; even then it should be made possible to offer outstanding candidates rapid appointment. Wherever qualified applicants are relatively scarce, and it is in practice certain that there will be posts for all suitable candidates, these should

* The following examples have been provided by the Civil Service Commission:

(a) Candidates for the Method II competition for the Administrative Class, applying by the end of November, get their results between early March and May, depending on when they go to the Civil Service Selection Board. (Most must then wait for their degree results in June or July before the offer of an appointment becomes certain).

(b) Candidates for the competition for direct entrant Principals (age limits 30-35) know their results between 9 and 19 weeks after the closing date for applications. The average period between the notification of results and being able to start work is 5½ weeks, ranging from 2½ to 9 weeks.

(c) For recruits to the Executive Class the average total period (on the basis of a sample taken in 1966) between application and being able to start work is 59 days, ranging from 30 to 88 days. Within this the average period between the notification of results and being able to start work is 23 days, ranging from 11 to 43 days.
be brought in without delay, once it is clear that they are up to
the required standard; this is especially important in regard to
the recruitment of those with scarce specialist skills. ... 193
70. We hope that the absorption of the Civil Service Commission
within the Civil Service Department will assist in bringing about
these improvements. The need to reduce to the minimum the interval
between the results of competitions and the time when those who have
been declared successful actually start work will partly be met by
the proposals about establishment that we make in the next chapter.
In addition, we recommend that a review of the processes of
recruitment should be put in hand in; addition to seeking ways of
reducing the time they take, it should examine the problems of
methods of selection to which we refer in paragraph 82 below and
Appendix E.

THE PRINCIPLES AND METHODS OF RECRUITMENT

The recruitment of graduates, post-graduates and their equivalents
71. Our proposals in Chapter 2 mean that graduates, post-graduates
and their equivalents should be employed, in their early years at
any rate, either as specialists (architects, scientists, engineers,
etc.) or in one of the new groups of administrators. In either case,
men and women should be recruited for a specified range of jobs.
72. This does not involve any basic change in the recruitment policy
for specialists. They are at present recruited for a clearly defined
range of jobs, and clearly defined, relevant qualifications are
therefore demanded. It would be an advantage if more of them
were already trained in management and administration and could be
equipped with the confidence and prestige of the French polytechniciens.
Some university courses are now beginning to recognise this need.
In this connection we have noted the development of courses that
combine engineering with economics, and science with economics; and
we welcome the sandwich courses at some universities that give
scientists and engineers experience in industry and a grounding in
economics and business administration as well as a purely scientific
or specialist qualification. This however is only a start; and
for the time being it must be the task of the Service to equip
its specialists with the additional administrative, managerial and
other skills they need; we discuss this in our later paragraphs on training.

73. Many specialist staff are now recruited direct by the department or establishment that is to employ them. We think that this should become the normal rule. Recruitment should be by interview before a board. The board should normally include a kindred specialist from outside the Service and a representative of the Civil Service Department. But the majority should be from the 'user' department or establishment. For certain specialists, recruitment may conveniently be done by departments acting together in groups or by the Civil Service Department on their behalf. This is a matter for decision from time to time between the Civil Service Department and the other departments. But the essential need where scarce specialist skills are concerned is for speed; grouping and co-ordination should not be allowed to lead to time-consuming formality.

74. Our proposals in Chapter 2 for grouping administrators have important implications for the direct recruitment of graduates, post-graduates and their equivalents for administrative work. They mean that in future men and women should not be recruited for employment as 'generalist' administrators and intelligent all-rounders - to do any of, and a succession of, the widely differing jobs covered by the 'generalist' concept. Instead, they should be recruited to do a specified range of jobs in a particular area of work, at any rate during their early years. In Chapter 2 we distinguish two broad categories of administration - the economic and financial, and the social. It follows that the Service should aim to recruit those with the best qualification, aptitudes and qualities for the jobs falling within one of these broad groups; for the later entrants relevant experience will also be an important consideration.

75. Clearly, most recruits who come straight from their university will not on entry have the full range of knowledge and skills required for work in one or other of the administrative groups. They will require in-service training and experience. But a
majority of us consider that the relevance to their future work of the subject-matter of their university or other pre-Service studies should be an important qualification for appointment.

76. To give preference for relevance is to adapt to the needs of today the old principle that the Service should seek to recruit those it believes best equipped for work in government. When the aim was to recruit men and women to be intelligent all-rounders, the Service naturally drew heavily on courses like classics and history at Oxford and Cambridge which by their prestige have always attracted young people of the highest abilities. These courses give an insight into the conditions of historical change and because for the most part the material they use is remote from the here and now they provide a 'disinterested' intellectual training. Today when the tasks of government have changed, the Service should seek to recruit those equipped for the new tasks. First-degree courses based on the study of modern subjects especially attract many young people with a positive and practical interest in contemporary problems, political, social, economic, scientific and technological. These problems will yield their solutions only to the most concentrated assaults of minds equipped through rigorous and sustained intellectual discipline with the necessary apparatus of relevant ideas, knowledge, methods and techniques. We therefore wish the Civil Service to attract its full share of young people motivated in this way, with minds disciplined by undergraduate (and post-graduate) work in the social studies, the mathematical and physical sciences, the biological sciences or in the applied and engineering sciences.

77. There is also evidence that most undergraduates want jobs in which they can make direct use of their university studies. In

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*Lord Fulton, Mr. W.G. Anderson, Sir Edward Boyle, Sir William Cook, Dr. Norman Hunt, Mr. Robert Neild, Mr. Robert Sheldon and Sir John Wall.

†See Section 1.2 of the survey of undergraduate attitudes by the Psychological Research Centre, entitled "The Recruitment of Graduates to the Civil Service", which we publish in Volume 3.
recent years the Service has not properly recognised this, giving
the general impression that it is more concerned with the quality
of a man's degree than its relevance to the work of government.
This, in our view, has discouraged applications from graduates
whose interest and studies are focussed on modern problems.
Thus post-war recruitment to the Administrative Class has run
counter to the increased trend in the universities towards the study
of the problems of the modern world. Therefore, to be attractive
to this growing number of graduates, the Service should declare
its special interest in the relevance of their studies. In this
way, too, the Service would be attracting its recruits from a
wider range of degree subjects than those from which administrators
have traditionally been drawn.

78. Though the ancient universities of Oxford and Cambridge have
played their part in this growth in the academic study of the problems
of contemporary society, it has been most characteristic of the
universities founded in this century. The date and circumstances
of their foundation have ensured that their courses have been
mainly designed to prepare their undergraduates for work in a modern
industrial society. To draw more fully on this source of manpower,
trained in these subjects, would have many advantages for the
Civil Service. Our suggestions about possible ways in which this
principle of preference might work are set out in paragraphs 25-26
of Appendix E.

79. We do not intend that our emphasis on 'preference for relevance'
should be read as a sign that we wish to discourage applications
from those men and women of outstanding ability who have studied
'irrelevant' disciplines. The Service needs to recruit outstandingly
able men and women whatever the subject of their university degree.
Our fundamental aim is to secure for the Service the best man or
woman for the job, with the education, training and attitudes
appropriate to it. It follows that those appointed to the
Service without a 'relevant' qualification should be required
either to:

(a) take a special training course at the new Civil Service
College in addition to that provided for all graduate direct-entrants to one of the two main groups of administrators;
or (b) take a relevant post-graduate degree or course of study at the Service's expense at some university or other appropriate institution.
The choice between (a) and (b) should be determined by what is most suitable for the individual concerned in the light of the various courses available.

80. A minority of us take a rather different view. We fully agree that all administrators at the graduate level need a thorough grounding in the subject-matter of their work - whether they enter direct from university or are promoted within the Service. But we do not place the same emphasis on the relevance of studies taken before entry. On practical grounds, three of us support the proposals made in paragraph 83 below for a revised Method I competition based on examination in relevant university studies. All four think however that the alternative selection procedure (Method II) should be impartial as between different academic backgrounds. It is essential that the Service should attract to administrative work a large number of young men and women of outstanding ability and character. Such people are naturally in short supply. We believe that if both methods of entry give preference to those with relevant studies, the field of selection will in practice be unnecessarily narrowed, and that this will involve a serious risk of defeating the essential aim. Our reasons for this are:

(a) We believe that many able young men and women start their university course without having decided upon their future career, or change their minds in the course of it; and that many select their subject not

*See paragraph 99 below.

Sir Philip Allen, Sir James Dunnett, Sir Norman Kipping and Lord Simey
for career reasons but because they like it and are good at it*. We do not think that the attractions of the Civil Service as a career are so outstanding by comparison with the other employments open to graduates that the Service can afford to discourage any source of supply.

(b) At the moment, it is often necessary, in practice, for a grammar school boy or girl to decide as early as 13 years of age which subjects he or she wishes to specialise in at the university. A decision to give a preference to graduates with 'relevant' university subjects could therefore tend to narrow still further the range of educational courses at a time when efforts are being made to postpone final and irrevocable choices between them.

(c) Many of the Service's main competitors for graduate talent in this country recruit graduates on grounds of general ability and reckon to give them the necessary training after entry. Apart from not wishing to improve their competitive position at the expense of the Service, we find it hard to believe that they are mistaken or that different considerations should apply to the Civil Service.

(d) We do not at all decry the advantage of a previous grounding in a relevant subject. But we think that it can be overrated. A rigorous and disciplined habit of mind, which can be imparted by 'irrelevant' as well as by 'relevant' studies, is no less important. At the same time, we are impressed by the evidence that the best of the Assistant Principals who have not read economics at the university show up very well by the end of the course at the Centre for Administrative Studies.

*Evidence for this may be found in Section 2 of the "The recruitment of graduates to the Civil Service", published in Volume 3.
as compared with those who have. We believe that administrators can achieve professionalism in their chosen field of work (the need for which we wholly accept) by means of the grouping we have recommended in Chapter 2 and the thorough post-entry training courses recommended later in this chapter.

(e) We are doubtful both about the proposals for the special training of those with 'irrelevant' studies made in paragraph 79 and about the method of giving preference for relevance set out in Appendix E. Both, in our view, will puzzle and may well discourage potential recruits.

81. We are all agreed, however, that there is an increasing need for administrators handling the problems of modern government and the techniques associated with their solution to be numerate. Senior managers in departments will have to be able to handle problems with variables that can be expressed only in numerical terms. This need is general in all kinds of management throughout the country. We recommend that over the years an increasing importance should be attached to the requirement that graduates seeking appointments to administrative posts should understand the use of numerical techniques and be able to apply quantitative methods to the solution of their problems. We hope that curricula in schools and universities will gradually be modified to make this possible. We also wish to emphasise the value of familiarity with major modern languages. An increasing number of civil servants are employed in work in which their effectiveness and understanding are hampered if they are confined in practice to English.

82. In general we think that all non-specialist graduates and their equivalents should be recruited centrally by the appropriate section of the new Civil Service Department. A majority of us* consider that

there should be two main methods of entry:—

(a) Method I should, as at present, be primarily a written examination. The papers candidates can offer, however, should be restricted entirely to those with a direct relevance to the problems of modern government. In any event, as we show in Appendix E, it is not practicable to maintain Method I in its present form. We think it important to maintain a method of entry by written examination because we think it likely that some good candidates will come forward to compete by such a method who would not choose to enter if the only method open to them were the extended interview procedure (Method II) which we discuss below; and that the former will offer some of them a way of showing their real merit more effectively. We recommend however that Method I should be retained, in the modified form we propose, on a trial basis only. If it fails to attract a sufficient number of good candidates, we should expect the Civil Service Department to abandon it.

(b) Method II should involve a procedure based on that of the present Civil Service Selection Board. We make recommendations in Appendix E however for changes in the procedure and staffing of the selection process. Briefly, those of us who recommend preference for relevance offer suggestions about how this might be done. We all propose in addition that there should be a larger representation of employing departments among the selectors; and that their age distribution should be changed to increase the proportion of younger people. We also recommend an inquiry into the methods of selection, to include such matters as the part played by the Final Selection Board and possible ways of making the process of selection more objective in character.
83. These proposals should not be taken to imply that separate entry competitions should not in future be held for appointments to such groups as Tax Inspectors and Ministry of Labour cadets. These should continue wherever they are found to be most appropriate, selection being made either by the department concerned or by the Civil Service Department on its behalf.

84. A minority* of us consider that Method I should cease to exist altogether, for the following reasons:

(a) A written examination in the subjects studied by the candidate will be a repetition of the testing by his university.

(b) Many candidates will be reluctant to sit two examinations of the same kind.

(c) It is hard to see how the Civil Service Department would be able to examine better than the university the wide range of subjects we consider relevant.

(d) Advances in recruitment procedures are likely to bring steady improvements in Method II. It is here that techniques of selection should improve fastest.

(e) To retain Method I would be to keep a separate system of entry which in 1967 produced 18 successful applicants from 54 candidates. These numbers are likely to decline still further.

(f) If a certain number of entrants with very high academic attainments are required, Method II can provide for this by weighting the university record of the candidate. Method I provides no adequate test of other qualities.

(g) The new Method I, because it is designed to cover in a few papers a very heterogeneous field cannot hope to examine candidates in depth and is bound to come close to the broad test of knowledge of the modern world which the written papers of Method II, proposed in Appendix E,

*Sir William Cook, Sir Norman Kipping, Mr. Robert Neild, Mr. Robert Sheldon, Sir John Wall.
are intended to provide. We can see no purpose in keeping both.

(h) The argument for Method I is that Method II will deter applicants who lack confidence in their ability to compete in the social atmosphere of Method II. If this argument is sound, Method II should be revised.

85. We have said that each department should assess in detail the numbers and types of staff it needs. This poses a special problem in the recruitment of graduates, both specialist and non-specialist. We think it likely, for reasons we discuss in Chapter 8 and Appendix F, that the Service will employ more graduates than at present, although the number of top posts in the Service may not show a proportionate increase. It would be wrong for a large employer like the Civil Service to seek to recruit more of the best graduate talent than it can absorb and make proper use of now or in the future. Matching graduates to jobs and prospects requires that departments should decide, in consultation with the Civil Service Department, on the level and kind of ability they require for particular types of appointment; the intake should be adjusted accordingly. All however should enter the same training grade (see paragraph 95 below), so that their fitness for different kinds of work can be fully tested after they have entered the Service. We attach great importance to ensuring that the early decisions which may shape a man’s career in the Service (e.g. about different kinds of post-entry training or allocation to differently graded jobs at the end of the training period) should be based on post-entry performance rather than pre-entry promise. We discuss this in more detail in Appendix F.

86. To underline the concern of the Service to recruit men and women of the highest calibre, we consider that those judged outstandingly able and well-qualified on entry should be offered a starting salary two or three increments above the basic for the entry grade. This should apply to specialists as well as to the different groups of administrators. This should not, however,
carry the implication that senior posts should be reserved for those who start their careers with additional increments. The careers of all entrants to the Service should be determined by performance on the job.

Recruitment of Non-Graduates

87. For most specialist posts, relevant educational and technical qualifications will also be needed by those who are not graduates. Men and women with such qualifications as the H.N.C. (which may have been gained after entry to the Service) or with 'A levels' in scientific or technical subjects should normally be posted to jobs for which their qualifications are relevant, whether those jobs are purely specialist or in an related area of management. For administrative staff recruited at this level, specific qualifications and the relevance of the subjects they have studied are clearly less important. Their 'A level' qualifications may be pointers to the direction in which they should specialise. More important, however, for all those recruited at this age (specialist and non-specialist) is that they should be given jobs that match and stretch their abilities; they should also be given the opportunity of developing the skills and specialisms the Service needs, including the ability to use quantitative methods. Departments have a special responsibility for ensuring that the best of this age-group are picked out for early advancement and for appropriate further training. We make proposals for this in later paragraphs of this chapter.

88. We recommend that non-graduate specialists should be recruited by similar procedures to those recommended for graduate specialists in paragraph 73. For the non-specialist entry, we recommend different procedures depending upon their age and educational level:

(a) The 18-year-old entry (school-leavers with 'A levels'), corresponding to the present entry to the Executive Officer grade, should continue for the most part to be recruited centrally by the new Civil Service Department on the basis of 'A level' results and interviews -
though there is scope for decentralisation on a regional basis. We do not think that direct recruitment by departments is at present desirable at this level because:

(i) the non-specialist 18-year-old can have only a vague idea of the work that different departments do and of the various career opportunities open to him in the various administrative groups. He will need general guidance and advice on a wider basis than could be available to him at departmental level.

(ii) to ensure a fair distribution of talent over all departments, the Civil Service Department must play a major role in the allocation of these new recruits. Individual departments should, however, be as closely associated as possible with the recruitment process.

(b) The 16-year-old entry (school-leavers with '0 levels') should continue as at present to be recruited by individual departments, though ad hoc grouping arrangements, particularly on a regional basis, have obvious advantages.

Late entrants and recruitment for short-term appointments

89. So far in this chapter we have been outlining a recruitment policy for young people entering a career service; as we recommend in Chapter 4, most of its members should enter the Service when young with the expectation, though not the guarantee, of making the Service their life-time career. But the Service should look for and encourage a considerably larger number of late entrants and temporary appointments for fixed periods than in the past. For late entrants of all kinds the prime factor in their appointments must clearly be the relevance of the skills, qualifications and experience they already possess for the job or range of jobs in which it is proposed to employ them. We envisage that some would be appointed by one or other of the processes recommended in paragraphs 73 and 82 above; but it will be for the Civil Service Department to authorise special procedures where these are needed to attract recruits of high standing or with scarce skills.
90. Those who enter the Service at young ages should be properly looked after and their development carefully planned. In our view, the present arrangements are unsatisfactory, especially at Executive Officer and Clerical Officer levels.

91. Our Management Consultancy Group found that young Executive Officers were sometimes confined to routine, undemanding work of a lower quality than their educational qualifications justified. A Treasury study has found that 46% of Executive Officers under the age of 40 believe that their work does not fully use their capabilities or enable them to develop their potential (Volume 3, no. 8). Not surprisingly, therefore, there is a comparatively high wastage rate among newly-recruited Executive Officers. A similar situation is to be found among young Clerical Officers. The Management Consultancy Group drew attention to the fact that many young Clerical Officers and Clerical Assistants are grossly under-utilised at present in jobs scarcely demanding the minimum educational qualifications for their grades. The same Treasury study has shown that 53% of Clerical Officers under the age of 40 consider that their work does not fully employ their capabilities or enable them to develop their potential. We have seen no evidence on the extent to which similar problems may afflict young people in comparable employments outside the Service. But the evidence that the Service is seriously mis-using and stultifying potential talent at these levels is disturbing, and urgent steps should be taken to find remedies.

92. At both these levels, the Service faces the problem of a wide age-spread. The young Clerical Assistant or Clerical Officer entering at about 16 finds himself a member of a grade that contains many older men and women, many of whom have entered the Service in middle age. Similarly the young Executive Officer entering at 18 enters a grade which consists as to 60% of promoted Clerical Officers. The numbers involved in a large department
are very considerable, and it is a major problem of management to make sure that the very different types of Clerical and Executive Officer are posted to the right kinds of job, and that young entrants are kept interested and their potential developed. The Service has in our view failed to solve this problem.

A necessary step seems to us to be a complete review of grading at these levels designed to separate the jobs that are appropriate to the older civil servant whose aptitudes and experience fit him for the supervision of clerical and similar work, from those appropriate to the young entrant who with training and experience should be capable of rising in the Service. We believe that there are at present too few grades for this purpose, and that an increase in their number (which need not be great) should also help to reduce the length of the Clerical Officer and Executive Officer pay-scales - at present a deterrent to the recruitment and retention of capable young men and women. The proposal we make in Chapter 6 for a common grading system based on more rigorous methods of job evaluation should be a major factor in bringing about this necessary change.

In addition, however, we think that departments will need to put much greater effort into personnel management at these levels. New entrants should be regarded as being under training for their first three or four years. They should receive more substantial induction training. It would be the duty of the personnel management of the department to watch them all, assess their progress, encourage the good ones and admonish the indifferent. They should be guided to take additional qualifications appropriate to their field. More specialised training should be provided as aptitudes and potential begin to emerge; the best of them should join the training grade we propose in the next paragraph by the time they reach their mid-twenties.

For the graduate entry, and for those who have shown the highest ability among non-graduate entrants, we propose the introduction of a training grade. Its object should be to create a fast promotion route for the most promising young men and women; to test these young civil servants in jobs at different levels
of responsibility; and to provide a sufficiently extended period for their training. The time spent in the training grade would be variable; it might well differ as between a non-graduate entrant promoted from below, a direct entrant to one of the groups of administrators referred to in Chapter 2 and a directly recruited specialist; depending on individual circumstances, it could be anything from two to five years. We give further details in paragraphs 106 to 108 below.

96. In each case the destination of the trainee when he leaves the training grade should be determined by his ability and performance without regard to the claims of seniority; it is essential to the concept of a training grade distinct from the general grading structure that trainees should go straight from it to the level justified by their performance. Our proposal for a training grade does not however imply that a recruit should not have a fully responsible job while he remains in the grade. On the contrary, it is partly intended as a device to enable him to be given the maximum responsibility he can shoulder, to try him out in different jobs, and at the same time to see that he gets the training and opportunities appropriate to his case. We see it and the proposals we have made in paragraphs 93 and 94 as an explicit affirmation of the Service's intention to give special care and early training to those young men and women who are capable of rapid advancement.

TRAINING

97. Great efforts have been made in recent years to increase the amount of training that civil servants receive. The total training effort is now, therefore, impressive - particularly vocational training. There are very thorough courses, for example, for those who have to be schooled in the intricacies of the social security regulations or for those who have to be taught particular skills such as contract procedures or computer programming. But, these apart, there is little certainty that the subjects and techniques people are taught on training courses will actually be relevant or applicable to their work. This is hardly surprising when, as we have pointed out, the practice of the Service hitherto
has been to move staff at frequent intervals from one field of activity to another. Moreover as our Management Consultancy Group makes clear, many administrators and specialists have received inadequate training (or none at all) in techniques of modern management.

98. We have said that in the more professional Civil Service of the future it will not be enough for civil servants to be skilled in the techniques of administration: they must also have a thorough knowledge of the subject-matter of their field of administration and keep up to date in it. Thus training should be designed to equip administrators to operate in one or other of the broad groups we have referred to in Chapter 2. Similarly, specialists need to be equipped to an appropriate degree for administration and management in addition to their normal skills in their specialism.

99. In order to achieve this objective, we propose the creation of a Civil Service College. We see the College as fulfilling three main functions.

100. First, the College should provide major training courses in administration and management. These should include:

(a) courses for specialists (e.g. scientists, engineers, architects) who need training in administration and management both early in their careers and later;

(b) post-entry training for graduates directly recruited for administrative work in the economic and financial or social areas of government;

(c) additional courses in management for those in their 30's and 40's moving into top management;

(d) refresher courses in the latest management techniques.

(e) courses for the best of the younger entry to help them to compete with the graduates.

Some of the courses should be wholly or partly residential.

101. Secondly, the College should provide a wide range of shorter training courses for a much larger body of staff. These shorter courses would be in both general management and vocational subjects; they should be designed for all levels of staff and particularly for the more junior. We think it likely 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.

102. Thirdly, we think that the College should also have two important research functions. It will be uniquely placed to conduct research into problems of administration and those of machinery of government. In addition, however, we hope that the Planning Units in departments, which we recommend in Chapter 5*, will commission the College to undertake specific research into problems of present or future policy on which they need assistance. Publication and open discussion are important to research; the College should encourage this to the greatest possible extent.

103. This combination of major teaching and research functions should enable the College to fulfil a role that we believe is greatly needed. It should become a focus for the discussion of many of the most important problems facing the Civil Service as a whole - discussion in which we hope that many outside the Service will share.

104. We do not attempt to prescribe exactly where the two kinds of training courses should be provided. We think it important however that the major courses, including those that are residential, should be concentrated in a single establishment large enough to be the natural centre of training and research within the Service. It need not necessarily, as we see it, be in London - indeed, there would be some advantage in its being outside. But it should be close enough to London to be accessible without difficulty for leaders in many walks of life. The shorter courses for the larger student body on the other hand will need to be provided in London within easy reach of Whitehall and the main range of government offices. A large, non-residential centre will be needed. It may well be that this will have to be physically separate from the main establishment, because of the difficulty of providing teaching accommodation for a very large total student-body in one place; unless the residential establishment is quite
near the centre of London, the other should in any case be
separate.

105. It would not be appropriate for us to try to lay down the
exact scope and content of the courses to be provided by the Civil
Service College. In the next three paragraphs, however, we give
a broad outline of the way training in the future should in our view
assist, both in providing the new professionalism we have sought
to prescribe and in giving ample opportunity for every civil
servant fully to develop his talent.

106. Young graduates recruited into the training grade for one of
the administrative groups referred to in Chapter 2 should, after
an appropriate induction course, spend an initial period of up to
two years in their Departments, either at headquarters or, wherever
possible, for some of the time in local or regional offices. During
this period they should be placed in one or two different jobs
selected to test their ability and aptitudes and develop their
capacity to take responsibility. We attach importance to giving
as many as possible the experience - more than can be gained from
sight-seeing visits - of working in the places and at the levels
at which the Civil Service meets and deals with individual members
of the public. Once they have passed probation (see Chapter 4,
paragraph 143), they should embark upon their main formal training.
This should last for up to one year, but it may well be appropriate
to divide it into two or three approximately equal parts. We
think that the course should contain four main elements:

(a) Further training in the subject-matter of the various
administrative groups, designed to relate the concepts of
the fields concerned (economic and financial or social)
to the practical problems of government. The course
for Assistant Principals at the Centre for Administrative
Studies now gives such training in economics; there
should also be courses to cover the social field. As
far as possible, both should be adapted to the
needs of the individual, by taking into account the
qualifications he already possesses in his chosen field
and by providing in whatever way is most appropriate
for special study of subjects handled by his particular department.

(b) The techniques of modern management, including staff organisation and management and the uses of numerate analysis as a tool for dealing with management problems.

(c) More advanced and specialised training in the application of an individual's specialism to his particular field of activity.

(d) The machinery and practice of government and administration including relations with Parliament, public corporations, and local authorities.

We expect that the weighting and timing of these four broad elements will vary between individuals. Not all will benefit from advanced theoretical training. Equally, not all will need to make the same detailed study of the machinery and practice of government. Some will need training at relatively greater depth in management techniques. We do not wish to lay down any rigid pattern in what should essentially be a flexible process designed to meet the needs of the individual, the administrative group in which he is working, and the requirements of his department. Between the parts of his training course, and after it is over, the graduate should spend some further time in his department, still under training but undertaking more responsible work. During this period also, as many as possible should gain experience of work outside the Service - in local government or private or nationalised industry as is most appropriate. We discuss this further in Chapter 4 and Appendix G. At some stage too, all should have practical experience in the supervision and control of staff. For some there may also be a spell in a Private Office.

The whole process should take up to 5 years, after which the graduate should be posted to the grade and level of job commensurate with the ability he has demonstrated since joining the Service. The outstandingly able graduate who has entered without a relevant qualification for his administrative group should start the process after one of the additional courses of academic training outlined in paragraph 79 above.
107. We are proposing for the graduate entrant to administrative work a crowded programme of training - on the job, in formal courses, and on attachments designed to broaden his outlook. We recognise that this involves the risk of trying to do too much in too short a time and of preventing young entrants from settling down to a sustained job of work. To counter this, the programme should be flexible. We do not wish to insist that every entrant should go through the whole of the process we have outlined before he leaves the training grade; in some cases it may be appropriate that attachments and loans should take place at a rather later stage. But such variations should not be allowed to upset the general objective of giving the graduate entrant his professional training as soon as possible after he enters the Service, so that he can make a fully effective contribution in the field of his specialisation during the early years of his career.

108. The arrangements for young graduates recruited to the training grade as specialists should not follow any single pattern. Much will depend on their particular field of expertise - whether, for example, they are scientists, engineers, architects or economists. Much will also depend on the requirements of the job they have been recruited to do. In any event, after an initial introduction to the work of the department or establishment, most will be put on the particular job for which they have been recruited. We think that in most cases they will wish to concentrate on their particular line of specialist activity for some time. It may, however, become clear after a period that an individual is more suited to a different type or level of job; the fact that he is in a training grade will facilitate his transfer to this. It may well be, too, that the requirements of a particular profession involve obtaining further qualifications or experience; some may be obtainable in the Service, some not. In any event we envisage that many specialist graduates should, after a few years in the Service, go to appropriate management courses at the Civil Service College. For some the emphasis will be on the organisation and control of staff, for others on the techniques of management and
financial control. After the completion of such courses, in any case within three or four years, the specialist should be posted to the grade and level of job commensurate with the ability he has demonstrated since joining the Service. Thereafter we think that many should be selected to return to the Civil Service College at the appropriate stage for longer and more general courses in administration and management, to qualify them for the wider role we have proposed they should play.

109. The 18-year-old entry, both administrative and specialist, should be encouraged to take additional qualifications appropriate to their work (diplomas, H.N.C. etc.). Many of the training and further educational facilities needed for this are available in the general educational system of the country. We recommend that bursaries and paid leave should be made available for those attending such courses. These should be supplemented as necessary within the Service through the shorter non-residential courses we have proposed. In addition to this, however, those of them who are engaged on, or are expected to go on to, management work will need training, and we recommend that the best of these should be picked out to join the graduates on the courses proposed in paragraph 100 above. Short central courses could be a useful aid to selection for this purpose.

110. The proposals we have made so far relate to the new entrants of the future. The Civil Service College will also need to provide immediately for the present generation of civil servants, many of whom have had little training since they first entered the Service. This constitutes a major transitional problem which must be energetically tackled if the professionalism the Service needs is to be achieved, and to prevent the older and younger members of the Service from being separated by a damaging gap. Besides building up its courses for new entrants, therefore, the College will need to put in hand a rapid and large-scale programme for the further training of the present generation, and especially of those who entered the Service before recent improvements in the training programme began.
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111. The course provided by the Civil Service College should not be restricted to civil servants. Indeed, we hope that on many of its courses a proportion of the places will be set aside for men and women from private industrial and commercial firms, local government and the public corporations. In our view, the College has an important part to play in laying the foundations for a greater understanding between civil servants and the outside world.

112. At the same time, the Civil Service College should not attempt to provide the total amount of training required by civil servants. First, departments should continue to run their own courses, though the College will have a part to play in giving advice and guidance. Secondly, we think it most important that more civil servants should attend courses at universities and business schools, not only because of the intrinsic value of their curricula but also again to help to ensure that civil servants are not isolated from their counterparts in other employments. Many courses, especially those designed for the particular needs of the Service, must always be mounted internally. But wherever appropriate courses are to be found outside the Service, we hope that full advantage will be taken of them.

113. A College operating on the large scale we propose will obviously need its own full-time teaching and lecturing staff. But in our view the College should also use on a part-time or ad hoc basis civil servants and a substantial number of teachers and instructors drawn from a wide range of institutions of higher education (including the new schools of business administration). They should also come from industry and commerce, nationalised industry, and local government. We hope that the Service will associate with the work of the College the widest possible range of interests that can contribute something of value to the training of civil servants.

114. The Civil Service College should be under the general direction of the Civil Service Department which will be responsible for the training policy of the Service as a whole. We consider, however, that the College should have its own governing body.
consisting not only of civil servants but also of men and women drawn from a wide range of interests outside the Service — from the universities, polytechnics and business schools, from private and nationalised industry, and from the trade unions and local government. This will help it to remain outward-looking and keep it in touch with the needs of the rest of the country.

CAREER MANAGEMENT

115. During the early years of a man's career we expect him to remain within the specialism or group for which he is trained. This does not mean that he must stay in one job in one department; he should move between jobs and perhaps between departments but usually within the area of his specialism. As far as the administrator is concerned, he should move at much less frequent intervals than he does now. While there will be a great variety of individual career patterns, the basic principle of career management should be a progressive development within a specialism and between fields of activity that are related to each other. While the needs of the Service must come first in this, nevertheless the personal interests and wishes of the individual should be taken into account more positively than appears to be the usual practice at present. This increased attention to personnel management and individual career planning should apply to specialist no less than to administrative staff; in our view much too little of the limited effort that has been put into personnel management in the past has been devoted to the specialists. This will clearly place much greater demands on the personnel and organisation branches of departments, which will need to be expanded to meet them. And, as we explain in Chapter 7, it will also mean that the Civil Service Department must play a much bigger role in this respect than the management side of the Treasury does now.

116. The right promotion at the right time is an essential part of the process of developing to the full the talents of the men and women in the Service. In our view, the present promotion system has serious weaknesses.
117. First, at the middle and lower levels there is too much emphasis on seniority. Seniority is given much less importance at higher levels. But to the extent that this does occur there, it is correspondingly serious. It is in our view of the greatest importance that those who are really able should be appointed to Assistant Secretary and parallel ranks at an early age. There is evidence that there are civil servants, both administrators and specialists, below these ranks who are now frustrated by being given too little responsibility; this is particularly true from the salary level of about £2,500 downwards. Seniority will doubtless always count for promotion in the Civil Service as it does elsewhere; this is right when it reflects experience that will be of value in posts at higher levels. But there should be more opportunity than at present for the exceptionally able to move rapidly up the system. We believe that the pressure to give undue weight to seniority within a given field of work should be relieved by the widening of career opportunities, and that there should be a change of emphasis in the assessment of staff so that more weight is given to performance on the job measured against set objectives. We think that the proposals we make in Chapter 6 for a new structure based on job evaluation will facilitate this change.

118. The second main criticism we make of the present system is that it does not allow promotion to be sufficiently closely linked to the individual's ability, aptitude and qualification to do a particular kind of job at a higher level. The main reason for this is that promotion is based on, and restricted by, the civil servant's membership of his class. We develop this point further in Chapter 6.

119. A system in which promotion is based on past performance and suitability for specific jobs should also help to ensure that undue importance is not attached to the candidate's performance before a promotion board. It should be evident to all that this is not the decisive factor. The primary job of a promotion board should be to produce a fair and uniform judgement of individuals' promise
and performance based primarily on the assessment by their different superior officers of their performance in their present jobs.

120. We also recommend a change in promotion procedures. Promotion boards at present deal with promotions up to Chief Executive Officer and equivalent levels, but promotions above these levels are the result of informal consultations. We consider that for promotions to posts at the level of Assistant Secretary, Under Secretary, and their equivalents, the Permanent Secretary of the department should be assisted by a small committee (i.e. a ‘paper board’). We think that the Committee should always include one of the specialists in the department.* We also recommend in Chapter 7 that a representative of the Civil Service Department should be a member of this committee when promotions to Under Secretary level are being considered, to help to ensure as far as possible that policy and practice are uniform across the Service. In Chapter 6 we distinguish a senior policy and management level for this purpose.

121. Two final points about the status and staffing of the branches responsible for personnel management and organisation. The first is a matter of terminology. These branches are generally called "establishment divisions" and their work is known as "establishment work". This word now carries implications of stuffiness and we believe it to have bad effects both upon the status of the work and upon the way it is done. We recommend that it should be used no longer. In the rest of our report we refer to "personnel and organisation" divisions or branches; the Service may be able to find a better name.

*One of us (Dr. Norman Hunt) also recommends that a Minister of State or Parliamentary Secretary should be a member of this committee. His presence is necessary for two reasons. Ministers should be more closely associated with these senior-level promotions which will do much to determine the tone and attitudes of the department. Secondly, it is particularly important that promotions at these levels should not become too much based on "in-bred" Civil Service values and attitudes; the Minister will be able to contribute the "outside" detachment which can do something to check this danger.
Secondly, these branches and those who have served in them have suffered, both because the work has not generally been regarded as an avenue to promotion to the highest posts in the Service, and because the staff have not developed sufficient expertise. Our proposals, if accepted, will enlarge their future responsibilities and thus improve their status. This should help to attract those who are capable of rising to the highest posts. At the same time this work will call for high expertise and thus for greater specialisation. We welcome this prospect. We wish to add two riders. Those specialising in personnel work should from time to time get experience of work in this field outside the Service. They should also have experience of working in "operating" divisions and of the effect of personnel and organisation work upon them.
123. In Chapter 1 we criticised the lack of contact between the Civil Service and the rest of the community. This is partly the consequence of a career service; since we expect most civil servants to spend their entire working lives in the Service some degree of isolation is almost inevitable. The concept of a career service has also been criticised because of the sense of almost total security of tenure that it gives to all established civil servants. Thus though there are provisions for dismissal and for premature retirement in the interests of efficiency, both are in practice rare - and, in the middle and senior grades, very rare. In 1967 dismissals and compulsory retirements of permanent staff in the grades of Executive Officer (and equivalents) and above on the grounds of misconduct and inefficiency numbered 22 (0.015 per cent of the permanent staff in these groups). In the previous four years the figures were

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We find it hard to believe that these figures should not have been higher. On the other hand, there are strong arguments for preserving a mainly career service in the sense that most civil servants should enter when comparatively young with the expectation, but not the guarantee, of a life-time's employment. We consider them in detail later in this chapter and in substance accept them. Nevertheless we are convinced that, both in the public interest and also for the health of the Service itself, effective steps must be taken to ensure a very much larger and freer flow of men and women between the Service and outside employments than there has been in the past. The proposals in this chapter are designed with these ends in view.

**LATE ENTRY**

124. Late entry should be considerably expanded. 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
disciplines such as engineering where men are needed with practical experience of kinds that the Service cannot always provide. In these fields there is already some late entry; there should be more. But more late entry is also needed on the administrative side (which we define it includes the present Executive Class) where at present it is sporadic and unduly restricted. For example, 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 the Executive Officer grade; and no starting salary can be higher than the salary point for 25-year-olds. In the Administrative Class late recruitment (leaving aside special provisions for serving and former members of the Armed Forces and Overseas Civil Service) is mainly to the Principal grade, though there is also provision for the late entry of up to three Assistant Secretaries a year. This was started only in 1964, when six Principals were recruited (35 in 1965, 27 in 1966 and 30 in 1967); so far there have been no more than five late-entry Assistant Secretary appointments. (One of the reasons for the small number of Assistant Secretary appointments is that they are made only if the specific qualifications and experience needed cannot be found within the Service.) This is very far from enough. In our view there should be no restriction on the levels to which suitably qualified and experienced people from outside the Service can be directly appointed. A steady inflow of suitably-qualified older entrants with new ideas and relevant experience would, we believe, bring great benefits throughout the Service.

TEMPORARY APPOINTMENTS

At middle and higher levels, there should also be more short-term appointments for fixed periods; this would help to maintain regular movement in and out of the Service. It would be particularly valuable in the case of those specialists, for example some engineers and scientists, whose special contribution would be up-to-date knowledge and practical experience of work outside government. It is also often the best way of using the talents of
those, again mainly specialists, who are needed in an advisory capacity. For example, the present system by which professional economists come into the Service from the universities for a few years and then return, perhaps to come back again for further spells later, has been of great value. We think that it should be adopted in other specialist fields. In the various administrative groups similar short-term appointments for those with relevant experience in industry, commerce or the universities could also bring advantages.

26. In addition to temporary appointments of this kind, it has been put to us that the Service also needs to employ people whose status is expressly temporary but of indefinite duration. In total the number of temporaries is very large: 124,000 or 29% of the total non-industrial staff. The great majority are in the lower grades (for example, there are 37,500 temporary Clerical Assistants) and there is a rapid rate of turnover. But there are many temporary appointments at higher levels and temporaries continue to be employed on this basis for long periods - some for over 20 years and until they reach the retiring age. A number of reasons are given why many civil servants are 'temporaries'. Some prefer for their own reasons to enter on a temporary basis or to become temporaries after a period of established service, e.g. retired persons or married women. Others, recruited when pressure was urgent, have been offered only temporary posts because they did not possess the full qualifications needed for permanent appointments. The largest group are those whose jobs are themselves temporary because the need for them is not expected to last.

27. We doubt if the Service is justified in employing as many as 29% of its staff on a temporary basis. In so far as it remains necessary to employ temporaries for indefinite periods, we make recommendations on the terms of service that should apply in their case in paragraphs 137 and 143 below. We consider, however, that the Service should find means of reducing the proportion of temporary staff, and should in particular examine ways of ensuring that civil servants do not continue to serve on a temporary basis for unduly long periods.
Determined efforts are needed to bring about the temporary interchange of staff with private industry and commerce, nationalised industry and local government on a much larger scale than hitherto. War-time experience proves beyond doubt the value of such movement in promoting mutual knowledge and understanding. Coming at the right stage, experience in a changed environment can also be of decisive importance in the individual's development. Interchange should be a two-way process (though not necessarily head for head) covering both administrative and specialist staff from the level of Higher Executive Officer and equivalent upwards. Efforts are being made to promote these exchanges at present. We welcome the scheme, started in 1965, under which about 25 nominees from industry, commerce and the universities were loaned to the Service for a two-year spell as Principals. We hope that it can be continued and developed. But it is at least as valuable for civil servants to go out for a spell. No doubt there are real obstacles; no doubt it is extremely difficult to spare good civil servants, especially at the level of Principal and upwards. At 1st December, 1967 only 30 civil servants were away on secondment to industry, commerce and local government. We cannot believe this is the most that can be managed. We develop this point further in Appendix G.

PERSONAL APPOINTMENTS BY MINISTERS

Several times in recent years Ministers have brought in professional experts and advisers of their own. These have been personal appointments in the sense that they have been individuals known to the Ministers concerned, who have judged that their individual qualities and experience could be of special help to them in their departments. We welcome this practice as a means of bringing new men and ideas into the service of the State. We are satisfied that 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 be men and women of standing and experience. We consider however that this practice should
be put on to a regular and clearly understood basis. We think it inappropriate to propose any precise limitation of the numbers of these appointments or any defined procedures. But it should be made clear that such appointments are temporary and that the person concerned has no expectation of remaining when there is a change of minister.

MOVEMENT OUT OF THE SERVICE

130. The corollary of more late entry into the Service should be a similar flow out of the Service. We think that it should be of three kinds.

131. First, however well the Service is managed, there will always be able men and women who decide for personal or other reasons that they wish to leave the Service for another kind of work. At present the pension arrangements make voluntary severance difficult. We do not believe that restrictive pension arrangements are the right way to keep staff - even those with scarce skills whose departure is a real loss to the Service. It would be highly regrettable if civil servants did not have valuable contributions to make to other areas of our national life; it should be natural for others to wish to employ them.

132. Secondly, we consider that the Service should take the system of probation much more seriously than it appears to do at present. Out of the Assistant Principals who entered from 1961 to 1965, 221 passed their probation and only four failed. While no doubt the great majority of men and women can be expected to be confirmed in their appointments at the end of probation, the present almost complete certainty of passing successfully through it is not an adequate spur to effort.

133. Thirdly, the Service should have wider powers to retire on pension those who have ceased to earn their keep, and should use them with more determination. Where culpable inefficiency is in question, the present powers seem adequate, though we suspect that they are not always used as fully as they should be. But wider powers are also needed to deal with the small minority who, perhaps through no fault
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of their own, have unforeseeably ceased to be able to give a satisfactory performance and ought to be retired early in the interests of the Service — on fair terms (see Appendix H).

The Civil Service as a Career

134. We have recommended a much greater flexibility of movement between the Civil Service and other employments. We think however that it should remain a career service in the sense that most civil servants should enter at young ages with the expectation, but not the guarantee, of a life-time's employment; and that the great majority of those who come to occupy top jobs will in practice be career civil servants. There are in our view substantial reasons why this should continue to be so:

(a) Our avowed aim is to create a Civil Service that is truly professional — expert both in the subject-matter and in the methods of public administration. Long experience and accumulated knowledge are essential parts of this concept. While it involves a constant inflow of new men and ideas from outside, it must also involve for the majority a professional career in the Service.

(b) Civil servants must be able to give forthright advice to their superiors and to Ministers without fearing that a clash of views might lead to dismissal from the Service.

(c) Really able young men are more likely to come into the Service if they know that the top jobs are open to them; if too many of the senior posts were filled from outside the Service, this would produce frustration among those already in the Service and discourage recruitment.

(d) At a time when there is greater intermingling between the public and private sectors, and when the decisions of civil servants are of immediate concern to firms and other organisations, we want to see a substantial increase in the flow of staff, both long-term and short-term, between the Service and commerce and industry. But this should take place in a professional atmosphere fostered by the fact that the majority of civil servants expect to remain in the Service
for a life-time's career. It is important that civil servants should not come to think of those who do business with their departments as their prospective employers, and that firms, which are increasingly required to reveal their technical and financial affairs to government, should be able to do so with confidence.

**TERMS OF SERVICE AND PENSION ARRANGEMENTS**

135. We thus propose greater mobility into and out of a service that still continues in the main to be a career service. As a consequence, important changes need to be made in the service's pension arrangements and the terms on which civil servants are employed.

136. At present the rules of the pension scheme greatly restrict the sort of movement we wish to see. While there is a well-developed system for transferring pension rights in moves between employments in the public sector, this does not extend to moves between the Civil Service and private employment. A person who enters the service from private employment cannot transfer his pension rights into the Civil Service pension scheme and thus continue to build up a continuous pension entitlement (though he may be able to preserve his rights in his old scheme); and a civil servant under 50 and below the rank of Assistant Secretary who by his own choice leaves to go to private employment loses his pension rights altogether. Clearly this is a serious impediment to movement both into and out of the Service. We recommend therefore that the Service should, wherever practicable, make transfer arrangements with private employers to facilitate late entry, and that all civil servants who have served for an appropriate qualifying period should be able to transfer or preserve their pension rights on voluntarily leaving the Service.

137. Most temporary staff are now unpensionable, though a small number are members of the Federated Superannuation System for Universities. We think that every person - subject to having served for a specified qualifying period - should be entitled to a pension related to the length of his service. We therefore recommend that the pension scheme should be extended to cover temporary staff.
138. We also believe that the Service needs wider and more flexible powers than those provided in the present Superannuation Act in two respects:

(a) to provide reasonable severance arrangements for those who are obliged to retire in the interests of the Service before they reach the normal retiring age, as proposed in paragraph 133;

(b) to offer improved pension arrangements where these are needed to attract into the Service individual late entrants with special ability, qualifications or experience, who are unable because of the shortness of their prospective period of service to earn a good pension by the time they reach the retiring age.

139. The present pension scheme is non-contributory. It could be suitably adapted to give effect to the proposals in paragraph 136 and 137 above. We think, however, that it would be marginally easier to deal with short periods of service, and that other advantages would accrue, if the scheme were put on to a contributory basis. This proposal has been made more than once before, notably by the Tomlin Commission in 1931, but has never been proceeded with. We understand that the basis of the Civil Service pension scheme, as indeed of all public-service pension schemes, will need to be re-examined when the proposed system of National Insurance retirement pensions related to earnings is introduced; and that the question of contributions is bound to be reviewed in that context. We hope that this review will be speedily conducted and will take full account of the arguments in favour of a contributory scheme.

140. The recommendations in paragraphs 136 to 139 above are discussed in greater detail in Appendix H.

141. We now turn to the terms on which civil servants are employed, and in particular to the question of established status. The origin and meaning of establishment are set out in a note by the Treasury, which we publish at Volume 4, Section IV. Briefly, an established civil servant is (in most cases) one who has been admitted to the Civil
Service with a certificate from the Civil Service Commission certifying that he satisfies the conditions laid down for his appointment); and only those who have been so certificated are pensionable. Established civil servants have much greater security of tenure than unestablished. We have recommended above that the link between establishment and pensionability should be broken. The question is whether the concept of establishment should then remain.

In our view, it should be abolished. The term 'establishment' has acquired overtones of comfort and complacency, and damages the reputation of the Service. More important, the concept of established status has engendered an atmosphere within the Service that in practice, though not in theory, offers too much protection. It is not true that a civil servant, once established, is completely secure in his job, however lazy or inefficient he may be. But establishment has come to imply a presumption of security until retirement, which goes beyond what is genuinely needed and, we believe, hampers the elimination of the small minority who do not earn their keep.

In our view, the new terms of employment required to produce greater mobility into and out of a largely career service are as follows:

(a) For all appointments, except the temporary staff discussed in paragraphs 125 and 126 above, there should be a two-year period of probation.

(b) On successful completion of probation an individual should be informed of this by letter and offered indefinite employment, subject to a reasonably long period of notice: we suggest up to six months on each side. The Service should be able to end the employment only on one of the following grounds:

(i) redundancy, in circumstances in which he cannot appropriately be found a comparable job in another branch or department;

(ii) ill health;

(iii) disciplinary reasons such as misconduct or unreasonable refusal to move to another job in the
Service when mobility is one of his conditions of service;
(iv) culpable inefficiency;
(v) early retirement in the interests of the Service, as proposed in paragraph 133.
In each case there should be appropriate safeguards for the person concerned. We have not examined the procedures, formal and informal, that now govern (i) to (iv), and therefore have no changes to propose. We discuss the procedure appropriate to the new proposal at (v) in Appendix H.
(c) The temporaries at paragraphs 125 and 126 above should, wherever possible, be offered short-term appointments for a specified number of years.

144. We think that the process of confirming a civil servant in his appointment (paragraph 143(b) above) should be handled in a way that reduces the administrative complications now involved in the process of establishment. First, it should be delayed until successful completion of the probationary period; this should help to speed up recruitment, delays in which are today partly attributable to the procedures for establishing successful candidates. Secondly, there should be considerable delegation of authority. At junior levels (i.e. below the level of the graduate entry), we think that the employing department should determine that a person has successfully passed his probation and confirm him in his appointment accordingly. It should however report each case to the Civil Service Department, which should watch over the general standards observed by individual departments, and should conduct spot checks to see that standards are being maintained. At the graduate entry and higher levels, the authority should be the Civil Service Department. At the end of the probationary period, a department recommending a recruit for confirmation should submit a report stating that he has the necessary qualifications and is showing satisfactory performance and adequate promise for his grade.
To function efficiently, large organisations, including government departments, need a structure in which units and individual members have authority that is clearly defined and responsibilities for which they can be held accountable. There should be recognised methods of assessing their success in achieving specified objectives.

The organisation of a government department today usually defines with great clarity the area of a civil servant's responsibility; his position within his hierarchy is also clearly established. But it is not easy in the Civil Service clearly and distinctly to allocate to individuals or units the authority to take decisions. There are two reasons for this. Decisions often have to be referred to a higher level than their intrinsic difficulty or apparent importance merits; this is because they involve the responsibility of the Minister to Parliament and may be questioned there. At the same time, many problems overlap departments; they often involve wide consultations at many different levels both between departments and with a variety of interests outside the Service. Decisions therefore are frequently collective decisions achieved through a sequence of committees - culminating, if need be, in the collective responsibility of the Cabinet.

For these reasons clear delegation of authority is particularly difficult in the Civil Service. This has led well-informed observers, including some who have given evidence to us, to conclude that large-scale executive operations cannot be effectively run by government departments, and that they should be "hived off" wherever possible to independent boards. We discuss this suggestion in the concluding section of this chapter. We believe, however, that the work of departments can be so organised as to enable responsibility and authority to be defined and allocated more clearly than they often are at present. Individuals and units could then be called to account for performance which is measured as objectively as possible.
In our view, this is true in different ways of many sides of a department's work. We consider this principle of organisation to be a necessary condition for achieving maximum departmental efficiency and for enabling men and women to get the greatest satisfaction from their work.

There can be no standard pattern of departmental organisation to achieve these ends. The responsibilities of government departments are extremely diverse. Each department, therefore, has to organise its staff in the way most appropriate to its own tasks. Nevertheless, there are certain common elements in the work for which the top-level direction of each department has to provide. Our proposals concentrate on four of these:

(a) The management of the department's executive activities, many of them laid down by legislation. These constitute the work of most civil servants and vary widely. They include, for example, much research and development work, all kinds of procurement, the management of technological projects and programmes, inspection and monitoring work of many kinds and the management of social services, such as the running of employment exchanges and National Insurance offices.

(b) Administrative activities, mostly of a non-executive character, concerned often with the operation and adaptation of existing policies. Examples of these are high-level case-work arising from the detailed application of policy, exercising the department's financial controls over its expenditure, and dealing with the wide variety of problems arising from the services administered by local authorities (education, housing, roads, town and country planning, etc.)

(c) The day-to-day organisation of the department's staff and work and the provision of its internal services (i.e. the work of personnel and organisation divisions).
(d) The formulation and review of policy under political direction.

149. The precise application of our recommendations to these broad aspects of departmental work will differ from department to department. They will, however, involve substantial changes in the present basic pattern. In particular, for each major department (and, where applicable, smaller ones) we recommend:

(a) the organisation of executive activities in such a way that the principles of accountable management can be applied.
(b) the provision of high-level management services;
(c) the creation of a long-term Planning Unit or Units;
(d) a top departmental structure in which, while overall direction under the Minister must rest unequivocally with the Permanent Secretary, there should be closely associated with him a Senior Policy Adviser or Advisers, and, where appropriate, a chief scientist, engineer or other senior specialist.

ACCOUNTABLE AND EFFICIENT MANAGEMENT

150. Accountable management means holding individuals and units responsible for performance measured as objectively as possible. Its achievement depends upon identifying or establishing accountable units within government departments - units where output can be measured against costs or other criteria, and where individuals can be held personally responsible for their performance.

151. The establishment of such units must involve an addition to the Service's traditional accounting methods. The present system of vote accounting does not automatically provide complete cost figures for the work and expenditure of individual divisions and branches or for particular activities; only recently have arrangements been introduced in some departments to supplement the formal parliamentary accounts with cost data of this kind. Accountable management requires the identification of those parts of the organisation that form convenient
groupings (or "centres"), to which costs can be precisely allocated as the responsibility of the man in charge. We regard this as essential to systematic management control.

152. There is a complementary need to establish for the same groups and units standards of achievement by which their performance can be judged. Clearly this is more easily done in some parts of the Service than in others.

153. Wherever measures of achievement can be established in quantitative or financial terms, and individuals held responsible for output and costs, accountable units should be set up. We believe this to be practicable over a very wide area of the executive work in paragraph 148(a). Much of this work is done in establishments outside headquarters; some is nation-wide. The most straightforward cases are where there is a physical output, e.g. in stores or supplies. But it is also possible to measure output against costs wherever a large number of similar and defined operations are performed. For example, in the registration of applications, the payment of benefits and the handling of individual employment problems, local offices could establish standards of achievement by using the statistical data they already collect relating to transactions handled. At present this information is largely used to determine the number and type of staff required; it could be used to measure the comparative efficiency of different units. These accountable units would correspond to the "budget centres" which have been widely developed as an instrument of managerial control in progressive industry.

154. Work of this kind should thus be organised into separate "commands". The manager of each command should be given clear-cut responsibilities and commensurate authority and should be held accountable for performance against budgets, standards of achievement and other tests. Within his unit he should set up sub-systems of responsibility and delegated authority on similar lines.
155. Different considerations apply to much of the administrative work mentioned in paragraph 148(b). Here measurable output cannot always be made the criterion for assessing performance. One cannot lay down in advance how long it should take to review effectively the investment programme of a nationalised industry, or to study and make a sound recommendation on the acceptability of a proposed company merger. The assessment of administrative work is also complicated by the unpredictable demands that arise from the Minister's responsibility to Parliament, and by the fact that much of it contains a major element of new policy-making, involving consultation, negotiation and the preparation of legislation.

156. It is still, however, important that those engaged on administrative work of this kind should know what their objectives are and that their performance should be judged by their results. The principle to be applied here is management by objective. Whether the branch is primarily concerned with administering existing policies (paragraph 148(b) above), with planning new policies or with research, its objectives and priorities need to be clearly established. To some extent, of course, many branches work in this way now. But the principle of management by objective is not applied as systematically or widely in the Service as it should be. It should be normal practice everywhere for heads of branches doing this kind of work to agree with their superiors and subordinates the tasks assigned, relative priorities and dates for completion, and regularly to review progress. Individuals at all levels should know what they are responsible for and what authority they have. The effectiveness of the branch and the contribution of its individual members could then be more objectively assessed.

157. Further changes in the way in which many departments organise their work are also needed if the principles of accountable management are to be applied as fully and as widely as they ought to be. Three main obstacles at present stand in the way of the effective allocation of responsibility and authority.
158. The first of these arises when several departments, or several branches within a department, have a substantial interest in the same problem. With responsibility diffused, the need for wide consultation may mean that all can move forward only at the pace of the slowest. This limitation is inherent in much government work. Despite this, it should be possible, especially where the problem is reasonably self-contained, to devise methods of concentrating in one man or group the responsibility for organising the relevant material and putting forward a solution. Where problems involve several departments, it may often be the right course to set up a team. This is, in fact, often done now. There is, however, too much of a tendency at present for members of groups of this kind to try to carry their departments with them at each step of the way. We feel that more specific allocation of responsibility to individuals, both departmentally and inter-departmentally, is needed. The interests of many different Ministers are often, if not usually, involved. Nevertheless, the problem-solving approach, has great value, since it reduces the temptation to "pass the buck", and it can do much to develop the competence and confidence of the individuals concerned. We recommend that departments should make opportunities for adopting it whenever they can.

159. Another general obstacle to the clear allocation of personal responsibility and authority frequently arises from the number of levels in the hierarchy of most Whitehall departments. Usually there are at least seven organisational levels in administrative work (from Executive Officer to Permanent Secretary), rather more than there would be in a typical industrial situation, and spans of control (i.e. the number of subordinates reporting directly to a superior) are very narrow, usually only two or three. Similar narrow spans of control are found in other hierarchies, e.g. in the organisation of much engineering work. Often, from Executive Officer upwards, each level "has a go" at a paper or a problem, adding comments or suggestions as it goes up the hierarchy until it reaches the
point at which somebody takes a decision. This point is often higher than it would otherwise be because decisions may involve the minister in having to answer for them in Parliament. In consequence, personal responsibility and authority are obscured; delay follows. We think that the number of working levels in the traditional organisation of the flow of business should be reduced. The level or levels omitted will obviously vary in different situations. Much more often than now, for example, an Executive Officer should work direct to a Senior Executive Officer, or a Principal direct to an Under-Secretary. With "flatter" structures there can be a more precise allocation of responsibility and authority. We think the Service ought to make bold experiments in this direction.

160. The third obstacle arises in those areas of the Service where administrators and specialists (e.g. engineers, architects, quantity surveyors and planning officers) are jointly engaged on a common task like the design and preparation of military installations and the supervision of their construction by outside contractors. Where this happens, the two main systems of organisation at present are known as "parallel hierarchies" and "joint hierarchies". In parallel hierarchies, the responsibility is bisected: financial and overall policy control is entrusted to administrators organised in one hierarchy, while advice on the technical merits of a case and the execution and development of technical policy is laid to specialists organised in a separate but parallel hierarchy. In joint hierarchies, an administrator and a specialist are designated joint heads of a block of work, but at lower levels the separation of functions still occurs, with financial control in the hands of the administrators. The way these arrangements work is described in more detail in the report of the Management Consultancy Group.

161. We are aware of the advantages claimed for these forms of organisation, but we are satisfied that they are outweighed by their very considerable disadvantages. They produce delay and inefficiency because of the need for constant reference to and fro between the
hierarchies. They prevent the specialists from exercising the full range of responsibilities normally associated with their professions and exercised by their counterparts outside the Service. In particular, they obscure individual responsibility and accountability; no single person at any level has clear-cut managerial responsibility for the whole task.

162. These common tasks frequently include a large volume of non-technical work – some of it routine, some of it requiring considerable expertise, e.g. in preparing legislation and regulations and in the financial procedures of government. Nevertheless we consider that the best organisation for this kind of work is a single integrated structure under a single head. The head of the structure should be the man with the most appropriate qualifications for the job. Beneath the single head, administrators and specialists should be integrated in teams or unified hierarchies, where individual posts are filled by administrators or specialists according to the requirements of the task. Part of the Ministry of Technology already operates on the basis of a unified hierarchy incorporating all necessary technical, financial, administrative and other specialist staff. The speed with which this new pattern can replace joint and parallel hierarchies throughout the Service will depend on the availability of men and women with the right training and experience; it will take time to find and develop the skills required.

THE DEPARTMENTAL MANAGEMENT SERVICES UNIT

163. Implementing the proposals we have so far outlined would not by itself be enough to guarantee full efficiency and the maintenance of the highest standards of management. The Service will also need to devise the right machinery for ensuring that each department keeps its organisation up to date, conducts a regular audit of its efficiency, and constantly applies the best available methods and techniques to its tasks. The use of outside consultants could help and the central management services of the new Civil Service Department should be an effective spur. But the primary responsibility must lie with the department itself. Thus
Departmental personnel and organisation divisions have a key role to play. These divisions are primarily concerned with personnel and efficiency and therefore have a powerful influence on the total operation of departments at all levels. We discuss their role in personnel management in Chapter 3. Here we concentrate on their task of promoting and maintaining efficient organisation and methods of work.

Although the Civil Service has played a major part in the development of organisation and methods (O. and M.) in this country, the work of departmental O. and M. divisions in promoting efficiency is at present often inadequate. The findings of our Management Consultancy Group indicate that the reasons for this are as follows:

(a) O. and M. staff tend in practice to focus on methods to the exclusion of organisation, and too rarely question whether a particular task actually needs to be done at all. Normally, there is little, if any, investigation of work above the lower and middle levels of a department. There is, too, the serious weakness that the staff employed on this work (nearly always members of the Executive Class and not normally above Senior Executive Officer) have not the rank or authority to operate effectively at higher levels.

(b) O. and M. investigations begin for the most part only by invitation from the head of an operating division when he decides that he has a problem. Some departments conduct planned reviews of selected areas but the current emphasis is on ad hoc assignments. And when such assignments (or reviews) have been completed, O. and M. staff usually do not sufficiently participate in seeing their recommendations put into effect.

(c) The separation of staff inspection (assessing the numbers of staff required for the efficient performance of a given
amount of work) and O. and M. (analysing the tasks and
the methods by which they are performed as well as the
organisation required for the purpose) divides what should
be a unified operation. We are aware that these separate
responsibilities usually converge at the Under Secretary
level. It is the separateness of the two actual operations
that we are criticising. We acknowledge that there are
occasions when a limited rather than a full-scale operation
is all that is required, for example to investigate a
request for one or two additions to a division's staff;
but this cannot justify the present separation.

(d) The staff engaged in O. and M. and staff inspection work
are not sufficiently expert; they are frequently
"generalists" who, because they spend too short a time on
the job, lack the necessary qualifications and experience.

165. In our view, each major department should contain a management
services unit with wider responsibilities and functions than
are given to O. and M. divisions today. In particular, we should
like to see the following changes:

(a) Efficiency audits should be introduced involving all
aspects of the department's work at all levels. This
should take place as part of a constant and phased review
of the total operation of the department. In particular,
special attention should be paid to studies designed
to improve organisational efficiency.

(b) The management services unit should be fully and clearly
responsible for promoting throughout the department
the use of the best management techniques.

(c) O. and M. should be equipped to operate effectively at all
levels in a department and not just at the middle and lower
levels.

(d) The functions of O. and M. and staff inspection should be
assimilated and combined in the same unit; this would
mount operations of varying scope and depth according to
the nature of the problem.

166. The management services unit must be properly staffed. It
cannot carry these enlarged responsibilities if it consists of
inexpert general administrators assigned to the unit as part of a
regular three to four-year rotation between widely differing jobs.
The work demands specialisation from men and women with high
qualifications. The staff should be drawn from the groups of
administrators referred to in Chapter 2, from appropriate specialists,
including accountants, and from those with experience of similar
work outside the Service, including some with practical experience
of management in industry. Many should spend long periods - in some
cases the better part of their careers - in this type of work,
gaining additional qualifications and experience, moving between
different departments, including the Civil Service Department, and
between the Service and similar work in other employments outside.

167. The qualifications and training of the management services
staff of the Civil Service must compare favourably with those doing
similar work outside, e.g. in large management consultancy firms.
Many should have a relevant degree or equivalent professional
qualification and not less than five years' experience as manager
or administrator in an operating division. This needs to be followed
by more specialised training in management techniques and a great
deal of refresher training subsequently. There is almost no-one
now in departmental establishment work with qualifications and
experience of this order.

168. Our proposals are not intended to discourage departments from
bringing in outside consultants for special assignments. Departments
have done this to an increasing extent over the last few years.
It is in our view a necessary supplement to the work of their own
management services units; it will help to keep the units themselves
fully up to date and it can be of particular value when problems of
organisation arise at the highest levels within departments.
9. It is important that the creation of stronger management services units should not detract from the responsibility of members of operating divisions for their own efficiency. The prime responsibility for the efficiency of their work must rest with them. The role of the management services unit should be to give any assistance that is needed and generally to act as a spur to the achievement of higher standards.

170. We are convinced that the creation of management services units of this kind in departments is the only way to ensure that all unnecessary work is eliminated and that staffs are kept to the absolute minimum. We believe that there are substantial savings to be achieved by such units, staffed and operating in the way we have described. These units too should themselves be subjected to an external efficiency audit about every five years; it might be done by a team drawn partly from central management services and partly from outside management consultants.

171. We wish to draw special attention to one other factor which is a source of inefficiency at present. Office services (notably secretarial assistance) are frequently inadequate. Much more needs to be done to improve the physical surroundings in which civil servants work. Conditions vary widely; some are lamentable. Squalor is not conducive to pride in the job. We discuss this further in Appendix I.

POLICY PLANNING

172. We emphasised in Chapter 1 the growing need for long-term planning if the problems of modern government are to be foreseen, and the groundwork for decisions prepared, in good time. We believe that this responsibility, like the complementary responsibility for the execution of policy, needs to be more clearly defined and allocated. At present policy-making, especially long-term policy thinking and planning, is the responsibility of officers over-burdened with more immediate demands arising from the parliamentary and public responsibilities 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 invariably there are urgent deadlines to be met in this kind of work. In this press of daily business, long-term policy-planning and research tend to take second place.

173. We propose that a department's responsibility for major long-term policy-planning should be clearly allocated to a planning and research unit. In the rest of this chapter, we call these "Planning Units". Research is, however, the indispensable basis of proper planning, and the phrase should be understood as referring to a unit 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. The Planning Unit should not carry any responsibility for the day-to-day operations of the department. It will, however, be important to ensure that it does not become too much detached from the main stream of the department's work. In some departments, e.g. the Home Office, with widely separated fields of activity, it may well be that more than one Planning Unit should be set up.

174. The staff of Planning Units should develop close contacts with the appropriate experts both inside and outside the Service. They should be aware of, and contribute to, new thinking in their field.
They should also be trained in, and have the capacity to use, the relevant techniques of quantitative analysis.

75. We think that Planning Units should be staffed by comparatively young men and women. Thus some of the most able, vigorous and suitably qualified young civil servants will be able to have an early and direct impact on top policy-making, as they do so impressively in France and Sweden. Planning Units also offer scope for the employment of men and women on short-term contracts or temporary secondment to the government service. By offering these opportunities both to young civil servants and to outsiders, Planning Units will help to generate the thrust and drive that are needed; they should also provide an environment in which those who possess qualities of imagination and foresight can be identified and developed.

76. We think that people should not normally remain in these units beyond their mid-forties (except for the head of the Planning Unit — see paragraph 182). After a period of service in Planning Units they should then expect to move — some returning to work outside government, others into the operating sections of their departments.

77. 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 of other machinery, is a question of machinery of government and therefore beyond our terms of reference.

OVERALL DIRECTION OF DEPARTMENTS

78. The proposals we have made so far in this chapter have important implications for the highest levels of responsibility in departments. Today, responsibility at the top is concentrated in the Permanent Secretary. He has four functions. He is the Minister's most immediate adviser on policy; he is the managing director of the day-to-day operations of the department; he has the ultimate responsibility for questions of staff and organisation; as the Accounting Officer (in
nearly every department), he also has the ultimate responsibility for all departmental expenditure.

79. This is a heavy burden. In some departments (the Treasury, Ministry of Defence, Board of Trade and Ministry of Technology), the post of "Second Permanent Secretary" has been introduced. We have strong doubts about it. It attracts a salary of £8,100 - £500 below the Permanent Secretary and £1,800 above the Deputy Secretary. The role and status of the Second Permanent Secretary have never been satisfactorily defined: he is below the Permanent Secretary, but not far enough below to occupy a clear position in the chain of command. If, as we propose in Chapter 6, a common grading structure embracing all the present classes is introduced, special attention should, in our view, be paid to the grading of posts at this level.

180. We believe, however, that the present structure of departments needs reinforcing and diversifying at the highest levels. No Permanent Secretary would claim to be equally skilful at all aspects of his job. However much he delegates, the day-to-day service of his Minister (including helping to deal with the political squalls of the moment) must take priority, and this often prevents him from giving his full personal attention to the long-term objectives and planning of his department. We have already drawn attention to the lengthening time-span of government work and to the increasing emphasis on forward thinking that this demands. Top management outside government is everywhere increasingly concerned with anticipating the needs of the future; it is vital that such forward thinking in the Service should not be impeded by the constant pressure to deal with the needs of the moment.

181. Our proposals for accountable management and for enlarging the role of departmental personnel and organisation divisions will inevitably add still further to the burdens of the Permanent Secretary. He will have to devote more time to his managerial function - to be the spearhead of the constant drive to improve the efficiency of his department at all levels and among the various accountable units; and, with the greater emphasis on career management that we recommend, the Permanent Secretary's responsibility for the selection and movement of staff will become even more important and demanding.
182. We consider therefore, that in most departments, if not all, there should be a Senior Policy Adviser to assist the Minister.
This adviser should be head of the Planning Unit. His prime job, like that of the Unit, would be to look to, and prepare for, the future and to ensure that day-to-day policy decisions are taken with as full a recognition as possible of likely future developments.
He should be an authority in 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; the other specialisms required might be included in the Planning Unit*. It would be the job of the Senior Policy Adviser, like his staff, to know the other experts in the field, both inside and outside the Service, at home and abroad; he should be aware of all the important trends in new thinking practice that are relevant. We hope that the adviser would often be a relatively young man. (We think that considerable advantages are gained in France and Sweden from the system by which the average age of the French directeurs du cabinet is 46 and of Swedish under-secretaries, 45. The average age of Permanent Secretaries in Britain is 56.) On occasions he might be appointed by the Minister from outside the Service to give a new impetus to its forward thinking.
More often, however, we should expect him to be a career civil servant with a long experience in, and expert knowledge of, the field covered by the department, though we think it would be advantageous if he had also had some experience outside.

183. For the proper discharge of his duties we consider that the Senior Policy Adviser must have direct and unrestricted access to his Minister, both personally and in writing. He should also be free to

*Alternatively, in some cases it might be necessary to have more than one such adviser. The precise pattern may differ from department to department but the basic concept is of a departmental Planning Unit or Units with one or more heads, but all detached from responsibility for day-to-day operations and charged with planning for the future.
determine, after consultation with the Permanent Secretary but subject only to the approval of the Minister, what problems his Planning Unit should tackle. While the adviser should have the chief responsibility for planning the longer-term departmental policy, he should not have responsibility for the day-to-day operations of the department; these should remain under the direct control of the Permanent Secretary.

We have considered what the status of the Senior Policy Adviser needs to be if he is to fulfil most effectively the role described. Much will depend on the way the Minister wishes to organise his top-level advice. The Permanent Secretary, as we have said, will have enlarged responsibilities for managing his staff and for the efficient organisation and running of the department. We do not wish to make specific recommendations about his rank, provided that it is clearly understood that he should have the status commensurate with his being the Minister's main adviser on long-term policy questions and on their implications for the day-to-day policy decisions that have to be taken. This suggests to us that his rank should not normally be below that of a Deputy Secretary. To find the right solution needs experiment; no doubt the long-term pattern should vary according to the needs of different departments at different times.

In some of the big technical departments there may well be a case for a further top post. For example, where a department is engaged on large-scale scientific research or on major building or engineering projects, it might be right to appoint a chief scientist or a chief engineer to be in charge of these operations. His job would be to take the chief responsibility for the direction of the department's technical work; he would have direct access to the Minister as his main adviser in these matters; he would also be the professional head of the specialist staff. In exceptional cases there might be a need for two such posts.
156. We do not propose that these senior officers, together with the permanent Secretary, should constitute a formal board. The working arrangements should be informal and variable from department to department and from time to time; different Ministers' individual ways of working will do much to determine the pattern.

157. In any event, we consider that there should be one person who has the overall responsibility under the Minister (subject to the reservation about long-term policy in paragraph 183) for all the affairs of the department, and that this person should, as now, be the Permanent Secretary. He has the main responsibility for the day-to-day service of the Minister and for accounting to Parliament for expenditure. He cannot discharge these responsibilities unless he is ultimately in charge of the departmental machine. In carrying his responsibilities for current operations, he cannot lose his concern for their long-term policy implications, just as the Senior Policy Adviser must have some concern with current policy issues. The Permanent Secretary therefore should still be head of the office under the Minister. At the same time, our proposals about Senior Policy Advisers and chief specialists should provide Ministers with a wider range of expert advice at the highest level than at present.

THE DELEGATION OF RESPONSIBILITY TO AUTONOMOUS PUBLIC BOARDS

158. We return now to the question referred to in paragraph 145, whether there are areas of Civil Service work that should be "hived off" from the central government machine and entrusted to autonomous public boards or corporations. It has been put to us that accountable management is most effectively introduced when an activity is separately established outside any government department, and that this solution should be adopted for many executive activities, especially the provision of services to the community. These boards or corporations would be wholly responsible in their own fields within the powers delegated to them. Although they would be outside the day-to-day control of Ministers and the scrutiny of Parliament, Ministers would retain powers to give them directions when
necessary. There are a number of commercial enterprises within the public sector that are already run on this principle, and it is also shortly to be applied to part of the Civil Service by "hiving off" the Post Office. There are also non-commercial activities in the public sector that are similarly organised, for example, the Atomic Energy Authority.

139. We have seen such a system operating in Sweden where the principle of "hiving off" is much more widely applied than has so far been attempted here. In Sweden central departments deal in the main with policy-making; they are quite small and are predominantly staffed by younger men. The task of managing and operating policies is hived off to autonomous agencies whose senior staff are mainly older men of mature experience. This system is used not only for activities of a commercial kind, but also for public services in social fields. We were much impressed by it. On the other hand, we are aware that in the United States the application of the "hiving-off" principle, as evidenced in the work of the independent regulatory commissions, has attracted a good deal of criticism.

190. Much new policy is a development of that which already exists and springs from practical experience in its operation. Any complete separation of policy-making from execution could therefore be harmful. However this does not appear to happen in Sweden, and we see no reason why the risk should not be provided against. There is indeed a wide variety of activities to which it might be possible to apply the principle of "hiving off". They range from the work of the Royal Mint and air traffic control to parts of the social services. We have not been able to make the detailed study which would be needed to identify particular cases; but we see no reason to believe that the dividing line between activities for which Ministers are directly responsible, and those for which they are not, is necessarily drawn in the right place today. The creation of further autonomous bodies, and the drawing of the line between them and central government, would raise parliamentary and constitutional
necessary. There are a number of commercial enterprises within the public sector that are already run on this principle, and it is also shortly to be applied to part of the Civil Service by "hiving off" the Post Office. There are also non-commercial activities in the public sector that are similarly organised, for example, the Atomic Energy Authority.

189. We have seen such a system operating in Sweden where the principle of "hiving off" is much more widely applied than has so far been attempted here. In Sweden central departments deal in the main with policy-making; they are quite small and are predominantly staffed by younger men. The task of managing and operating policies is hived off to autonomous agencies whose senior staff are mainly older men of mature experience. This system is used not only for activities of a commercial kind, but also for public services in social fields. We were much impressed by it. On the other hand, we are aware that in the United States the application of the "hiving-off" principle, as evidenced in the work of the independent regulatory commissions, has attracted a good deal of criticism.

190. Much new policy is a development of that which already exists and springs from practical experience in its operation. Any complete separation of policy-making from execution could therefore be harmful. However this does not appear to happen in Sweden, and we see no reason why the risk should not be provided against. There is indeed a wide variety of activities to which it might be possible to apply the principle of "hiving off". They range from the work of the Royal Mint and air traffic control to parts of the social services. We have not been able to make the detailed study which would be needed to identify particular cases; but we see no reason to believe that the dividing line between activities for which Ministers are directly responsible, and those for which they are not, is necessarily drawn in the right place today. The creation of further autonomous bodies, and the drawing of the line between them and central government, would raise parliamentary and constitutional
issues, especially if they affected the answerability for sensitive matters such as the social and education services. These issues and the related questions of machinery of government are beyond our terms of reference. We think however that the possibility of a considerable extension of "hiving off" should be examined, and we therefore recommend an early and thorough review of the whole question.

Meanwhile, we believe that the other recommendations in this Chapter should make it possible to gain some of the benefits that could arise from "hiving off", even where activities and services remain the direct responsibility of Ministers, by making it possible to allocate responsibility and authority more clearly. In this connection, we attach particular importance to our proposals:—

(a) to distinguish those within departments whose primary responsibility is planning for the future, from those whose main concern is the operation of existing policies or the provision of services;

(b) to establish in departments forms of organisation and principles of accountable management, by which individuals and branches can be held responsible for objectively measured performance.
CHAPTER 6
THE STRUCTURE OF THE CIVIL SERVICE

42. We have recommended a number of far-reaching changes in the way the Civil Service is run. We have reached the conclusion that for these changes to be fully effective, there must also be a fundamental change in the structure of the Service. Civil servants are at present organised in a large number of separate classes, almost all with their own different grading and career structures. This is a major obstacle to the application of the principle we have set out in Chapter 1. We recommend that classes as such should be abolished. In our view, all civil servants should be organised in a single grading structure in which there are an appropriate number of different pay-levels matching different levels of skill and responsibility, and the correct grading for each post is determined by an analysis of the job.

43. The change we are recommending will have massive repercussions on all aspects of Civil Service work and on the way it is organised. We believe it to be necessary, because the present structure of the Service stands in the way of what we consider to be the only efficient method of matching men to jobs - rigorously examining what each post demands before selecting the individual who is best fitted to fill it. The structure we recommend will improve the opportunities of civil servants fully to develop their talents and to get the experience they need for jobs of higher responsibility. It will provide a sound foundation for the application of the principles of accountable management, and hence for the efficient working of government departments. It will mean that the organisation of a block of work can be determined by the best way of doing the job rather than by the need to observe the traditional hierarchy of particular classes. Since it will enable success in achieving set objectives to become the determining factor in promotion, it will be a powerful stimulus to civil servants at all levels. Finally, the opening-up of opportunities, which it will offer to all civil servants, will, we believe, provide the constant competitive challenge needed for the achievement of maximum efficiency.
We develop all these points later in this chapter. We also give a fuller description of the new structure we recommend. First, however, we deal with the existing organisation and its defects; we survey it against the objectives which, in our view, the structure should seek to achieve.

**The Objectives**

195. The Civil Service must have a clearly articulated and relatively formal structure: jobs must be graded in distinct bands which determine the pay of their occupants on a rational and fair basis; and relative positions of authority and subordination must be clearly established.

196. The problems of structure would in some ways be much simpler if each department employed its own staff independently, and constructed its own grading system to fit the precise needs of its own work and staff. But the Civil Service cannot be run in this way. Departments have to work closely together in the achievement of common goals; the boundaries between them are subject to constant revision; the complex interlinking of departmental tasks requires a common approach and methods of work; it is necessary for the effective discharge of the tasks of the Service that staff should be able to move easily between departments - though, as we have stressed, mostly between related kinds of work. To meet these needs, the Service must be a flexible, integrated whole; it must continue to be a unified service. Its structure should be designed accordingly as a structure that is common throughout. Within such a structure two objectives are of overriding importance.

197. The first is that the structure should enable all civil servants, whatever their background, skill or discipline, to make their full contribution to the work of government: in particular, scientific and other specialist staff should be able to bring their professional training and outlook to bear effectively upon today's major problems of policy-making and management. This means an open road to the top of the Service for all kinds of talent. It also means that suitable specialists must be able to take part in policy-making
and management at the lower and middle levels of the Service; quite apart from the valuable contributions they can make to management at these levels, it is unrealistic to expect specialists to reach top managerial positions without this earlier experience.

The second objective is that the structure should promote the effective management of the work, and especially the organisation of mixed teams in the growing areas of work in which solutions to problems need the partnership of different skills and disciplines. Effective management calls for clear allocation of responsibility and chains of command designed to meet the needs of the particular job in hand. It also requires a structure flexible enough to accommodate future changes in the work and in the combinations of skills needed from time to time.

The Present Structure

The present structure is still fundamentally the product of the Northcote-Trevelyan report. One of its basic principles was that a proper division of labour depended on the clear separation of intellectual from routine work, and on the separate recruitment and deployment of staff for each. Recruitment was directly linked to the output of the educational system; graduates were recruited for the intellectual work and non-graduates for the rest. This principle has been endorsed as regards initial recruitment by the recommendations of subsequent Royal Commissions and Committees of Inquiry, and supported in the past by the Treasury in its responsibilities for the overall management of the Service (though it has been tempered by a measure of class-to-class promotion after entry). Hence the division of the Service into upper and lower classes in the same broad areas of work. The Administrative, Executive and Clerical Classes are an example of these divisions; direct recruitment to each is in the main linked to the educational system - graduates at 22 or 23 going mainly into the Administrative, school-leavers with "A levels" into the Executive and school-leavers with "O levels" into the Clerical Classes.

Over the years, as the government has taken on new tasks, it has been necessary to recruit large numbers of specialists -
scientists, engineers, architects and others. They have been organised separately in their own occupational groups; in the terminology of the Service, the separate grading structures which resulted are also called classes. Within the largest of these occupational groups, further divisions have been drawn between higher and lower classes. For example, there are three scientific classes - the Scientific Officer Class, the Experimental Officer Class and the Scientific Assistant Class - which broadly correspond to the Administrative, Executive and Clerical Classes. Similarly the Works Group of Professional Classes is supported by separate and parallel classes comprising technical officers and draughtsmen.

201. The classes so far mentioned, together with others such as the Legal, Medical and Accountant Classes, are "general service" classes. That is to say, their members are employed in all or in a substantial number of departments, each class with its own separate grading structure and scale of pay. They have been created over a long period of time as a means of unifying the Service. A hundred years ago, each department was largely independent in recruiting and managing its staff. The object of general service classes was to promote common standards and a sense of unity among all those who did similar work in different departments; it was also to enable staff to be moved between similar jobs in different departments. The Administrative, Executive and Clerical Classes were the first of these general service classes; the scientific classes were set up in the 1930's; the Works Group of Professional Classes after the Second World War. The most recent addition was the general service Economist Class in 1965.

202. In addition to the general service classes there is a great number of departmental classes; ranging in size from the very large (e.g. the 20,000 or more in the Tax Inspector and Tax Officer Classes in the Inland Revenue) to those comprising only handfuls of staff, whose members are employed in one department only. Departmental classes account for 124,000, or some 27% of all non-industrial civil servants.
As a result there are today 47 general service and similar classes whose members are distributed across the Service as a whole and over 1,400 departmental classes whose members work in one department only. Each civil servant is recruited on entry to a particular class, depending upon the kind of work he applies for and his educational qualifications for it. His membership of his class determines his prospects, since most classes have their own different grading structures, reflecting responsibility and pay. It largely determines, too, the range of jobs on which he may be employed: there are conventions governing the allocations of types of work to each class, some of which are buttressed by agreements with staff associations. Although there is provision for individuals subsequently to move from one class to another, the processes are formal and restrictive. Thus, in practice, whether they move between departments or, as is more usual, remain in one department, civil servants do not normally think in terms of a career in the Service - they have a career in a class.

It is an important feature of the system that there are separate pay scales for each class. These are determined for each class in accordance with the principles established by the Priestley Commission of 1955. The primary principle is that of "fair comparison with the current remuneration of outside staff employed on broadly comparable work". Internal relativities are used as a supplement to the principle of fair comparison in settling Civil Service rates in detail, and they become the primary consideration when outside comparisons cannot be made.

It is also an important feature of the system that the policy-making and general managerial jobs in the Service are generally reserved for members of the Administrative and Executive Classes. Specialists who seek broader managerial responsibilities normally have to transfer to one or other of these classes.

The basis of the divisions between higher and lower classes is no longer valid. The work of the Service cannot now be broken down for the purposes of recruitment into two simple categories, the
intellectual and the routine, the one appropriate for graduates and
the other for the rest. The changing tasks of civil servants refuse
to conform to this outmoded division, and the Service can discharge
its modern responsibilities only by drawing on many different kinds
of ability at every level. Higher-level posts still call for the
ability to give advice to Ministers on complex policy issues. But
many now also require the ability to run large projects and
programmes, and to manage large numbers of staff. The practical,
managerial qualities thus required at these levels are not necessarily
identified by success in a written degree examination taken many
years before or, indeed, by any selection method for testing young
people in their late 'teens or early twenties.

207. In the middle ranges, too, there are already jobs for graduates —
for example, in the Executive and Experimental Officer classes. This
will certainly continue and the numbers may grow. But it makes no
sense to maintain a class distinction between two groups of people
that has now to be based on the often narrow difference between one
degree and another — between an upper second and a lower or between
a second and a third. It is also difficult to maintain the present
sub-division of clerical work into two separate classes, with four
or five passes at "O level" required for the Clerical Officer Class
and two or three for the Clerical Assistant Class. In addition, as
the report of our Management Consultancy Group shows, there is often
no discernible difference in content between work done at the lower
levels of one class and the upper levels of the one beneath it.
We have also to recognise the importance of the man whose promise is
latent at the start of his career, but who then proves his worth by
his performance. The present structure increases the risk that his
talent will remain undiscovered.

208. The occupational divisions between separate disciplines and
specialisms are also under strain. They are not at present
constructed on any uniform principle. Thus physicists and biologists
are grouped in one class, while doctors have a separate class of their
own, as do psychologists. Secondly, not all members of the same
discipline or occupation are classed together. For example, some electrical and mechanical engineers engaged on research are in the Scientific Officer Class, while others, engaged on construction, are in the Works Group of Professional Classes; but the Works Group also contains some who are engaged on research. Similarly, there is no clear-cut occupational difference between the work done by members of different classes; for example, it is frequently difficult to distinguish between the tasks given to the following members of three classes - Technical Officer Grade II (Technical Works, Engineering and Allied Classes), Assistant Experimental Officer (Experimental Officer Class) and Senior Scientific Assistant (Scientific Officer Class).

209. This structure, as operated today, presents serious obstacles to the most flexible use of staff: -

(a) It prevents the best deployment and use of individual talent. The formal and relatively rigid procedures involved in moving from one class to another place unnecessary barriers in the way of the movement of individuals, both upwards to posts of higher responsibility and sideways between different kinds of related work. It also impedes the rapid development and promotion of young people with outstanding potential.

(b) It is a major obstacle to the ability of the Service to adapt itself to new tasks. Each class tends to regard the posts that its members usually fill as its own preserve, guaranteeing a career structure with a fixed number of posts at various levels. Men and women enter these classes in their youth and form expectations about their prospects, to which they cling with increasing tenacity as the years go by. Staff associations naturally tend to serve as the guardians of these territories, and to resist any proposal that seems likely to reduce the number of posts to which they feel their members have a right. This rigidity in the deployment of staff is particularly serious at a time when the tasks are changing rapidly and new techniques are being
developed to meet them. For example, as we point out in Appendix D, accountants could make a useful contribution to financial forecasting and control, procurement and Q and M work; they are not in a position to do so because these duties are the province of other classes.

(c) The career opportunities that are thus defined for the different classes vary greatly in their attractiveness and scope, even for people with similar educational qualifications. For example, direct graduate entrants to both the Administrative and Scientific Officer Classes need a first or second-class degree. But 46% of the posts in the Administrative Class carry salaries in excess of £3,500 a year, compared with 23.5% of the posts in the Scientific Officer Class. The point of this criticism is not that these proportions should necessarily be equal; the work may not demand a higher proportion of purely scientific posts at middle and high levels. It is that separate classification at these levels encourages the idea that opportunity is not equal—an idea that is justified to the extent that scientists cannot move easily into appropriate middle and higher management posts except through the relatively rigid process involved in moving from one class to another.

(d) The word "class", and the structure it represents, produce feelings of inferiority as well as of restricted opportunities. This is most marked in the attitude of other classes towards the Administrative Class, but it can be seen in greater or lesser degree between lower and higher classes generally.

210. The structure also leads to the inefficient organisation of work. It does so in three ways:—

(a) Each class has its prescribed functions. For example, financial and policy work are generally reserved to the Administrative Class with appropriate support from the
Executive Class, while technical or scientific work belongs to the specialist classes. Where administrators and specialists are engaged in a common task, parallel or joint hierarchies are the usual devices to enable them to work together. But within these hierarchies the administrator is normally responsible to another administrator in the next higher grade, and the specialist similarly to another specialist; thus the separation of prescribed responsibilities is maintained. These forms of organisation, which are a major source of inefficiency and frustration, are discussed in Chapter 5; but their roots lie in the structure of the Service.

(b) The separation of functions has a particularly damaging effect in blurring responsibility and authority in command. There are many joint tasks, especially projects and programmes with a high technical content, in which good management depends upon putting a single person in charge and holding him responsible for the result; the rest of the team should be responsible to him. Often, however, the separation of functions results in twin heads being in charge, one a specialist, the other an administrator.

(c) A man's career is primarily thought of as a career within his class. There is therefore a natural pressure to maximise the opportunities of the class, in each area of work that it occupies, by making use of as many of its grades as possible. The presumption thus grows up that the organisation of any area of work should reflect in full the grading structure of the class concerned - e.g. that the Assistant Secretary is always needed between the Principal and the Under Secretary, and the Executive Officer between the Clerical Officer and the Higher Executive Officer. This is also true of the specialist classes. The convention can be, and is, broken from time to time, but not enough. The structure makes it more difficult to do so, and to introduce experiments in the organisation of the work.
211. Underlying many of these criticisms is the fundamental point to which we drew attention in paragraph 193: that the system of classes stands in the way of the most efficient method of matching men to jobs. This is because classes are too crude an instrument for the purpose. They involve two assumptions: that any job can be categorised as appropriate to one or other of the classes; and that it will then be most appropriately filled by selection from the members of that class, all of whom are in principle more likely to be good candidates for it than any member of another class. These assumptions seem to us no longer sound, particularly in view of the work the Civil Service now has to do.

212. There are many jobs that can be filled only by qualified doctors or engineers; and many that will require the training and experience of the economic or social administrators discussed in Chapter 2. But a growing proportion of jobs in the Service require both technical and managerial knowledge and ability, and cannot now be properly classified as either technical (and therefore reserved for the appropriate specialist class), or managerial (and therefore normally reserved for the Administrative or Executive Class). These jobs are to be found not only in the highest reaches of the Service; they exist at much more modest levels from about £1,500 a year upwards, especially in the big technological departments. Taking the Service as a whole, they may be a relatively small proportion at present. But as the work of the Service continues to change, and as new specialisms emerge, they are certain to multiply. Thus, the categorisation of jobs by class becomes less appropriate year by year: and, when it comes to selection for posts, there is a steadily increasing area of work in which the implied assumption that the best man for the job will be found within a given class has clearly become invalid. In our judgement, therefore, a principle of organisation that rests upon this assumption and relies mainly upon formal procedures for inter-class transfers in order to provide for exceptions is no longer satisfactory and will, if it is not changed, become an increasingly serious obstacle to the proper deployment of talent.
Finally, the present system of classes is a major obstacle to the proper application of the principles of accountable management which we recommend in Chapter 5. This is because in analysing jobs the service now concentrates its attention and thought on the duties and tasks appropriate to particular classes and the various levels within them. In contrast, accountable management requires that the main weight should be placed upon an analysis of the results required from each individual job, their relative importance to the work of the Service as a whole, and the consequent search for the man with the right qualities and qualifications to produce those results; in this context the practice of assigning duties to individuals by reference to their membership of particular classes is at best an irrelevant distraction and at worst a serious obstacle to the kind of job evaluation that is needed.

The New Structure We Propose

The structure the Service needs should in our view be based on the following principles:

(a) Both the grading of a post and the selection of the man to fill it should be based first and foremost on an evaluation of the job.

(b) Management should appoint to each post the person it considers best fitted by his qualifications and experience to fill it.

(c) No posts should be the preserve of any group, except in so far as the individuals comprising the group may be uniquely qualified for them, e.g. doctors for medical posts.

(d) Since the qualifications and experience required for particular posts will vary from time to time, it should be the right and duty of management to determine the new qualifications and experience required for them.

(e) In filling individual posts, management should promote the right man even if he is not the next in the order of seniority, or bring him in from outside the Service if he cannot be found within it or if it believes that an appointment from outside would bring a valuable reinforcement of skill and experience.
(f) The pay for posts should continue to reflect the rate for the job on the basis of fair comparison with market rates for jobs of comparable responsibility and authority outside the Service.

(g) The structure should permit work to be organised in such a way that chains of command reflect the demands of the task and, where necessary, cut across any groupings by discipline or type of skill.

The application of these principles demands two fundamental and complementary changes in the structure of the Service. Together they produce the single, unified grading-system running across the whole service that we referred to in paragraph 192. For the sake of clarity, however, we present them separately at this stage.

215. First, we recommend that the divisions between higher and lower classes should be abolished, and that a continuous grading-system from bottom to top should be substituted in each occupational group. Thus, for example, we propose the merger of the Administrative, Executive, and Clerical Classes, as recommended to us by the Treasury. But we also propose mergers of the Scientific Officer, Experimental Officer and Scientific Assistant Classes and of the Works Group of Professional Classes, the Technical Works, Engineering and Allied Classes and the Architectural and Engineering Draughtsman Classes. Movement upwards, e.g. from clerical to executive or from experimental to scientific work, should be by promotion from a lower to a higher grade; and this should lie within the direct authority of the management of each department, subject to appropriate central supervision of standards and numbers. We also consider that the supporting grades (e.g. messengers, typists, machine operators) should be brought into this structure. We discuss this further in Appendix J.

216. Although this reform will bring the Civil Service into line with other large organisations in this country, where divisions into higher and lower classes are rare, it will present a radical change for the Service itself. It is not simply a question of linking together classes that now operate at completely separate levels of
pay and responsibility. There is a good deal of overlap at present between the levels at which these various classes operate and the types of work they do. Thus, to replace the present class structure by a continuous grading structure from bottom to top for each occupational group will involve a major programme of job evaluation: a fresh examination of what each job or kind of job is for, and of the qualifications and experience it requires.

217. Secondly, we believe that the principle of the best man for the job should apply between civil servants of different occupations no less than between those who enter the Service with different levels of educational qualification. No posts should be the preserve of any one group except in so far as individuals in the group may be uniquely qualified for them. This calls for another radical structural change. It means bringing to an end the system in which an individual can normally move between jobs now reserved to different occupational groups only if he himself moves into a different class.

218. To give full effect to our proposals at paragraphs 215 and 217, we believe that it is necessary to replace the present multitude of classes and their separate career structures by the creation of a classless, uniformly graded structure of the type that is now being adopted in many large business firms and similar to the system used by the Civil Service in the United States. The basis of the system we are proposing is the establishment of a number of successive grading levels that together would embrace all the jobs in the Service. Each grade would carry a range of pay. The number of grades required can be determined only after a more detailed analysis of the existing structure than we have been able to make; but on the basis of the advice we have received, we think that some twenty grades could contain all the jobs from top to bottom in the non-industrial part of the Service.

219. An essential feature of the system is that the salary range (or scale) for each grade should be relatively broad, and that there should be overlapping of salaries between grades (see as an example the salary grading structure of the United States civil service shown ...
Appendix C). This is to provide scope for advancement within grades. Thus, while the most able will be promoted well before they reach the maximum of their grade, others can continue to earn salary increases within the same grade.

220. All the jobs now performed by the many different classes should be fitted into the appropriate grade. This will require careful job evaluation. This should be based on such factors as the "end-results" required, the degree of personal responsibility involved, the importance attaching to the work and the qualifications and experience needed in the holder to achieve the prescribed results. At the same time, the process of job evaluation should take into account the market rate for jobs of similar responsibilities outside the Service. The system is equally applicable to all types of job. A scientific job in a research establishment, high-level case-work in an administrative division, an engineering job, and a line-management job in an executive - clerical establishment can all be analysed and ranked within the same grading-system.

221. This is essentially a pay structure; it is not designed to determine the actual organisation of work. The precise organisation of each block of work, and the number of working levels in it, should be determined solely by what is required for the most efficient achievement of its objectives. Thus, in any division, job evaluation would show that only a selection of the twenty or so grades should be used - the smallest number needed. There should be no set pattern.

222. Within this overall structure, there will, of course, continue to be a great variety of groups of staff. At the highest levels of the Service, we think it useful to distinguish the top management, comprising all posts in all grades from the Head of the Civil Service down to, and including, grades that are today equivalent to Under Secretary; we refer to this here and elsewhere in our report as the Senior Policy and Management Group. Although the work of these grades is not sharply different from those immediately below, nevertheless the higher one goes in the Service, the more one's work is
likely to consist of policy-making and higher management rather than
the exclusive practice of a particular skill or discipline. As a
civil servant approaches these levels, his responsibilities become
steadily heavier and usually less specialist. He begins to share
in a real collegiate responsibility to the Minister for the policy and
management of the department as a whole; increasingly, too, he has
to take interdepartmental considerations into account. At these
levels an individual's particular occupational group is thus often
of less significance than his range of experience, and personal
qualities and qualifications should be the main criteria for filling
posts with these wider horizons. There comes a point, therefore,
where promotions become matters affecting the interests of the
Service as a whole, and the Civil Service Department should play a
part in them. We distinguish the Senior Policy and Management Group
in order to define the area to which this should apply.

223. Below this level, the occupational content of the work is often
greater than the managerial content. Thus occupational groupings of
staff have a greater significance. They vary greatly in kind. The
majority of civil servants are employed in supporting grades (see
Appendix J), where the work has little or no managerial content and
its occupational content consists more of the practice of a skill
(e.g. typing, filing or operating machines) than the application of
a discipline. At higher levels, the development and application of
a particular discipline, and the need for specialisation by subject-
matter, become much more important, and in many parts of the work its
managerial content steadily increases as a man rises towards the
senior levels referred to above. At all levels however where the work
requires civil servants to specialise (whether in administrative,
specialist or the various kinds of supporting work), occupational
groups will be needed, and civil servants should generally be recruited
and trained as members of them. They should include the present
specialist disciplines, the two groups of administrative staff
identified in Chapter 2 and the supporting grades discussed in
Appendix J.
224. At least during the earlier years of their career, most civil servants should work in the field of their specialism. Those whose main inclinations and aptitudes lie in this direction could spend their whole careers in their specialised field, and we recognise that many people will wish to do this. Others, however, should progress after appropriate training and experience to work that becomes steadily more managerial in character in areas adjacent to their specialism; and posts at all levels which offer the right kind of experience in management should be open to members of all occupational groups who are fitted for them. In a system of this kind civil servants could be given a clear indication of their career prospects if they remain in their specialised field - the extent and shape of the structure of higher posts open to them if they develop in this direction. We attach high importance to a structure in which people are able to take part in the development of their own career patterns.

225. It is likely that occupational groups will tend to develop their own career patterns. Men and women will enter the Service at different grades, depending upon the level of the work they have been recruited to do. Thereafter, it may become usual for members of particular occupational groups to skip certain grades. This should be kept flexible; but it should be established that it is normal to skip grades on promotion, and thus that the field of candidates for promotion is not limited to the grade immediately below.

PAY IN THE UNIFIED GRADING STRUCTURE

226. Though we have not examined in any detail the pay of the Civil Service, we feel bound to make one comment on the implications for pay of the structure we propose. The proposal does not in our view imply a departure from the principle of "fair comparison with the current remuneration of outside staffs employed on broadly comparable work" which was established by the Royal Commission on the Civil Service 1953-1955. In our view this principle remains valid and will continue to be necessary to the efficiency as well as to the contentment of the Service. But if our recommendations for a unified
grading structure are accepted, we should expect the outside comparison to be made as part of the process of job evaluation: assessing the importance of the job to the work of the Service and establishing the rate for jobs of similar responsibility outside the Service.

227. We recognise that the Civil Service attaches great value to negotiation and arbitration in the settling of pay claims. These should be preserved. It will be necessary to ensure that the system we propose does not result in the extension of formal negotiation and arbitration to cover those questions, such as the grading of individual jobs, that should remain a matter for management to determine. But the general pay-scales of the grades, and claims for higher pay on the basis of comparisons with pay outside the Service, should continue to be dealt with by negotiation and arbitration, adapted as necessary to fit the new structural pattern we propose.

228. We have said in paragraph 218 that each grade should carry a range of pay. This, in our view, should be true of all grades except the very top one — which should be a flat rate varied only in the case of the Head of the Civil Service (see Chapter 7, paragraph 258) — and possibly the grade immediately below.*

229. In all except the top grade, we think it important that there should be more flexible progression through the pay-scale of the grade. Fixed annual increments, in our view, do not give enough incentive to effort, and make possible too easy a progress for those...

* Sir William Cook, Sir Norman Kipping and Sir John Wall make the following reservation on paragraph 228:

We see no reason why the principles of job evaluation and outside comparison should not extend to the most senior posts in the Civil Service. This applies both to the level and to the range of pay. Some Permanent Secretaries carry responsibilities comparable to those of the chairmen of the great nationalised undertakings, who command much higher salaries: others are in posts which, though demanding, are less onerous. We believe that these differences should be reflected in their pay. We do not think it wise to make a man who has perhaps been appointed to a top post at 45 or 50 feel that he has reached his ceiling at that age. Unless there is still something for him to look forward to, the temptation for him to leave must be great. We think that even the highest posts should therefore be paid on a salary band.
who do not pull their full weight. We believe that it should be possible to reward merit by extra pay as well as by promotion. Thus, up to the level of the Senior Policy and Management Group, we recommend that, while annual increments should continue, there should be the following modifications:

(a) Additional increments should be granted both for especially good work and for success in gaining relevant qualifications.
(b) Increments should be withheld when they have not been earned.

Above this level, regular annual increments seem to us unsuitable and the numbers are small enough to make a different system practicable. The range of pay for each grade should in effect become a "band" of pay, in which only the maximum and minimum points for each grade would be published, and the progress of each officer through the band would not be on a regular incremental basis but determined by an annual review of his performance. Individual salaries would not be published.

**ADVANTAGES OF A STRONG UNIFIED GRADING STRUCTURE**

230. We think that the structure we propose would have five main advantages. First, we believe that the system will remove the obstacles to the flexible deployment of staff to which we referred in paragraph 209. It will thus offer wider opportunities to all civil servants.

231. In particular, the unified grading-system we propose will enable the Service to gain the full contribution which scientists, engineers and other specialist staff could, but do not now, make to policy, management and administration. At present all these people have careers in their own separate classes. To move into more general management, they have to transfer to the Administrative and Executive Classes. A few make the first move; practically none the second (although the Executive Class occupies managerial positions in the Service up to a salary level of £5,250). For specialists, the difficult problem arises of deciding whether they are likely to do better by transferring in mid-career to a new class which fills most
of the top managerial and policy jobs; or by continuing to move up the ladder of their existing class, with its narrower range of posts, which does not generally take a man to the highest levels in the Service. The decision to seek a transfer also involves at least the appearance of a formal severance from a man's original discipline - a dividing-line which has to be crossed again if he wishes to return. With the abolition of classes, such problems and difficulties should be significantly lightened.

232. This does not apply only to the higher levels of the Service. It is equally, if not more, important lower down. The present system makes it particularly and unnecessarily difficult for specialists to be tested and given experience in general management sufficiently early in their careers. There are many members of the specialist classes at present in grades carrying between £1,500 and £2,500 a year, e.g. accountants, engineers, scientists, Experimental Officers, Technical Grades A and B, who should be getting some experience of management in areas where their specialist knowledge would be valuable. This is not only because it would fit them for higher management later on; it would also enable them to make a useful contribution to middle and junior management here and now.

233. A unified grading structure will also provide a more flexible career pattern for administrative staff, by enabling the Service to deploy them to the best advantage without the need for transferring from the Executive Class to the Administrative Class or vice-versa. Here again difficult decisions now confront the most able members of the Executive Class. Their areas of work are often similar to those of the Administrative Class. The able Executive who stays in his class has good prospects of promotion to comparatively senior posts. The top posts in the Service, however, are open to him only if he seeks a transfer to the Administrative Class; but if he gets a transfer he may in the end do less well than if he had remained a member of the Executive Class since his chances of reaching senior posts in the Administrative Class are relatively smaller. Some play safe and stay; some of those who gain class-to-class promotion regret it. At the same
time there is at present almost no movement from Administrative to executive Class jobs (which would look like demotion under the existing system). Thus, members of the Administrative Class are not normally considered for the major management jobs that are reserved for the Executive Class, although some may well have the aptitude for them. The structure we propose will allow completely flexible posting to suit the aptitudes of administrators as they develop in the course of their careers.

234. A unified grading structure will thus offer wider opportunities to all civil servants. This is not, of course, to say that it will offer better prospects to all members of all the present classes. The widening of opportunities should lead to keener competition, and favour the most able civil servants regardless of their occupational group. Our proposal is designed, among other things, to bring this about.

235. In addition to providing the framework for the more flexible deployment of staff, we believe the second main advantage of a unified grading structure is that it would promote more efficient and accountable management and the more economical use of manpower. In Chapter 5 we define accountable management as a system in which individuals and units are held responsible for performance and output measured as objectively as possible, and we make more detailed proposals there about the departmental organisation needed for this. We believe that a unified grading structure would of itself result in a far more effective method of grading and manning jobs in the Service and thus promote greater efficiency. This is because:

(a) The detailed job-evaluation system needed to set it up and run it will define and measure the "end-result" required of each post. An individual's performance can then be judged against this specification and by his actual achievement. The present system of grading and evaluating jobs concentrates on assessing whether the duties are appropriate to a particular level of a particular class, and not on the end-result of the job.
(b) With the disappearance of classes, the present pressures to use all possible grades in the organisation of a block of work (to which we referred in paragraph 210) will also be reduced. This is because members of different groups will have more varied career opportunities than they have now. In a common grading structure of twenty or so grades, there can be no set pattern for their use; it will, therefore, be necessary to ensure, by analysis of the work itself, that only the right selection of grades and occupational groups is used for each block of work.

(c) Common grading will help to get rid of the separate and parallel hierarchies which we criticised as the wrong way of applying a variety of skills and disciplines to a common task. The practice of allocating defined kinds of work to different classes will disappear with the classes themselves. In consequence, it will become easier to construct integrated hierarchies and teams that embody different skills at appropriate levels under the single command of the officer in charge.

(d) If grading is made to depend upon the rigorous analysis of individual jobs, it will become an effective mechanism, built into the structure of the Service itself, for guarding against the inefficient use of manpower and the perpetuation of unnecessary jobs. The process of job evaluation, properly applied, tests both the value of the job itself and the levels of qualification it requires. It should therefore become an effective safeguard against the misuse of qualified manpower and should help to ensure that unnecessary jobs are eliminated.

236. We believe too that job evaluation in the context of a common grading structure offers the only rational method of solving the problems which now beset the classification and grading of the work of the specialist classes to which we have referred in paragraph 208.
The evidence makes clear* that the present frontiers between the Scientific Officer and Works Group Classes in the engineering field, for example, are wholly unsatisfactory. We are convinced that such problems are inherent in class structures, and that, in this as in other fields, the selection of the right man for job (neither over-qualified nor under-qualified to fill it) must depend, not upon membership of a class, but upon the continual re-evaluation of the post and of the varying skills and levels of qualification it may demand from time to time.

237. Thirdly, a structure on these lines will make easier much-needed improvements in the system of promotion which we have criticised in chapter 3. At present a civil servant is normally promoted within his class to a higher post in the area of work reserved to it. Opportunities for promotion vary greatly between different classes and also within the same class between different departments; promotion is too much determined by a man's seniority in his present grade in his class in a particular department. Promotion boards cannot generally consider a man's fitness for promotion to a job outside the field of work allocated to his class, even though his qualifications and experience might bring a useful contribution to it. At the same time, promotions within a class are normally based on the criterion that, in order to qualify, a man must be fit to do any of the jobs assigned to his class at the higher level. In our view, these factors together result in a system of promotion that is insufficiently discriminating. Too little attention is given to finding for those who have achieved promotion, the precise jobs at the higher level for which they are best fitted; and some, who would be very adequate performers in a limited range of jobs at the higher level, fail to achieve the promotion they deserve.

* See the paper submitted by the Treasury, the Ministry of Public Building and Works and the Ministry of Technology on Scientists, Engineers and the Works Group (Volume 5, no.7).
The unified grading structure we propose would provide the necessary foundations for a new promotion system in which:

(a) Promotion is based on the record of an individual's achievement in producing the 'end-results' at which his job is aimed.

(b) The aptitudes and experience of the individual can be more directly and specifically linked to the requirement of a particular job at the higher level.

(c) Promotion boards can consider candidates for higher posts not only within the field of their specialisation but also in management posts where their specialist knowledge may be useful.

(d) Because performance is taken properly into account, and selection based upon the aptitudes and experience of the individual rather than upon his membership of a particular class, there are more nearly equal promotion opportunities for all.

(e) Able individuals can skip grades.

(f) In so far as seniority denotes valuable experience, it can be given its proper weight: but that weight will not be excessive if the main emphasis in promotion questions is on the assessment of individuals by results achieved and by their aptitudes, skills and relevant experience for particular jobs at higher levels.

This reform of the grading structure should enable the system of promotion to be adapted to what we see as the main objective: that a man's experience and qualification to do a particular kind of job at a higher level should be the main factor in promotion decisions; and that, in assessing this, full weight should be given to his performance in the job that he has been doing. In order to give full effect to this change, methods of reporting on staff will need to be revised. In particular, we recommend that report forms should be re-cast in such a way as to oblige reporting officers to give a much fuller assessment of performance (i.e. of success in achieving definite objectives) than they normally give at present.
Fourthly, a common grading structure which extends across the whole service offers, in our view, the only practicable means of dealing with the fragmentation of over 14,000 departmental classes, each with its own separate pay and career structure. There is general agreement that this situation ought not to be allowed to continue; the existence of this vast number of separate classes produces unnecessary complexity in the work of management, not least by multiplying the number of separate pay negotiations. But our examination of the departmental classes has convinced us that so long as the Service maintains separate general service classes, there is no rational or logical basis on which the number of departmental classes can be significantly reduced. The great bulk of them can plead for separate existence on the same grounds as those put forward by any of the main general service classes. Within a unified grading structure, however, the whole problem of the separate departmental classes can be dealt with; after the necessary job-evaluation procedure they can be absorbed at the appropriate levels into the new structure. Many of them should continue to form distinct occupational groups, with their own recruitment, training and career management. But their members, like those of the more general groups, would also be available for employment in jobs of middle and junior management adjacent to the areas of their specialism.

Fifthly, we believe that a radical change in the structure of the Service is needed to give real effect to many of the other proposals we have made. The operation of the present structure has bred over a long period of years attitudes and practices that are deeply ingrained. Therefore we do not believe that it is sufficient to leave the structure basically as it is; incorporate in it some modifications; and then expect the Service to operate it in a fundamentally new way. This is in essence what the Treasury have proposed. They have recommended the merger of the Administrative, Executive and Clerical Classes and a form of open structure at the top of the Service only; the remainder would continue in their
existing classes. In our view this partial reform is inadequate. We intend no criticism of the future managers of the Service when we say that, with the best intentions, they could not carry it through to success. As long as a structure based on classes persists, the attitudes and practices associated with it will hinder the efforts of management to open up careers to all the talents and to make fully effective all the changes in organisation and practice we recommend.

PRIORITIES IN THE ESTABLISHMENT OF A COMMON GRADING STRUCTURE

241. The introduction of the new system and its implementation throughout the Service will be a major undertaking. It will call for close and detailed consultations with the Staff Side on such matters as the general shape of the new structure, methods of settling pay claims, methods of job evaluation and a review of the existing criteria on which the annual report on the performance of each civil servant is based.

242. There will also have to be a substantial training programme for those who will carry out the necessary job evaluation. The subsequent application of job-evaluation techniques on the scale required to cover the whole Service will inevitably be a detailed and lengthy process. In this connection, however, it is important to stress that the total task may not be as massive as it might appear. Over wide areas of the Service, jobs can be grouped into "families" for grading purposes so that the numbers that have to be analysed in detail are only a proportion of the whole. It will take a large-scale operation to move the Service completely over to the new structure we recommend; how large will depend upon the extent to which present gradings are right.

243. Given acceptance in principle of our proposal for a unified grading structure throughout the Service, we think that it may be helpful to indicate what we believe to be the first priority. We think that the Civil Service Department should mount a major study to work out the details (including the number of grades and the system of job evaluation appropriate to the Service) of a scheme for a unified grading structure, together with a time-scale for its
implementation. Our consultations have led us to believe that it will take from three to five years to produce a detailed scheme and implement it throughout the Service. In our view, the Civil Service Department will need to draw heavily on outside management consultants at all stages in this process.
CHAPTER 7

THE CENTRAL MANAGEMENT OF THE CIVIL SERVICE
AND RELATIONS WITH STAFF ASSOCIATIONS

24. The responsibilities of the Treasury at present cover both financial and economic policy, including the control of public expenditure, and also the central management of the Civil Service. By "management" in this context we mean the task of directing or running the Service itself - controlling its staffing and remuneration, its structure and organisation, and promoting efficient methods of work. In this chapter we discuss the task of central management, its location and staffing, and its relations with other departments. We also deal with the relations between management, both central and departmental, and the organisations that represent the staff.

25. The Treasury is divided into two parts to carry out its dual task. Its central management functions are discharged by the "Pay and Management" group under a Joint Permanent Secretary who is designated Head of the Civil Service. This side of the Treasury also has important central functions in relation to the pay and pensions of other public services and bodies. The "Pay and Management" group, however, has never been, and is not today, a fully-developed directing body at the centre with complete overall authority to manage the Civil Service. We have discussed the divided responsibility for recruitment in Chapter 3. The Treasury has the final responsibility and authority on questions of Civil Service pay (within overall considerations of incomes policy); on pensions; on the number of staff employed and the grading of posts (i.e. determining the level of responsibility demanded by the job), though it delegates certain powers to Departments from time to time - in some matters, such as grading, quite extensively. The authority of the Treasury is less in Q and M work, management services (i.e. the promotion of the best management practices), training and personnel management; in these, its role is mainly guiding and advisory. In machinery of government questions where political considerations are often paramount, the Treasury advises the Prime Minister.
246. As would be expected, the Treasury has developed its functions most fully in those fields where it has full authority - like pay and numbers of staff. Elsewhere, although its central management role has recently been extended, it has been patchy rather than systematic, with too few staff and too little expertise.

THE TASK OF CENTRAL MANAGEMENT

247. The proposals we are making for the Civil Service as a whole - the abolition of the present system of classes, a system of central recruitment more directly related to the needs of departments, the greater professionalism of administrators and specialists, the better career management, training and deployment of staff, and the promotion of greater departmental efficiency - will all make greater demands than in the past on the central management of the Service. To make these proposals fully effective, the role of central management needs to be changed and enlarged.

248. The primary role of central management should be to ensure that the Service is continuously governed by the principle outlined in Chapter 1: that the Service should constantly review its tasks and the possible ways in which it might perform them; then consider what new skills and kinds of men are needed and how these can be found, trained and deployed. As we have said, this requires that recruitment, training and personnel management and organisation should be regarded as integral parts of a unified process: supplying and developing the talent the Service needs and deploying it to the greatest possible advantage. Clearly this constant adaptation of men and methods to changing tasks must be a joint responsibility, shared between central management and individual departments, but central management must have the appropriate degree of ultimate authority in those questions that affect the interests of the public service as a whole. We consider that its main responsibilities, including those that are at present discharged by the "Pay and Management" group of the Treasury, should be:

(a) to stimulate and assist departments in reviewing the kinds of skill and forms of organisation needed for their tasks as they change and develop;
(b) in the light of this review, to determine manpower
requirements both in quantity and quality, agree with
departments how these requirements should be met, provide
the necessary common services for new recruitment and
internal transfer and satisfy itself that departments
are efficiently and economically staffed;
(c) to specify in consultation with departments the
qualities, qualifications and experience required of
new recruits to the Service;
(d) to determine (after such negotiations as are necessary in
each case) pay, pensions and other conditions of service;
(e) to determine training policy in consultation with
departments, conduct central training courses, arrange
external training, and stimulate and guide training
within departments;
(f) to promote career development throughout the Service,
and in particular to co-operate with and guide departments
in fostering the promotion, and planning the future
development, of the most promising members of all
disciplines;
(g) to promote mobility both between departments and between
the Service and outside employments;
(h) to discuss with departments (which should be required
to consult central management on this matter) all
promotions to the Senior Policy and Management Group,
and to take the initiative in proposing individual moves
between departments both within the group and at lower
levels.
(i) to advise the Prime Minister on:

(i) appointments at the salary-level of Deputy Secretary and above; and

(ii) the most efficient division of responsibility between departments;

(j) to study new developments in methods of organising work, in management techniques and in office machinery, and promote their use throughout the Service.

THE NEW CIVIL SERVICE DEPARTMENT

249. For these tasks of central management to be discharged effectively in the Civil Service of the future, two major institutional changes are needed.

250. First, as we have recommended in Chapter 3, the responsibility for recruitment and selection at present carried by the Civil Service Commission should be brought together with the other functions of central management within a single organisation.

251. Secondly, the expanded and unified central management of the Service should be made the responsibility of a new department created specifically for that purpose. Our reasons for this are as follows.

252. The Treasury's concern for public expenditure led to its development as the central managerial authority for the Service as a whole. But the British Civil Service is now almost alone in continuing to combine these functions in a single department. In our view, the central management of the Service is not under modern conditions an appropriate function for the central finance department, for three reasons:

(a) The role of the central management of the Service needs to be enlarged. In particular, if it is to discharge its full responsibilities for senior appointments (which means ensuring that men and women from all disciplines are considered for these appointments on the basis of their individual qualifications and experience), it must follow that central management will need to have much greater
knowledge than in the past of the most able civil servants of all
disciplines, particularly those who are likely candidates
for top posts, and influence over their appointments.
If this enlarged responsibility for career development
were added to the Treasury's responsibilities for financial
and economic policy and for the control of public
expenditure, there would be reason to fear too great a
concentration of power in one department. The overall
direction of the Service and the key to individual
success within it should not both lie with the department
that also uses the powerful weapon of central financial
control.

Each of the two sides of the Treasury needs to use an
expertise separate and different from that required by the
other; our proposals for increasing the professionalism
of the Service will cause them to grow still further
apart. We do not, therefore, think that central
management should be predominantly staffed, as it is today
at Assistant Secretary and Principal level, by those whose
main training and experience have been in techniques of
government finance and the control of expenditure. The
present practice of manning both sides of the Treasury at
this level by a constant interchange between them impedes
the development of a full professionalism in each. A
proportion of the staff of central management should come
from other departments on loan, but the Treasury should
not be the predominant source of this flow. It should
come from all departments.

Central management should be positively and creatively
concerned with maintaining and improving the standards
of the Civil Service. It should therefore be a
separate institution with a single-minded devotion to
its own professional purpose; and should be in a
position to fight, and to be seen fighting, the
Treasury on behalf of the Service.
In addition to these questions of principle, there is an important practical question of confidence. There is today among civil servants a lack of confidence in the Treasury as the centre of Civil Service management. In our judgment, the Treasury has contributed to this by employing too few staff on this work. A change is necessary for other sufficient reasons but also to demonstrate that a fresh start is being made. If our proposals are to have a fair chance of success, there must be no doubt about the effectiveness of the central direction. There will be no confidence that they will be implemented in the radical spirit we believe to be necessary, if central management is left where it is.

Accordingly we recommend as the first main step in the reform of the Service the setting up of a new Civil Service Department. This should absorb the functions of the Civil Service Commission and carry the responsibilities for central management outlined in paragraph 248*.

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 predominantly staffed by officers who have spent most of their careers in the Treasury, and can thus have a little experience of direct responsibility for management. Departments generally should be prepared to release some of their best men for a period of service in the Civil Service Department, especially from among those with departmental experience of personnel and organisation work. We believe that the work of the new department will include some of the most challenging and creative jobs that the Service has to offer.

*We envisage in paragraph 266 below that this change may involve the consequence that the new department should also discharge the central functions in relation to the pay etc. of other public services and bodies that at present belong to the Pay and Management group of the Treasury. If this solution is adopted, "Civil Service Department" may not be the right title. It is however the most convenient term for the purposes of this report.
We also consider it important that a number of appointments at senior levels within the new department should be made from outside the Service of people with appropriate knowledge and experience of managing large organisations both at home and abroad.

256. The department should also include specialists (e.g. scientists and engineers) who will be able to bring an intimate knowledge and experience to bear on the recruitment, training and career management of members of their own disciplines. There should be an appropriate measure of central management for all the major occupational groups, and the members of each group should be able to feel that their interests are being looked after at the centre. In some cases, e.g. the lawyers, it seems appropriate for a senior practitioner of the specialism in question (not necessarily from the Civil Service Department itself) to be designated head of the profession or group, and to share with the Civil Service Department the responsibility for guiding the main lines of its management policy. Another helpful practice, already in use for some groups, is a management committee on which senior practitioners of a particular specialism and representatives of the Civil Service Department sit together. We see no reason why the pattern should not vary. But the Civil Service Department should itself command all the necessary information about the specialist groups and be so staffed as to be able to handle them with direct knowledge and professional management expertise.

257. The new department should include a Planning Unit on the lines we have discussed in Chapter 5. Some members of the department should have the prime responsibility for considering new developments in personnel management, training and management techniques; through contacts with the world outside, both at home and abroad, they should keep the management of the Civil Service abreast of experience elsewhere; and through their own expertise make it a model of progress in its field for others to follow.
258. We also recommend that the official head of the Civil Service Department should be designated head of the Home Civil Service. We think that he should receive a sufficient lead in pay over the other official heads of departments in the Home Civil Service to mark his status. At present the lead of the Joint Permanent Secretary of the Treasury (see paragraph 245) is £600 a year, and similar leads are held by three other top officials: the other Joint Permanent Secretary to the Treasury, the Secretary to the Cabinet and (outside the scope of our enquiry) the Head of the Diplomatic Service. As far as the Home Civil Service is concerned, the other leads are something of a historical accident: the three offices were at one time held by a single individual; he had a lead of £1,000 over other Permanent Secretaries; when the offices were separated, the lead was split. We doubt if these other leads should be perpetuated; in our view it is hard to substantiate that the posts concerned carry greater responsibility than those of many other Permanent Secretaries. At the same time, we are clear that the responsibilities we propose for the Head of the Civil Service are of a different kind. We propose therefore that the other leads should be abolished when the present incumbents leave their posts, and that all Permanent Secretaries should receive the same rate of pay, with the exception of the Head of the Home Civil Service whose lead should be of the order of £1,000.*

259. The creation of a new Civil Service Department raises the important question of the relationship between the Head of the

*The reservation which Sir William Cook, Sir Norman Kipping and Sir John Wall have made on paragraph 228 (Chapter 6) also applies here.
Civil Service and the Prime Minister. Today the Prime Minister has direct responsibility for senior appointments and for the machinery of government as well as for security in the Civil Service. On these subjects the present arrangement is that the Head of the Civil Service reports direct to the Prime Minister and not to the Chancellor of the Exchequer. It is our strong hope that similar arrangements will be maintained in the new department, with the Head of the Home Civil Service maintaining his present responsibility for these matters and reporting direct to the Prime Minister.

260. There should however be a change in the machinery for making top appointments. At present the Head of the Civil Service makes his recommendations to the Prime Minister after consultation with the Ministers and others directly concerned. We have no reason to doubt that all the relevant views are taken into account. We think however that this arrangement vests too much responsibility in a single individual and in a way that creates the impression that his recommendations to the Prime Minister are within his sole discretion. Many civil servants criticise this—we think rightly. In future, we consider that in putting forward names to the Prime Minister the Head of the Civil Service should be assisted by a committee. The committee should have a variable composition, depending on the appointments and candidates under consideration. It should be drawn from a panel. The panel should have a rotating membership, appointment to it being for a term of, say, two or three years. Normally the committee would consist of two or three Permanent Secretaries, an approximately equal number of scientists or other specialists
and not more than two eminent people from outside the Service. The "outsiders" might have no personal knowledge of the candidates, but their wide experience of business or other outside activity could in our view help to avoid an inbred and purely Civil Service attitude to these appointments. The Head of the Civil Service, after consulting the Ministers concerned and this committee, should put forward recommendations to the Prime Minister. We recommend that this procedure should cover all appointments at the salary-level of Deputy Secretary and above.

261. Making the right arrangements for the ministerial control of the new department will be decisive for its success. We therefore feel bound to comment on this. We have already expressed the hope that the Prime Minister will continue to be directly responsible for senior appointments, as for the machinery of government and security. We are also, however, strongly of the opinion that it is in the interests of the Service for the Prime Minister to be seen to be ultimately responsible, not just for these specific questions, but also for the total task of managing the Service. No other Minister can assert the needs of the government service as a whole over the sectional needs of powerful departmental Ministers. At the same time, the Prime Minister cannot himself be expected even at present to handle all the day-to-day Civil Service problems that require ministerial attention. Still less will he be able to do so in the future if the central management of the Service becomes, as we propose, a much larger job than it is today. The Prime Minister will therefore need ministerial support. We do not believe that this responsibility should be allocated to a Minister who is also in charge of, and thus likely to be preoccupied by, the affairs of one of the other departments. We hope that we are not exceeding our terms of reference too much if we recommend that, outside the area for which he is directly responsible already, the Prime Minister should delegate day-to-day responsibility to a non-departmental
Minister of appropriate seniority who is also a member of the Cabinet. His part will be of vital importance, especially during the period of reorganisation.

RELATIONS BETWEEN THE CIVIL SERVICE DEPARTMENT AND OTHER DEPARTMENTS

262. The Civil Service Department, charged with the management of the Service but divorced from direct contact with its work, could too easily become remote. We therefore attach great importance to the regular interchange of staff between the new department and other departments proposed in paragraph 255. This interchange should be mainly with the personnel and organisation branches of departments, but the Civil Service Department will also need those with direct and recent experience of ordinary work in departments.

263. The expanded role we recommend for the Civil Service Department in paragraph 248 above should not be allowed to develop into a take-over by central management of responsibilities that properly belong to the other departments. Our recommendations involve an expansion of their responsibilities as well, particularly in recruitment, career development and the promotion of departmental efficiency. The principle to be followed in all staff and organisation matters should be to delegate to individual departments the maximum authority compatible with the requirements of the Service as a whole. We put forward the following considerations to illustrate what we believe to be the right kind of balance between them:

(a) Departments should play a greater part than at present in recruitment, both in the direct recruitment of specialist staff and in stating their future requirements for the various kinds of staff who will continue to be recruited centrally (see Chapter 3).

(b) In manning and grading, there should be the maximum delegation of authority to departments that is practicable from time to time. We do not wish to propose any change at present. We think that the balance should be carefully watched, especially in relation to specialist
posts, where less authority is at present delegated than for non-specialist posts.

(c) On questions of internal departmental efficiency and organisation, the role of central management naturally varies as between small departments which now rely upon the Treasury and the larger departments which have their own O. and M. teams. We recommend in Chapter 5 that the branches of the larger departments responsible for management services should in future have an enlarged role with more expert staff. The main role of the Civil Service Department should be to encourage the use of the most modern techniques rather than itself to implement the changes that are needed within departments. We think however that it may have a special part to play in assisting reorganisation at the higher levels of departments; and in the last analysis it should be in a position both to call all departments to account for failure to use the recommended techniques, and to put in its own men to investigate any departmental organisation and to recommend improvements.

(d) In the management of staff, especially in the planning of careers, the main responsibility must remain with the employing departments; we have recommend in Chapter 3 a considerable expansion of the part they play. At the same time we have argued that the Civil Service Department will have to play a larger part than the Treasury does today and must have more ultimate authority. Although we recommend that civil servants, especially administrators, should move much less frequently between jobs in the same department, the development of the specialisms to which we have referred may make it desirable that there should be more movement, of both administrators and specialists, between departments. This
applies especially to those civil servants, of whatever discipline, who are identified as being capable of filling the highest posts. The Civil Service Department should be responsible for informing itself about them, should consult with the employing departments about their training and development and should take the initiative in proposing appropriate moves for individuals in the longer-term interests of the work of the Service as a whole. In this way the total manpower of the Service will be most effectively used and the fullest opportunities given to each individual for widening his experience and for timely promotion. We think too that the Civil Service Department must have a voice, especially during the early years of the new system, in deciding upon promotions to the Senior Policy and Management Group; it will be important to make clear that the whole of the field has been given proper consideration and that every individual has had a fair chance. We recommend therefore that the Civil Service Department should be represented on all the departmental boards (see Chapter 3) that consider promotions to posts within the Senior Policy and Management Group (but below the level to be covered by the service-wide committee proposed in paragraph 260). We expect that these moves and promotions would normally be agreed between the Civil Service Department and the departments concerned. If differences of opinion arise that cannot be resolved otherwise, it would be for the Prime Minister to decide.

RELATIONS WITH THE TREASURY

264. A separate Civil Service Department involves the co-existence of two central departments, the new department and the Treasury, each of which in its own sphere will be a centre of co-ordination, provide central services and occupy a position of central control.
It will be important to ensure that the functions of these two departments and the relationship between them are clear and distinct.

265. We believe that all the functions now exercised by the "Pay and Management" group of the Treasury should be transferred to the Civil Service Department. This will include:

(a) responsibility for advising the Prime Minister on the machinery of government;
(b) general supervision of departmental organisation;
(c) the development and dissemination of administrative and managerial techniques

- in addition to the broad responsibility for the management of the Civil Service.

266. So far as the Civil Service is concerned, the principle on which the division should be based is that all the functions that now belong to the Treasury in its role as "employer" should be transferred to the Civil Service Department, leaving to the Treasury responsibility for advising the Chancellor of the Exchequer on the overall control and allocation of public expenditure, on financial and fiscal policy and on the general management of the economy. Although this is strictly beyond our terms of reference, we think that the application of this principle will also involve the transfer to the new department of the functions at present exercised by the "Pay and Management" group of the Treasury in relation to other public services, e.g. the Diplomatic Service, the Armed Forces and other public servants such as teachers and nurses.

267. Over part of the field, this principle of division raises no problems. The Civil Service Department will clearly carry the whole of the central responsibility for Civil Service staff matters, including recruitment, training, career management and retirement, and advice on top-level appointments. Over other parts, however, where the functions of central management have a direct effect upon public expenditure, it will be necessary to devise arrangements that
give the new Department a real base of independent authority without impairing the ultimate responsibility of the Treasury and the Chancellor of the Exchequer for the control of public expenditure as a whole. This means that the Treasury should retain its present concern for the total cost of particular services - costs which will include, in varying proportions, the cost of employing civil servants and other public servants. The precise allocation of functions between the two departments will need to be worked out; it may be helpful to examine how this is done in other countries more fully than we have been able to do. But we think that it should broadly follow this pattern:

(a) Pay

The Treasury should retain a continuing interest in incomes policy as part of its responsibility for financial and economic management, but not in the staff costs as such of particular services. The Civil Service Department should be solely responsible for applying the government's incomes policy to the public services. Within the normal rules of collective Cabinet responsibility, this department should therefore have the final authority on any given pay settlement. The Minister who is to assist the Prime Minister in the running of the new department will thus be in a key position, both in relation to his Cabinet colleagues and in relation to all members of the public services. This reinforces our recommendation in paragraph 261 that he should be a member of the Cabinet.

(b) Numbers

Similarly, the central responsibility for ensuring that departments are efficiently and economically staffed should rest solely with the Civil Service Department. Staff costs are a part, in some areas a predominant part, of public expenditure, and would thus fall inevitably within the overall purview of the Treasury. But it should be the task of the Civil Service Department, rather than of the Treasury, to determine the
scale of the staffs necessary for the efficient discharge of the tasks of departments; and the Treasury should in all cases have to accept that a given task demands the staff that the new department, after examination, is satisfied are needed. In practice, this would mean that departments proposing new policies would have to satisfy the Civil Service Department about the implications of their proposals for the numbers of staff needed and the Treasury about their other costs. The Treasury would look at the total costs of the proposed new policies; but it should not question the staffing requirements once these have been approved by the new department. In forward surveys of public expenditure and in the annual estimates, each of the two central departments would conduct its own examination of the costs falling within its own field. If the Treasury took the view that the total expenditure should be reduced, it would be free to challenge the policies of the spending departments, but not the assessment of staff costs approved by the Civil Service Department.

More generally, given the need to make the most economical use of manpower, we think it most important that the forecasting of demands for manpower in the various sectors of the economy should be considerably developed and improved. It should be for the Civil Service Department to speak for the public services in this field.

(c) Organisation and management techniques

The Treasury should retain responsibility for developing and disseminating techniques of financial analysis and systems of financial control, and this will give it an interest in certain aspects of departmental organisation as well as in interdepartmental procedures. It should therefore discuss with the Civil Service Department such
changes in departmental organisation as it may think are needed for the improvement of financial control; when these have been agreed, it should be for the Civil Service Department to supervise their implementation.

268. On the basis of these general principles, working procedures should be devised, between spending departments and the two central departments, and between the central departments themselves, so as to reduce administrative complications to the minimum. They should be flexible. In many cases it would no doubt be desirable to set up joint teams for particular operations, e.g. for the examination of a spending programme or for a reorganisation of a part of the work in the interests of better financial control. But such arrangements should be based upon, and not allowed to blur, the clearest possible distinction between the functions and responsibilities of each of the two central departments.

WHITLEY COUNCIL MACHINERY AND THE ROLE OF STAFF ASSOCIATIONS

269. Staff relations in the Civil Service are organised through the collective machinery of Whitley Councils. The great majority of civil servants belong to staff associations which represent grades or classes and are recognised as having the right to negotiate on their behalf. The main associations are members of the Staff Side of the National Whitley Council, and the associations recognised in each department constitute the Staff Sides of Departmental Whitley Councils. The Official Side of the National Whitley Council normally comprises a number of Permanent Secretaries and a few Treasury officers; that of Departmental Whitley Councils comprises officers of the department.

270. Whitleyism in the Civil Service is now approaching its 56th anniversary. It has made an invaluable contribution to good staff relations. The high morale of the staff, and the fact that industrial disputes are rare in the Civil Service, owe a great deal to the universal acceptance of the principle of joint consultation. Co-operative responses to the wide-ranging changes
brought about, for example, by the introduction of computers; the acceptance of domestic disturbances involved in the policy of dispersal of office staffs from London; and the smoothness with which pay settlements are generally reached and accepted, are attributable in no small measure to the activity of the staff associations in reaching agreements with management and subsequently defending them to their members. It is very much in the public interest that this atmosphere of agreement and of co-operation should be preserved. We have been much impressed by the thoughtful and constructive evidence that staff associations have sent us, and by the interviews we have had with their representatives. They can assuredly play a vital part in promoting and smoothing the way for the major reforms we recommend. We feel confident that they are willing, and indeed eager, to do so.

271. In some respects we consider that management, constrained by the existing structure of the Service, has allowed the Whitley system to operate in ways that hamper effective management:

(a) Management has entered into agreements that have produced rigid arrangements in the promotion system in which seniority plays an excessive part.

(b) Resistance to changes in organisation tends to become formal and institutional; this has inhibited management from experimenting in the use of grades and classes.

(c) Managers of "operating" divisions are reluctant to become involved in questions of organisation and staffing which are often the subject of complex and delicately balanced agreements with staff associations. These agreements are the responsibility of the personnel and organisation
division of the department, and questions of organisation and staffing come to be regarded as their exclusive province. As a result, the manager is apt to see himself as less than fully responsible for the effectiveness of his branch.

(d) Success in reaching agreement with the Staff Side comes to be treated as an end in itself, and failure to reach agreement as a failure by management; this means that negotiations are sometimes too long drawn out.

272. These defects arise in our view from two main causes. The first is the structural framework of the Service within which Whitelyism has had to operate and in which we have recommended a radical change. It is because staff associations represent groups whose careers are largely limited to a single class that they are so sensitive on such matters as promotion within it, late entry into it and the number of jobs allocated to it. The second is that management is sometimes less active and determined than it should be; arguments are allowed to go on too long, and rigid procedures are accepted where flexibility should be insisted upon. These defects however are in no way inherent in the Whitely system itself. Its principles are fully compatible both with a different structure and with more flexible methods of consultation.

273. Our recommendations, if accepted, are bound to have a profound effect upon the pattern of joint consultation. The introduction of a common grading structure; manning the work by job evaluation rather than by reference to membership of a class; training arrangements that lead to fast promotion routes; career management that will open up new and wider prospects of promotion; an increase in late entry and short-term appointments - all of these will call for co-operation and goodwill between departments and the Staff Side centrally, departmentally and locally. These changes will surely also lead to structural changes among the associations themselves.
A remodelling of the Service on this scale is bound to impose strains on the Official and Staff Sides alike. There will be both a short-term and a long-term problem. The period immediately following the publication of our report will be a particularly testing time. It will call for a high degree of adaptability and readiness for speedy decision in a situation in which the long-term pattern of staff associations and joint consultation for the future cannot yet have become completely clear. For the longer term, we think that the staff associations and the Civil Service Department should jointly take part in a review to determine the new pattern of joint consultation that will be appropriate for the Civil Service in the light of the Government's decisions on our report. It is clearly essential that the pattern of joint consultation should reflect, not determine, the results of the changes we propose. We are convinced that its principles are of immense value to the Service and will continue to be so.
275. We said in Chapter 1 that the Civil Service "must continuously review the tasks it is called on to perform and the possible ways in which it may perform them; it should then consider what new skills and kinds of men and women are needed and how they can be found". This has led us to emphasise throughout our report that the Service should develop greater professionalism among both specialists and administrators. For the specialists, it means more training in management and greater responsibilities. For the administrators, it means that the old concept of the gifted amateur, the all-rounder who passed easily from one job to another, should give way to one of greater specialisation. Our proposals are, therefore, designed to create a fully professional and dynamic Service.

276. It would be naive to suppose that our emphasis on professionalism will not produce its own problems. All professionals look both inwards and outwards: inwards to their fellow-professionals, outwards to the community they exist to serve. The Civil Service must keep these two aspects of professionalism in a healthy balance and thus guard against the danger of isolation. It is particularly important for a professional Civil Service to keep in mind that, in carrying out the tasks of modern government, it should remain the servant of democracy and be responsive to the control of Ministers. It is, too, a major public interest that the manpower of the Service should be kept to the absolute minimum required for the efficient and humane discharge of its duties. We discuss these problems in the following paragraphs; we also comment on the need for other complementary reforms and put forward specific proposals about the implementation of our report.
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CONSULTATION AND SECRECY

277. We think that the administrative process is surrounded by too much secrecy. The public interest would be better served if there were a greater amount of openness. The increasingly wide range of problems handled by government, and their far-reaching effects upon the community as a whole, demand the widest possible consultation with its different parts and interests. We believe that such consultation is not only necessary in itself but will also improve the quality of the ultimate decisions and increase the general understanding of their purpose.

278. We welcome the trend in recent years towards wider and more open consultation before decisions are taken; and we welcome, too, the increasing provision of the detailed information on which decisions are made. Both should be carried much further; it is healthy for a democracy increasingly to press to be consulted and informed. There are still too many occasions where information is unnecessarily withheld and consultation merely perfunctory. Since government decisions affect all of us in so many aspects of our lives, consultation should be as wide as possible and should form part of the normal processes of decision-making. It is an abuse of consultation when it is turned into a belated attempt to prepare the ground for decisions that have in reality been taken already.

279. We recognise, that there must always be an element of secrecy (not simply on grounds of national security) in administration and policy-making. At the formative stages of policy-making, civil servants no less than Ministers should be able to discuss and disagree among themselves about possible courses of action, without danger of their individual views becoming a matter of public knowledge; it is difficult to see how on any other basis there can be mutual trust between colleagues and proper critical discussion of different hypotheses. But the material, and some of the analyses, on which these policy discussions are going forward fall into a different category; unless there are overriding
considerations to the contrary (e.g. on grounds of national security, the confidential nature of information supplied by individual firms, or to prevent improper financial gain), there would be positive advantages all round if such information were made available to the public at the formative stage of policy-making.

280. Civil servants, and perhaps also Ministers, are apt to give great and sometimes excessive weight to the difficulties and problems which would undoubtedly arise from more open processes of administration and policy-making. In this connection, therefore, we wish to draw attention to practice in Sweden. At the formative stages of policy-making, there is wide and prolonged consultation, which normally takes the form of setting up a committee of inquiry; its report is generally published; the report and the public discussion that follows are then a major part of the basis on which the Minister has to come to a decision. In addition, all files of any administrative office (in Swedish terminology, ministries and agencies) are open to the press and the public if not declared secret on grounds of military security, good international relations or for the protection of individuals named in them (e.g. because they may contain criminal or medical records); when policy decisions are in preparation, however, working material is not made available for public use. This shows that open government is possible; we suggest that the Government should set up an inquiry to make recommendations for getting rid of unnecessary secrecy in this country. Clearly, the Official Secrets Acts would need to be included in such a review. Some restrictions on the objective of "open policy decisions openly arrived at" will doubtless remain necessary; but a mature democracy rightly demands that they should be kept to the absolute minimum. The fuller the information, the closer the links between government (both Ministers and civil servants) and the community; and the smaller the gap of frustration and misunderstanding between "them" and "us".
We should also like to see Members of Parliament more purposively associated with the work of government than they are now. The traditional methods of parliamentary scrutiny have often failed to enlarge Parliament's knowledge of what goes on or to secure for it a proper influence; at the same time they frequently impede the efficiency of administration. Even the work of the Public Accounts Committee has not escaped criticism for inducing a play-safe and negative attitude among civil servants (it has been referred to as a 'negative efficiency audit'). We have noted the potential significance of the development of the new specialised Parliamentary Committees on agriculture, science and technology and education. We hope that these will enable M.P.s to be more closely associated with the major business of government and administration, both national and local, in these fields: we hope, too, that their consultations with departments will increasingly include civil servants below the level of Permanent Secretary. It would be deeply regrettable, however, if these committees became an additional brake on the administrative process. We hope, therefore, that in developing this closer association with departments, Parliament will concentrate on matters of real substance, and take fully into account the cumulative cost (not only in time but in the quality of administration) that the raising of minutiae imposes upon them.

We wish to draw special attention here to our proposals in Chapter 5 for accountable management and our recommendation that departments should be organised on the basis of accountable units. As we pointed out there, these proposals entail clear delegation of responsibility and corresponding authority. In devising a new pattern for a more purposive association with government departments, Parliament and its committees will need to give full weight to these changes.

We have noted the appointment of the Parliamentary Commissioner for Administration (Ombudsman). He has not been at work long enough
for us to assess the full implications for Ministers and the Civil Service of this new office. It is clear, however, that the office of Parliamentary Commissioner is to be regarded as a further means of ensuring the proper responsibility and accountability of civil servants to Parliament and to the public.

THE ANONYMITY OF CIVIL SERVANTS

283. The argument of the preceding paragraphs has important implications for the traditional anonymity of civil servants. It is already being eroded by Parliament and to a more limited extent by the pressures of the press, radio and television; the process will continue and we see no reason to seek to reverse it. Indeed we think that administration suffers from the convention, which is still alive in many fields, that only the Minister should explain issues in public and what his department is or is not doing about them. This convention has depended in the past on the assumption that the doctrine of ministerial responsibility means that a Minister has full detailed knowledge and control of all the activities of his department. This assumption is no longer tenable. The Minister and his junior Ministers cannot know all that is going on in his department, nor can they nowadays be present at every forum where legitimate questions are raised about its activities. The consequence is that some of these questions go unanswered. In our view, therefore the convention of anonymity should be modified and civil servants, as professional administrators, should be able to go further than now in explaining what their departments are doing, at any rate so far as concerns managing existing policies and implementing legislation.

284. We do not under-estimate the risks involved in such a change. It is often difficult to explain without also appearing to argue; however impartially one presents the facts, there will always be those who think that the presentation is biased. It would be unrealistic to suppose that a civil servant will not sometimes drop a brick and embarrass his Minister. We believe that this will have to be faced and that Ministers and M.P.s should take a tolerant view of the civil servant who inadvertently steps out of line. On balance
We think it best not to offer any specific precepts for the progressive relaxation of the convention of anonymity. It should be left to develop gradually and pragmatically, though the enquiry we have recommended at paragraph 280 above may well result in specific recommendations on this closely related problem. The further it develops, the closer the links between the Service and the community.

MINISTERS AND CIVIL SERVANTS

We considered whether we should recommend that Ministers at the head of departments should be served by a personal cabinet on the French model, or alternatively that they should make a substantial number of largely personal and political appointments to positions at the top of their departments as in the United States. These are both devices which could be used to strengthen the Minister's control of the departmental policy-making process and to increase the sensitiveness with which the department responds to the needs of Parliament and the public. We have welcomed in Chapter 4 the introduction of the practice whereby Ministers make a small number of temporary appointments. We think it important that Ministers should be free to arrange for the holders of such appointments to be closely associated with the work of the many 'official' committees (i.e. committees of civil servants without ministerial membership) which make an essential contribution to policy-making; the work of these committees places a heavy responsibility on civil servants to ensure that the choices subsequently presented to Ministers are not unduly circumscribed*. In Chapter 5 we also propose that the Minister should be assisted by a Senior Policy Adviser as well as by a Permanent Secretary and we suggested that the Minister's own methods of working would determine the pattern of relationships at the top and the precise division of responsibilities. These developments

*One of us (Dr. Norman Hunt) considers that junior Ministers should also be members of the more important of these committees. At present junior Ministers are sometimes not in a position to make a full contribution to departmental work. Their inclusion in official committees could strengthen the political direction of departments.
should increase the control of Ministers over the formulation of policy in their departments. In the light of them (taken in conjunction with our proposals in the next paragraph), we see no need for ministerial cabinets or for political appointments on a large scale.

286. A related issue is the extent to which a Minister should be free to change the staff immediately surrounding him. There is no problem about those who have been personally appointed on a temporary basis by his predecessor; when a new Minister comes in, they will go anyway. Thus the issue really arises only over the positions of the Permanent Secretary, the Senior Policy Adviser and the Private Secretary. Because of the nature of the Private Secretary's duties, he must be personally acceptable to his Minister; there should therefore, in our view, be no obstacle in the way of a Minister selecting from within the department, or on occasion more widely within the Service, as his Private Secretary the individual best suited to his ways of working; no stigma should attach to a person who is moved out of this job. As far as Senior Policy Advisers are concerned (whether career civil servants or those appointed from outside the Service on a short-term basis), we would hope that, as they will be selected for this job as men of technical competence and vitality, Ministers will not normally wish to replace them. This must however be possible when a new Minister finds the current holder of this office too closely identified with, or wedded to, policies that he wishes to change; or when an adviser's capacity for producing and making use of new ideas declines. It should be more exceptional, however, for a Minister to change his Permanent Secretary. Ministers change often, whereas the running of a department requires continuity. Even so, Ministers should not be stuck with Permanent Secretaries who are too rigid or tired. Any changes of this kind affecting Senior Policy Advisers or Permanent Secretaries will require the most careful consideration by the Head of the Civil Service and the Prime Minister, whose joint task it is in this context to safeguard the political neutrality of the higher Civil Service.
SERVING THE COMMUNITY

287. It is manifestly in the interests both of the Service and of the community at large that they should not be remote from one another. In the past the Administrative Class of the Civil Service has been on easy and familiar terms with the learned professions, and particularly with the older universities; less so with the world of industry and commerce; familiar with London; less so with the regions; and so on. We would wish, not that familiar relationships should be lost, but that they should be enlarged and made more comprehensive.

288. Where recruitment is concerned, we hope that the proposals we have made in Chapter 3 will increase the attractiveness of the Civil Service to the graduates of the great civic and the newer universities. We have noted with satisfaction the recent trend towards an enlarged entry to the Administrative Class from these universities. Those of us who propose that emphasis should be placed in selection on the relevance of subjects studied for degrees believe that this development will give further impetus to the trend. In addition, a graduate entry drawn from a wider range of universities should help to ensure that the graduate recruits to the Civil Service become more representative, geographically, educationally and socially, of the nation at large than they have been in the past; we regard this as a desirable objective in itself.

289. We have also set out in Chapters 3 and 4 our proposals for the sharing of post-entry training with staff from nationalised and private industry, business and local government, and for a greater flow, both of "outsiders" coming in for varying periods to work in departments, and of civil servants going to take part in work outside. We regard these proposals as a means not only of increasing the effectiveness of Civil Service work but also of avoiding the risks of professional isolation.
290. We are aware that service to the community demands more than greater professionalism and efficiency. In formulating our recommendations we have tried throughout to bear in mind the overriding importance of good relations between the Service and the public. As the responsibilities of government have widened, so has the influence for good or ill of the Service itself. Ordinary citizens confront the State at many points in their everyday life: it taxes them and determines their rights to social benefits; it provides for the education of their children and the protection of their families' health. As householders, many are dependent on the State's housing policies; as employers or employees, they are deeply affected by its success or failure in its management of the national economy. In practice, most people can discharge many of their obligations to their families only with the help of the services provided and controlled by the State. The Civil Service, as the agent of the State, is bound constantly to touch very sensitive nerves. In consequence, its qualities of integrity, understanding and efficiency are profoundly important to ordinary men and women.

291. We believe that the measures we have proposed can make a contribution to a closer relationship between the Civil Service and the community. But this problem has to be grasped in the wider context of other, complementary reforms, which go well beyond the reform on the Civil Service.

COMPLEMENTARY REFORMS

292. Our proposals for the reform of the Civil Service need to be seen as part of the more general reappraisal that is being made of our inherited forms of government and social and economic organisation. For example, since we began our work Royal Commissions have been asked to examine the structure of local
government in England and Scotland; the Royal Commission on Trade Unions and Employers' Associations has already reported; Parliament is modernising its procedures. The ability of the government to promote the country's well-being requires more than the reform of the Civil Service; so we attach great importance to the outcome of these other wide-ranging enquiries and developments, particularly those that affect the relationships between central and local government, between central government and private and nationalised industry, and between government departments and Parliament.

293. In this connection we considered whether we should propose a major review of the whole machinery of government, which has not been systematically examined by an outside body since the Haldane Committee in 1918. A number of witnesses who gave evidence to us thought that such a review was needed. Certainly, the division of responsibility between departments, and the lines drawn between the responsibilities of central government and those of other public bodies, have a decisive influence upon the work of the Civil Service. The speed and effectiveness of decision-making are inevitably affected when, under the current organisation of the work of government, several departments have a legitimate interest in most major social and economic problems; and when these problems accordingly have to be handled through a large network of departmental and inter-departmental committees. Machinery of government, however, was outside our terms of reference and we have not examined whether or not there was merit in the proposals put to us on this subject; but if the review of "hiving off" which we have proposed in Chapter 5 recommended substantial changes, this would also provide the opportunity for simultaneous consideration to be given to a general review of the machinery of government.

MANPOWER

294. Throughout our work we have been conscious of the widespread public concern over the growing size of the Civil Service. The size of the Service (excluding the Post Office) since 1950 is shown below:-
2.3

<table>
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<tr>
<th>Administrative</th>
<th>Executive</th>
<th>Clerical (including Professional and Technical)</th>
<th>Scientific and Technical</th>
<th>Other</th>
<th>Inland Revenue, Customs and Excise</th>
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<td>132.3</td>
<td>61.4</td>
<td>110.9</td>
<td>471.6</td>
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(1) These are totals for the three departments. The figures are included in the other columns.

(2) Includes the Diplomatic Service which numbered 13,000 on 1st January 1968.

Naturally, the size of the Service is related to the size of the tasks directly carried out by the government. Today, although the Service accounts overall for less than 2% of the working population, the figures conceal a larger claim on the qualified manpower of the country. It is regrettable that Civil Service and national statistics are inadequate to tell whether this claim is a growing one relative to other employments.

It is clear for example that the proportion of school-leavers with two or more "A levels" and equivalent qualifications in 1965 who joined the Civil Service was substantial. It is, therefore, of great importance to ensure that the Service uses its qualified manpower as efficiently and economically as possible.

Looking to the future, the Treasury have supplied us with short-term forecasts of the numbers of recruits who are expected to be needed, and the Department of Education and Science with longer-term projections of the output of the educational system, both at the various levels of educational qualification. We publish these papers, with other statistical material, in Volume 4, Section II. On the supply side, there is likely to be a shift in the pattern. Two main points are of particular significance. First, the actual output from the educational system to the labour market will increase at each of the graduate, "A level" and "O level" output points. Secondly, however, within these all-round figures, the increase in the output of graduates will be proportionately greater than the increase in the "A level" output, and the increase in the "A level" output will be proportionately greater than at "O level".
On the demand side, the future is necessarily more obscure. We think however that the general trend, a continuing rise in the demand for qualified manpower, which seems to be common to all advanced countries, is likely to be reflected in the British Civil Service as the work demands increasingly advanced management techniques and higher technological sophistication. We would therefore expect a steady advance in the standards of skill and qualification of the Civil Service as a whole. We discuss the effect of this trend on the recruitment of graduates to the Service in Appendix P.

We see no reason in principle why the Civil Service should not be able in future to recruit the numbers of staff it needs, though there are, and will no doubt continue to be, temporary shortages of people with specific kinds of skill. The Service will however need to be truly competitive in what it offers, if it is to attract its share of really able men and women at all levels; our proposals are intended to make it so.

We are conscious that some of our own proposals call for increases in qualified staff. The main proposals that do so are:

(a) the establishment of Planning Units;
(b) the creation of a Civil Service College and the expansion of the training programme;
(c) greater attention by departments to personnel management and career development;
(d) the expansion of departmental management services in the cause of increased efficiency and economy;
(e) the new Civil Service Department, which with its increased responsibilities will need to be larger than the present "Pay and Management" group of the Treasury.

In addition, the new grading-system we have recommended in Chapter 6 will require a comprehensive job evaluation throughout the Service; we doubt if it can be done without a further, even if temporary, increase of staff.

These increases must be viewed both against the size of the Service as a whole and against the benefits they will bring. As to the former, they are likely to be relatively very small, though as a
claim on qualified manpower, they will be more significant. The case for them however depends wholly upon the latter; we can justify them only by the results we expect them to achieve.

300. We believe that the reforms we propose are necessary to make the Civil Service equal to the tasks of modern Government. In spite of the increases in staff to which we have referred, we believe that they will also lead in the end to worthwhile economies and greater efficiency in the use of manpower. This is not because we have found civil servants to be under-employed today. But we are not convinced that every job they do is essential in order to meet the demands which are placed on the Service by the country; there is not in our view adequate machinery for ensuring that this is so. We therefore set great store by the potential gains from the large-scale programme of job evaluation we have called for in Chapter 3 and from the expansion of management services proposed in Chapter 5. Together, they should do much to ensure that the Nation gets value for money, by providing a built-in safeguard against over-staffing, both in quantity and in quality.

301. We stress that Ministers and civil servants alike should keep the need for economy in administration constantly in mind in devising their policies. Increasing sophistication in the methods and techniques of government, for example in those that arise from the large-scale introduction of computers, offers constant temptations to go in for complexity. Even in a computer age, complexity costs time and money - a cost which often falls upon the organisations and individuals who have to respond to new government initiatives as well as upon the government itself. Since most new legislation involves additional tasks for civil servants, we attach considerable importance to the developing practice of recent years whereby new policy proposals are accompanied by detailed estimates of manpower costs. We think that these, no less than other costs, should be the subject of parliamentary and public debate. Simplicity, and thus economy, in administration should be a constant goal. We would also add that where work can be done more economically by outside organisations, the Civil Service should always be ready to take
The Implementation of Our Proposals

302. We have not spared our criticisms of the way in which the Service is run and of its other defects. We have however been deeply impressed by its very considerable strengths: its integrity, humanity, willingness at every level to carry the load of detailed work which composes so large a part of the country's public business. Any Minister or Parliamentary Secretary who has ever had to carry a complicated Bill through Parliament or to bear the brunt of an unpopular policy, knows this well. We have seen too, in the evidence we have received from civil servants, many signs of a strong desire that the organisation within which they do their work should be remodelled to enable them to do it more effectively.

303. Fully to implement our recommendations will naturally take a number of years. It will call for much discussion, especially with the various staff associations. As a first priority, however, there is an immediate need to:

(a) set up the new Civil Service Department, designed and staffed to carry out the basic principles of our recommendations;

(b) set up an extensive training programme, so that present civil servants who have not been given adequate opportunities for training in the past can acquire the knowledge and skills they need.

304. For the longer term we hope that the government will take steps to review the progress made in implementing our proposals. This could be by means of an annual report to Parliament during the next five years. Alternatively, the Government might consider whether there is a need at the end of that period to set up a small committee to review progress and report to Parliament.

Five of us (Sir Philip Allen, Mr. W.C. Anderson, Sir James Dunnett, Sir Norman Kipping and Lord Simey) hope that the Civil Service, which has been in a state of uncertainty during the two years we have been sitting, will not have to face the prospect of a review by another committee after five years. A committee on the lines suggested would hardly limit itself to considering the implementation of our proposals.
305. A modern Civil Service reconstructed on the basis of these proposals (some of which are elaborated in more detail in the various appendices to this volume) will, we believe, make possible the progressive and efficient conduct of our affairs.

306. We have made far-reaching proposals on many important matters. We know that they will not be easy to carry out. A great deal of prolonged, difficult and complicated work will be needed. We have seen that the Service has men and women with the ability, vision and enthusiasm to carry the task through to success. The new Service they will be creating will be one that offers a stimulating and challenging career to the men and women who work in it.
I sign Chapter 1 of the Report subject to the following reservations.

2. I think that the chapter is unfair to the Civil Service. While I agree that far-reaching changes are now desirable, the chapter fails to recognise, in my opinion, the contemporary relevance of the great contribution the Service made to the successful conduct of the war and, subsequently, in the transition from war to peace. I believe that full recognition should be accorded to the British Civil Service for its many achievements and qualities, and that the chapter's emphasis on the Service's present shortcomings gives a misleading impression of its future potentials. The Committee were told in France that those who were responsible for remodelling the French Civil Service at the end of the war had much in mind the qualities of the British Administrative Class. There have been recommendations also from time to time in the U.S.A., that something equivalent to the British Administrative Class might, with advantage, be established.

3. Whilst it is no doubt true to say that the foundations of the Civil Service were laid in the second half of the nineteenth century, it is surely also true that the main characteristics it displays today are mid-twentieth century developments. Although its creation has been called 'the one great political invention of nineteenth century England', it is also evident that its continued growth is an achievement of our own times. The Northcote-Trevelyan reforms led to the creation of the Civil Service Commission, the open competition and to a structure which was the forerunner of what we have today. But events alone have produced a very different and more positive-minded Administrative Class over the years, starting perhaps with Lloyd George's Insurance Act, followed by two World Wars and all the developments since. After each of the World Wars the Service in fact did a good deal to reorganise itself and, if it has not gone as far as is called for in fully integrating the professional classes of the Service, the place that they have been given since the Second World War is very different from the one that they held before.
What we have now to face is essentially a situation which has arisen in the post-war world: this requires a capacity to face the truth at all costs, however inconvenient it may be to do so. This capacity is, I believe, already available to us in the Civil Service as it exists at present, but a degree of reorganisation and further development is required if its fullest potentialities are to be made available to us. This is common ground. I am therefore disappointed that the proposals embodied in this report, and foreshadowed in the present chapter, assume that what is required is something approaching revolutionary changes. My own view is that necessary reforms could be obtained by encouraging the evolution of what is basically the present situation, given the necessary amendments in direction and emphasis. The Treasury proposals before us already suggest many ways in which this may be achieved.

5. In particular, I do not agree that "the Service is essentially based on the philosophy of the amateur (or 'generalist' or 'all-rounder')." It has recently been pointed out that specialisation without a broad basis of foundation knowledge has profound disadvantages. It is true that modern economic and political organization needs high specialism, but it also needs more general qualities of judgement and decisiveness, and the ability to understand how the reshaping of values may be embodied in and implemented by public policy. In effect, both specialists and generalists are required, and the problem becomes one of relationships and responsibilities, rather than the exclusion of the one in favour of the other. Modern techniques, such as linear programming, cost benefit analysis and other methods of specialised analysis are clearly needed and should be used to the full in the Civil Service. They do not, however, supersede the importance of the fundamental qualities of judgement which are vital to the successful prosecution of government business.

6. So far as generalist knowledge and experience are concerned, I am sure that Macaulay's argument was right and that the Civil
service needs nothing more, and nothing less, than the best brains known to teachers in schools and universities. I have little sympathy with the argument that the Civil Service of today must be fundamentally changed because the Administrative Class which dominates it is typified by the 'gifted amateur'. In the Finance and Public Sector sides of the Treasury there is an immense amount of expert knowledge in the Administrative Class and, although professional economists have helped, administrators have been very much to the fore in such matters as the better long-term planning of public expenditure. The charge of amateurism can indeed be pressed to a point where it puts too much importance on knowledge acquired and formally recognised by the award of a degree or professional qualification before a man enters the Service, and recognises too little the knowledge gained after joining. There are signs that big employers in industry are not now very interested in subject a man has read for a degree, unless they want him for scientific research, and the Administrative Class has in any case to face a problem of communication with non-experts in the form of Ministers and Committees of the House of Commons, which is fundamentally different from anything that industry has experienced. I do not therefore accept that there is a "cult of the generalist" in the Service today or that the "generalist" is obsolete at all levels.

More has already been done to improve the efficiency of the Service than the report recognises. There is still a long way to go in devising more effective forms of organisation, but the experience of, for example, Canada casts doubt on the suggestion that a reorganisation of class structure will of itself help the Service to work more smoothly. Reform should be discriminating. The statement that nowhere has it run ahead too rapidly takes no account of the informed criticism that too many economists have been introduced into the Service in recent years, in too short a time to make it possible to deploy their services to best effect. Although there may be a need for more knowledge in the Service of economics this cannot be obtained only by recruiting more specialist economists. Diminishing returns, it has been pointed out, are to be expected as
their number grows.

8. In my opinion, it is evident that there is substantial agreement concerning the chief requirements of Civil Service reform, necessary to enable the Service to meet the rapidly changing demands of the present day more effectively. I agree that it was in the 1950's that it became apparent that the Service was not abreast of change; but I consider that it was only then that this happened. I therefore believe that the correct interpretation of the evidence summarised in this Chapter must lead to the conclusion that the task before us is not one of the total reconstruction of an obsolete institution. On the contrary, I am convinced that we have in the existing Civil Service an asset which it would be utterly foolish to discard. Its potentialities provide a more than adequate basis for any reforms that may be necessary both in the immediate and long term future.

I have not sought to associate my Civil Service colleagues with me in stating this dissenting opinion.

Simey of Toxteth.
SUMMARY OF MAIN FINDINGS

1. The Home Civil Service today is still fundamentally the product of the nineteenth-century philosophy of the Northcote-Trevelyan Report. The problems it faces are those of the second half of the twentieth century. In spite of its many strengths, it is inadequate in six main respects for the most efficient discharge of the present and prospective responsibilities of government:

   a. It is still too much based on the philosophy of the amateur (or "generalist" or "all-rounder"). This is most evidence in the Administrative Class which holds the dominant position in the Service.

   b. The present system of classes in the Service (there are over 1400, each for the most part with its own separate pay and career structure) seriously impedes its work.

   c. Scientists, engineers and members of other specialist classes are frequently given neither the full responsibilities and opportunities nor the corresponding authority they ought to have.

   d. Too few civil servants are skilled managers.

   e. There is not enough contact between the Service and the community it is there to serve.

   f. Personnel management and career planning are inadequate.

   For these and other defects the central management of the Service, the Treasury, must accept its share of responsibility.

2. We propose a simple guiding principle for the future. The Service must continuously review the tasks it is called on to perform; it should then think out what new skills and kinds of men are needed and how these men can be found, trained and deployed.

3. A new Civil Service Department should be set up with wider functions than those now performed by the "Pay and Management" group of the Treasury, which it should take over. The new department should also absorb the Civil Service Commission.

4. The new department should be under the control of the Prime
Minister. We hope that he will retain direct responsibility for senior appointments, machinery of government and questions of security. Outside this area, we suggest that the Prime Minister should delegate day to day responsibility to a non-departmental Minister of appropriate seniority who is also a member of the Cabinet.

5. The Permanent Secretary of the Civil Service Department should be designated Head of the Home Civil Service.

6. All classes should be abolished and replaced by a single, unified grading structure covering all civil servants from top to bottom in the non-industrial part of the Service. The correct grading of each post should be determined by job evaluation.

7. The Service should develop greater professionalism both among specialists (e.g. scientists and engineers) and administrators (i.e. the new counterparts of the present Administrative and Executive Classes). For the former this means more training in management, and opportunities for greater responsibility and wider careers. For the latter it means enabling them to specialise in particular areas of government. We identify two such areas and accordingly recommend the development of a group of economic and financial administrators, and a second group of social administrators.

8. Employing departments should have a larger role in recruitment and there should be a speeding up of procedures. A majority of us consider that in the recruitment of graduates for one or other of the groups of administrators more account should be taken of the relevance of their university courses for the job they are being recruited to do.

9. A Civil Service College should be set up. It should provide major training courses in administration and management and a wide range of shorter course. It should also have important research functions. The courses provided by the College should not be restricted to civil servants; a proportion of places should be set aside for men and women from private industrial and commercial firms, local government and public corporations.

10. More resources should be devoted to the career management of all civil servants. All must have the opportunity to progress as
far as their talents and appropriate training can take them.

This involves major changes in promotion procedures.

11. While the Civil Service should remain predominantly a career Service, there should be greater mobility between it and other employments. We, therefore, recommend an expanded late entry, temporary appointments for fixed periods, short-term interchanges of staff and freer movement out of the Service. These proposals involve substantial changes in the pension scheme and the replacement of "established" status by new terms of employment.

12. In the interests of efficiency, the principles of accountable management should be applied to the organisation of the work of departments. This means the clear allocation of responsibility and authority to accountable units with defined objectives. It also means a corresponding addition to the system of government accounting.

13. Management services units with highly qualified and experienced staff should be set up in all major departments.

14. Departments should establish Planning Units.

15. In addition to the Permanent Secretary, there should also be in most departments a Senior Policy Adviser to assist the Minister. The Senior Policy Adviser would normally be head of the Planning Unit. His prime job would be to look to and prepare for the future and to ensure that present policy decisions are taken with as full a recognition as possible of likely future developments.

16. In some of the big technical departments, there may be a need for a further job; a chief scientist, engineer or other specialist.

17. We do not propose that the Senior Policy Adviser and chief specialist, together with the Permanent Secretary, should constitute a formal board. The working arrangements should be informal and variable from department to department and from time to time; different Ministers' individual ways of working will do much to determine the pattern.

18. There should be one man who has overall responsibility under the Minister for all the affairs of the Department and he should continue to be the Permanent Secretary.

19. A Minister at the head of a department should be able to employ
on a temporary basis such small numbers of experts as he personally
considers he needs to help him.

20. We have suggested a number of further inquiries. Their subjects,
among others, should be:-

(a) the desirability of "hiving off" activities to non-
departmental organisations;

(b) ways and means of getting rid of unnecessary secrecy both in
policy-making and in administration;

(c) the new pattern of joint consultation that will be
appropriate for the Civil Service in the light of the
Government's decisions on our report. This inquiry should
be conducted jointly by the Civil Service Department and
the staff associations;

(d) methods of making recruitment procedures as speedy and
objective as possible.

21. If our proposals are accepted, we hope that the Government will
take steps to see that the progress made in their implementation
is reviewed. This could be by an annual report to Parliament
during the next five years. A small committee might be set up at
the end of that period if needed.

22. We have seen that the Service has men and women with the
ability, vision and enthusiasm needed to carry our proposals through
to success. A Civil Service reconstructed on the basis of these
proposals will, we believe, make possible the progressive and
efficient conduct of our affairs.
The scope of our inquiry

We were appointed on 8th February, 1966 to "examine the structure, recruitment and management, including training, of the Home Civil Service, and to make recommendations".

2. The Prime Minister, in his statement in the House of Commons, said that the decision to set up a Committee was reached in view of the changes which had taken place in the demands placed upon the Civil Service and of the changes in the country's educational system; and that the time had come to ensure that the Service was properly equipped for its role in the modern State. He added that the Government's willingness to consider changes in the Civil Service "does not imply any intention on their part to alter the basic relationship between Ministers and civil servants. Civil servants, however eminent, remain the confidential advisers of Ministers, who alone are answerable to Parliament for policy; and we do not envisage any change in this fundamental feature of our parliamentary system of democracy".

3. Our terms of reference refer to the "Home Civil Service", and thus exclude the Diplomatic Service. The Home Civil Service is not easy to define precisely, but we have found it convenient broadly to follow the last two Royal Commissions on the Civil Service in adopting "Servants of the Crown, other than holders of political or judicial offices, who are employed in a civil capacity and whose remuneration is paid wholly and directly out of moneys voted by Parliament". This includes both permanent and temporary staff in public departments but excludes the staff of such bodies as the Research Councils, whose organisation, pay and conditions are similar to those of the Civil Service.

4. This definition also excludes the staff of the Post Office, whose salaries are not voted by Parliament but are paid out of Post Office receipts. They have continued to be civil servants by virtue of the Post Office Act, 1961, but we decided to omit them from our inquiry.

* Royal Commission on the Civil Service 1929-31 (CMND.3909)
* Royal Commission on the Civil Service 1953-55 (CMND.9613)
following the Government's announcement that legislation will shortly be introduced to separate the Post Office from the Civil Service. We have also followed the precedent of previous inquiries in omitting all industrial staff. The National Board for Prices and Incomes recommended in their report No. 18 of June, 1966 that the Government should aim over a period to build on what is common to the industrial and non-industrial parts of the Service with the ultimate objective of according equality of status to all government servants. This objective has been accepted, but the structure, management etc. of industrial staff are specially and separately determined and we decided that we could not examine their different problems. Unless otherwise stated, all figures quoted in our report exclude both Post Office and industrial staff.

5. The field of our inquiry is thus the non-industrial staff of the Civil Service, excluding the Diplomatic Service and the Post Office. On 1st January, 1968, they numbered 459,000.

6. Our terms of reference excluded the machinery of government. We found at many points of our inquiry that this imposed limits on our work; questions about the number and size of departments, and their relationships with each other and the Cabinet Office, bear closely upon the work and organisation of the Civil Service.

We have recommended (in Chapter 5) that the Government should examine the possibility of "hiving off" a number of functions now discharged by departments and entrusting them to independent public bodies; and we express the view (in Chapter 8) that this examination may also provide an opportunity for a wider review of the machinery of government.
We now proceed with part of our instructions which states, in connection with the inquiries which we were directed to make into each particular office, it is highly necessary that the conditions which are common to all the public establishments, such as the preliminary testimonials of character and bodily health to be required from candidates for public employment, the examination into their intellectual attainments, and the regulation of the promotions, should be carefully considered, so as to obtain full security for the public that none but qualified persons will be appointed, and that they will afterwards have every practicable inducement to the active discharge of their duties.

It cannot be necessary to enter into any lengthened argument for the purpose of showing the high importance of the Permanent Civil Service of the country in the present day. The great and increasing accumulation of public business, and the consequent pressure upon the Government, need only to be alluded to; and the inconveniences which are inseparable from the frequent changes which take place in the responsible administration are matter of sufficient notoriety. It may safely be asserted that, as matters now stand, the Government of the country could not be carried on without the aid of an efficient body of permanent officers, occupying a position duly subordinate to that of the Ministers who are directly responsible to the Crown and to Parliament, yet possessing sufficient independence, character, ability, and experience to be able to advise, assist, and to some extent, influence, those who are from time to time set over them.

That the Permanent Civil Service, with all its defects, essentially contributes to the proper discharge of the functions of Government, has been repeatedly admitted by those who have successively been responsible for the conduct of our affairs. All, however, who have had occasion to examine its constitution and care, have felt that its organisation is far from perfect, and that its amendment is deserving of the most careful attention.

It would be natural to expect that so important a profession would attract into its ranks the ablest and the most ambitious of the youth of the country; that the keenest emulation would prevail among those who had entered it; and that such as were endowed with superior qualifications would rapidly rise to distinction and public eminence. Such, however, is by no means the case. Admission into the Civil Service is indeed eagerly sought after, but it is for the unambitious, and the indolent or incapable, that it is chiefly desired. Those whose abilities do not warrant an expectation that they will succeed in the open professions, where they must encounter the competition of their contemporaries, and those whom indulgence of temperaments, or physical infirmities unfitness for active exertions, are placed in the Civil Service, where they may obtain an honourable livelihood with little labour, and with no risk, where their success depends upon their simply avoiding any flagrant misconduct, and attending with moderate regularity to routine duties; and in which they are secured against the ordinary consequences of old age, or failing health, by an arrangement which provides them with the means of supporting themselves after they have become incapacitated.

It may be noticed in particular that the comparative lightness of the work, and the certainty of provision in case of retirement owing to bodily incapacity, furnish strong inducements to the parents and friends of sickly youths to endeavour to obtain for them employment in the service of the Government; and the extent to which the public are consequently burdened, first with the salaries of officers who are obliged to absent themselves from their duties on account of ill-health, and afterwards with their pensions when they retire on the same plea, would hardly be credited by those who have not had opportunities of observing the operation of the system.

It is not our intention to suggest that all public servants entered the employment of the Government with such views as these; but we apprehend that as regards a large proportion of them, these motives more or less influenced those who acted for them in the choice of a profession. While, on the other hand, there are probably very few who have chosen this line of life with a view to raising themselves by the competition of their contemporaries, and those open professions, where they must encounter the hardships of competition, and where indolence of temperament, or physical infirmities unfit for active exertions, are placed in the Civil Service, where they may obtain an honourable livelihood with little labour, and with no risk, where their success depends upon their simply avoiding any flagrant misconduct, and attending with moderate regularity to routine duties; and in which they are secured against the ordinary consequences of old age, or failing health, by an arrangement which provides them with the means of supporting themselves after they have become incapacitated.

The result naturally is, that the public service suffers both in internal efficiency and in public estimation. The character of the individuals influences the mass, and it is thus that we often hear complaints of official delays, official evasions of difficulty, and official indisposition to improvement. There are, however, numerous honourable exceptions to these observations, and the trustworthiness
of the entire body is unimpeached. They are much
better prepared, have many rights on the
system under which they are appointed and pro-

The peculiar difficulties under
which the Permanent Civil Service labours, in obtaining a good supply
of men, as compared with other professions, are partly natural and partly artificial.

Its natural difficulties are such as these:--

Those who enter it generally do so
at an early age, when there has been
no opportunity of trying their fitness
for business, or forming a trustworthy estimate of their characters and abilities.

This to a great extent is the case in other professions also, but those professions supply a corrective which is wanting in the Civil Service, for as a man's success in them depends upon his obtaining and retaining the confidence of the public, and as he is exposed to a sharp competition on the part of his contemporaries, those only can maintain a fair position who possess the requisite amount of ability and industry for the proper discharge of their duties. The able and energetic rise to the top; the dull and inefficient are systematically and coldly shut out from the public establishments, on the contrary, the general rule is that all rise together. After a young man has been once appointed, the public have him for life; and if he is idle or inefficient, provided he does not grossly misconduct himself, we must either submit to have a portion of the public business inefficiently and discreditably performed, or must place the incompetent person on the retired list with a pension for the rest of his life. The feeling of security which this state of things necessarily entenages tends to encourage indolence, and thereby to depress the character of the Service. Again, those who are admitted into it at an early age are thereby relieved from the necessity of those struggles which for the most part fail to the lot of such as enter upon the open professions: their course is one of quiet, and generally of secluded, performance of routine duties, and they consequently have but limited opportunities of acquiring that varied experience of life which is so important to the development of character.

These natural difficulties may be added others arising from what may be called artificial causes. The character of the young men admitted to the public service depends largely upon the discretion with which the heads of departments, and others who are entrusted with the distribution of patronage, exercise that privilege. In those cases in which the patronage of departments belongs to their chief for the time being, the appointments which it commonly fails to his lot to make are either those of junior clerks, to whom no very important duties are in the first instance to be assigned, or of persons who are to fill responsible and highly paid situations above the rank of the ordinary clerkship. In the first case, as the character and abilities of the new junior clerk will produce but little immediate effect upon the office, the chief of the department is naturally led to regard the selection as a matter of small moment, and will probably bestow the office upon the son or dependent of someone having personal or political claims upon him, or perhaps upon the son of some meritorious public servant, without instituting any very minute inquiry into the merits of the young man himself. It is true that in many offices some kind of examination is prescribed, and that in almost all the person appointed is in the first instance nominated on probation; but, as will presently be pointed out, neither of these tests are at present very effectual. The young man thus admitted is commonly employed upon duties of the merest routine. Many of the first years of his service are spent in copying papers, and other work of an almost mechanical character. In two or three years he is as good as he can be at such an employment. The remainder of his official life can only exercise a depressing influence on him, and renders the work of the office distasteful to him. Unlike the pupil in a conveyancer's or special pleader's office, he not only begins his qualifications. Thus, while no pains have been taken in the first instance to secure a good man for the office, nothing has been done after the clerk's appointment to turn his abilities, whatever they may be, to the best account. The result naturally is that when the chief of the office has to make appointments of immediate importance to the efficiency of his department, he sometimes has difficulty in finding a clerk capable of filling it, and he is not infrequently obliged to go out of the office, and to appoint some one of high standing in an open profession, or someone distinguished in other walks of life, over the heads of men who have been for many years in the public service. This is necessarily discouraging to the Civil Servants, and tends to strengthen in them the injurious conviction, that their success does not depend upon their own exertions, and that if they work hard, it will not advance them—if they waste their time in idleness, it will not keep them back.

It is of course essential to the
public service that men of the highest abilities should be selected for the highest posts, and it cannot be denied that there are a few situations in which such varied talent and such an amount of experience are required, that it is probable that under any circumstances it will occasionally be found necessary to
Whether it is better to train young men for the
public service, or to admit them after they have already acquired experience in other walks of life?

If public servants would feel the appointment of a
body of not less than 16,000 persons, are regulated
upon the principle of merely departmental pro-
motion. Each man's experience, interests, hopes,
and fears are limited to the special branch of service
in which he is himself engaged. The effect naturally
is, to cramp the energies of the whole body, to
encourage the growth of narrow views and depart-
mental prejudices, to limit the acquisition of ex-
perience, and to repress and almost extinguish the
spirit of emulation and competition; besides which,
considerable inconvenience results from the want of
facilities for transferring strength from an office
where the work is becoming slack to one in which
it is increasing, and from the consequent necessity
of sometimes keeping up particular departments on
a scale beyond their actual requirements.

Having thus touched upon some of the difficulties with which the
public service is beset, we come to
the consideration of the problem.

What is the best method of providing it with a supply of good men, and of making the
most of them after they have been admitted?

The first question which here presents itself is,
whether it is better to train young men for the
discharge of the duties which they will afterwards
take upon themselves than to employ them,
without laying too much stress on the experience which
a long official life necessarily brings with it, we cannot but regard it as an advantage of
some importance. In many offices, moreover, it is
found that the superior dexterity of young men renders
it much easier to make valuable public servants of
them, than of those more advanced in life. This may
not be the case in the higher class of offices, but it
is undoubtedly the case in those where the work consists
chiefly of account business. The maintenance of
discipline is also easier under such circumstances, and
regular habits may be enforced, which it would be
difficult for the first time upon older men.

To these advantages must be added the important
one of being able, by proper regulations, to secure the
services of fit persons on much more economical
terms. A young man who has not made trial of any
other profession will be induced to enter that of the
Civil Service by a much more moderate remuneration
than would suffice to attract for a few years of his
career the attention of those who had failed elsewhere, and were on that
account willing to accept a moderate salary, would
be simply to bring it into discredit. It cannot be
doubted that, even in the absence of proper pre-
cautions for securing good appointments, it is more
probable that a fair proportion of eligible men will
be found among a number taken at their entrance
into life, particularly if pains be bestowed upon them
after their appointment, than among an equal
number taken after some years of unsuccessful efforts
and failures in other lines for themselves. The temptation
to the temptation to the young man, to undertake a departmental appointment being made, is also considerably less
in the case of the selection of young men than in that
of persons more advanced in life.

The general principle, then, which
we advocate is, that the public
service should be carried on by
the admission into its lower ranks of a
carefully selected body of young men,
who should be employed from the first upon work
suitable to their capacities and their education, and
should be made, at an early period, to feel that
promotion and future prospects depend entirely on the
industry and ability with which they discharge their
duties, that with average abilities and reasonable
application they may look forward confidently to a
certain provision for their lives, that with superior
powers they may rationally hope to attain to the
highest prices in the Service, while if they prove
discretely incompetent, or incurably indolent, they
must expect to be removed from it.

The first step towards carrying
this principle into effect should be
the establishment of a proper system
of examination before appointment,
which should be followed, as at present, by a short
period of probation. The necessity of this has been
so far admitted that some kind of examination does
now take place before clerks are
admitted into any of the following
offices—The Treasury, the Colo-
nial Office, the Board of Trade, the
Privy Council Office, the Poor Law Board, the War
Office, the Ordnance Office, the Audit Office, the

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powers they may rationally hope to attain to the
highest prices in the Service, while if they prove
discretely incompetent, or incurably indolent, they
must expect to be removed from it.

The first step towards carrying
this principle into effect should be
the establishment of a proper system
of examination before appointment,
which should be followed, as at present, by a short
period of probation. The necessity of this has been
so far admitted that some kind of examination does
does not take place before clerks are
admitted into any of the following
offices—The Treasury, the Colo-
nial Office, the Board of Trade, the
Privy Council Office, the Poor Law Board, the War
Office, the Ordnance Office, the Audit Office, the
The preliminary examination of candidates for civil employment, however, cannot be conducted in an effective and consistent manner throughout. The service, while it is left to each department to determine the nature of the examination and to examine the candidates, some of whom the duty of examining devolves feel no interest in the subject; others although disposed to do their best, are likely to entertain erroneous or imperfect conceptions of the standard of examination which ought to be fixed, and to be unable to apply it properly after it has been settled. The time and attention of the superior officers are fully occupied in disposing of the current business of their respective departments. To do this in a creditable manner will always be their primary object; and as the bearing of the subject under consideration upon the efficiency of their departments, although very important, is not of a direct or immediate kind, and is not likely to have much effect during their own tenure of office, what has to be done in reference to it will either be done by themselves in a hurried and imperfect manner, or will be left by them to their subordinate officers to be dealt with at their discretion. In a large department, in which numerous candidates have to be examined, want of time will prevent the superior officers from giving the subject the attention it deserves; and other matters, although of infinitely less real consequence, will have the precedence, because they press, and must be disposed of at the moment. Moreover, a large proportion of the persons appointed to a public department usually consists of young men in whose success the heads of the office or the principle clerks take a lively personal interest, owing to relationship or some other motive connected with their public or private position; and an independent opinion is hardly to be expected from an examiner who is acting under the orders of the one, and is in habits of daily intercourse with the other. A public officer ought not to be placed in a situation in which he might require him to make an unfavourable report under such circumstances. Lastly, even supposing every other circumstance to be favourable, it is impossible that each department, even for itself, can come to such just conclusions in regard to the nature of the preliminary examination, or can conduct it in such a fair, and effective, and consistent manner, as would persons having the advantage of a general view of the subject as it affects every department, and who should have been selected for the duty on account of their experience in matters of this description.

We accordingly recommend that a central Board should be constituted for conducting the examination of all candidates for the public service whom it may be thought right to subject to such a test. Such board should be composed of men holding an independent position, and capable of commanding general confidence; it should lay at its head an officer of the rank of Privy Counsellor, and should either include, or have the means of obtaining the assistance of, persons experienced in the education of the youth of the upper and middle classes, and persons who are familiar with the conduct of official business. It should be made imperative upon candidates for admission to any appointment, except in certain special cases which will presently be noticed, to pass a proper examination before the Board, and obtain from them a certificate of having done so.

We are of opinion that this examination should be in all cases a competing literary examination. Nature of the examination, composition and should be introduced

Where character and bodily activity are chiefly required, more comparatively, will depend upon the testimony of those to whom the candidate is well known; but the selection from among the candidates who have satisfied these preliminary inquiries should still be made by a competing examination. This may be so conducted as to test the intelligence, as well as the mere attainments of the candidates. We see no other mode by which (in the case of inferior no less than of superior offices) the double object can be attained of selecting the fittest person, and of avoiding the evils of patronage.

For the superior situations endeavours should be made to secure the services of the most promising young men of the day, by a competing examination on a level with the highest description of education in this country. In this class of situations there is no limit to the demands which may ultimately be made upon the abilities of those who, entering them simply as junior clerks, gradually rise to the highest posts in them. To obtain first-rate men, it is obvious that recourse should be had to competition. It would be impossible to impose upon each candidate for a clerkship, as a positive test of his fitness for the appointment, the necessity of passing an examination equal to that of first-class men at the universities; but if, on the occurrence of a vacancy, it is found that a number of candidates present themselves, of whom some are capable of passing such an examination, there can be no reason why the public should not have the benefit of such men's services, in preference to those of persons of inferior merit. It may be possible to devise a substitute other mode of bevived of avoiding the evils of patronage, which, if, in this case, less objectionable because of the comparatively small number of superior appointments, is much more objectionable in its effects on the public business of the country.

Our proposal is not inconsistent with the appointment of special examiners of terminal examination to special departments of the public service. In the case, for example, of the sub-ordinate grades from which collectors, surveyors, secretaries, junior commissioners, and other superior officers of the Revenue departments.
are usually selected, the nature of the examination should be adapted to the object of securing the\nutility and other attainments which are so important to the efficiency of these great national establishments. In the same way provision might be made for securing the peculiar attainments to be required of persons to be employed in the Foreign Office, and in the diplomatic and consular services, and in respect to offices of account, arithmetic and book-keeping will be principally insisted on. It next becomes a question, whether the competition which we have proposed should take place on the occasion of each vacancy, or whether there should be periodical examinations. We are of opinion that it would be desirable to adopt the latter alternative. There are peculiar advantages in a system of periodical examinations. It economizes the number, and also the time of the examiners, who, instead of being over-worked half the year, have their employment regularly distributed. It is also more convenient to the candidates themselves. We propose, therefore, that examinations should be held at stated times: that an average having been taken of the number of situations of the class contended for, which periodically fall vacant, it should be announced, before the commencement of each trial, how many gentlemen were to be elected for admission into the public service on that occasion. The election having taken place, those who have succeeded should be distributed among the offices to which appointments are to be made, on the footing of probation. The precise mode in which the successful candidates should be allotted to the several departments will require some consideration, but there will be no difficulty in it which may not easily be overcome. One obvious course of proceeding would be to send to each department a list of those who are selected for appointments leaving to the head of each office to choose from among them as vacancies occur. Or it might be thought desirable that the Board of Examiners should recommend particular men to particular departments, according to their capacities, the head of the department in each case exercising his discretion in accepting them or not: or the choice might be given to the candidates themselves, some restriction being imposed to prevent any from choosing offices for which their peculiar education had not fitted them. If more have been elected (in order to maintain the average) than there is immediate demand for, they might be temporarily employed, or they might wait to take their turn. As vacancies occur from time to time before the next general examination, the super-numeraries should be appointed to them, and, if the whole have not been placed before that time, it will only be necessary to make the next batch the smaller. It would be desirable to retain the probation at present, rendering it more efficient by precise reports of the conduct of the probationers.

In the examinations which we have recommended, we consider that the right of competition should be open to all persons, of a given age, subject only, as before suggested, to the necessity of their giving satisfactory references to persons able to speak of their moral conduct and character, and of producing medical certificates to the effect that they have no bodily infirmity likely to incapacitate them for the public service. It is only by throwing the examinations entirely open that we can hope to attract the proper class of candidates.

Next, the mode in which the examination should be conducted, so as to diminish the labour by eliminating such candidates as have obviously no chance of success, should, of course, be left to the Board of Examiners. We will therefore only indicate the advantage of making the subjects as numerous as may be found practicable, so as to secure the greatest and most varied amount of talent for the public service. Men whose services would be highly valuable to the country might easily be beaten by some who were their inferiors, if the examination were confined to a few subjects to which the latter had devoted their exclusive attention; but if an extensive range were given, the superiority of the best would become evident. Besides, an opportunity would be afforded for judging in what kind of situation each is likely to be most useful; and we need hardly allude to the important effect which would be produced upon the general education of the country, if proficiency in history, jurisprudence, political economy, modern languages, political and physical geography, and other matters, besides the staple of classics and mathematics, were made directly conducive to the success of young men desirous of entering into the public service. Such an inducement would probably do more to quicken the progress of our Universities, for instance, than any legislative measures that could be adopted.

It would probably be right to include in the examination some exercises directly bearing upon official business; to require a precis to be made of a set of papers, or a letter to be written under given circumstances; but the great advantage to be expected from the examinations would be, that they would elicit young men of general ability, which is a matter of more moment than their being possessed of any special requirements. Men capable of distinguishing themselves in any of the subjects we have named, and thereby affording a proof that their education has not been lost upon them, would probably rise to themselves without regard to the kind of service wherever they might be placed. We have before us the testimony of an eminent public officer, who was for many years connected with one of the chief departments of the State. He writes thus:—

"During my long acquaintance with the Office, I remember four, and only four, instances of young men being introduced into, on the ground of well-ascertained fitness. I do not venture to mention any names, but I
confidently affirm that the superiority of those four gentlemen to all the rest was such as to extort the acknowledgment of it from their rivals, and to win the high applause of each successive Secretary of State.

We feel satisfied that by the measures which we have suggested for ascertaining the fitness of each person before his being engaged from time to time, or recourse might be had to the machinery of the Education Department; and the papers, with the names of persons who may be so appointed.

The examination for the lower class of appointments should be local. The examination for the higher class of appointments should be local. The examination in the manner adopted at the Privy Council Office, immediately below them, than upon any general rule, be 19 and 25; in the case of candidates for inferior offices, 17 and 21.

To the machinery of the Education Department at stated periods. Due notice should be given of the times and places at which such examinations are to be held, and all persons intending to compete should be required to send in their names by a certain day. The examinations should all take place on the same day—the examination papers being sent to each locality by the same post, to the machinery of the Education Department at the Privy Council, for the purpose of holding direct examinations at stated periods. Due notice should be given of the times and places at which such examinations are to be held, and all persons intending to compete should be required to send in their names by a certain day. The examinations should all take place on the same day—the examination papers being sent to each locality by the same post, as is done in the examinations conducted by the Education Department, and the papers, with the names of the candidates, being returned to the Central Office, where they are sorted according to the subject, and sent to the appropriate inspectors, e.g. all the papers in Arithmetic to one, all in History to another, and so forth. Each Inspector assigns a number of duties to each paper, according to its merit. The papers of the Privy Council Office are then sent to the different Inspectors, each Inspector selecting the candidates who have obtained the highest numbers, and the candidates are finally arranged according to the result of the examinations.

The first proposal is to subject public appointments to competition made by the Government of Lord John Russell in 1846.
and the superior standard of examination which we have recommended for the higher class, will altogether have the effect of marking the distinction between them in a proper manner.

We are aware that a measure has sometimes been recommended, which, if adopted, would have the effect of establishing to a certain extent the separation when we have spoken of; we mean the creation of a general copying office, common to the whole or most of the departments in the neighbourhood of Whitehall, at which all of them might get their copying work done at a certain rate of payment by the piece.

We are, however, not prepared to recommend the adoption of such a measure. Copying is not the only work of a mechanical, or nearly mechanical, character which is performed in the public offices. A great deal of work of various kinds, such as registering, posting accounts, keeping diaries, and so forth, may very well be done by supplementary clerks of an inferior class under the direction of a small number of superiors. Such work, however, could not be sent out of the office: and even with regard to copying, it would be found that several offices, which would be included in the proposed arrangements, would object to sending out a large proportion of their letters for that purpose, and that a great deal of copying is done in books which could not conveniently be parted with. Hence, it would be necessary, even were the copying office established, to maintain a class of supplementary clerks in each office in addition to it, or else the clerks would be employed nearly in the same manner as at present, that is to say, without a proper distinction between intellectual and mechanical duties.

Another point to which the attention of the chiefs of offices should be directed is, the importance of transferring the clerks from one department to another, so that each may have an opportunity of making himself master of the whole of the business before he is called upon, in due course of time, to take a leading position. A proper system of transfers according to fixed rules in each office, and insured by periodical reports to the chief, must exercise a beneficial influence both upon the clerks themselves, and upon the general efficiency of the establishment. Periodical reports upon the manner in which each clerk has been employed, should be made to the chief of the office.

The advance of salaries in the public service is regulated upon a twofold principle. Each man, on being appointed to a clerkship in a particular class, receives for the first year, and in some cases for the first two or three years, what is called the minimum salary of that class, after which his salary increases, by a certain annual increment to what is called the maximum salary, that is to say, if the minimum be £100 a year, the maximum £300 and the annual increment £15, the clerk receives £110 in the first year, £125 in the second, £150 in the third and so on till his salary reaches £300 at which point it must remain stationary unless he is promoted to a higher class. He may, however, at any time, whether before or after attaining the maximum salary of one class, be promoted to a higher on the occurrence of a vacancy, if he is considered deserving of such promotion and he will immediately thereupon begin to receive the minimum salary of the higher class, and to advance therefrom by annual increments without reference to the amount he was previously receiving. The theory of the public service is, that the annual increase of salary from the minimum to the maximum of the class, is given as matter of course as the reward of service, and with no reference to the comparative merits of the individuals; but that promotion from one class to another is the reward of merit. If, on the contrary, it is regulated by a consideration of the public interests, and that those only are to be transferred from one class to a higher who have shown themselves capable of rendering valuable services in it. The twofold principle is, however, in practice often overlooked, and promotion from class to class, as well as the annual rise within the class, is more commonly regulated by seniority than by merit. The evil consequences of this are too obvious to require lengthened comment; it is, perhaps, more important to point out some of the difficulties which lie in the way of amendment.

If the opinions of the gentlemen engaged in the Civil Service could be taken on the subject of promotion, it would probably be found that a very large majority of them would object strongly to what is called promotion by merit. The reason they would assign would be that promotion by (so called) merit would usually become promotion by favouritism. The effect of the system of departmental patronage has been to inspire the clerks in each office with a feeling of jealousy towards any one who is supposed to enjoy the especial favour of the chief of the department, or, still more, of the principle permanent officer in it. Constituted as our official system now is, men feel, and not unreasonably, that the recognition of their merits, even within their own departments, is extremely uncertain, and that there is no appeal to any public tribunal if injustice is done them there. Even in an open profession a consciousness of unrecognised merit will sometimes weigh a man down, though he has always the hope that the justice which is denied him in one quarter will be done to him in another. In an office, if a clerk fails to please his immediate superior, he is probably condemned to obscurity for his whole life. The Parliamentary chief who presides over the department for a few years, and who is overwhelmed with business, can as a general rule, know nothing of the merits of individual clerks in the lower ranks of the office, except through the permanent officers at its head. Now, setting aside cases of actual favouritism, there must be many instances in which the chief permanent officers fail to perceive, and properly to bring into notice, the valuable qualities of those beneath them. A man may be timid and hesitant in manner, and on that account may be
It ought, therefore, to be a leading object with the Government so as to provide every possible security against its abuse; and for this purpose we are of opinion that the following system should be adopted: On the occurrence of a vacancy in any class, the Chief Clerk, or other immediately superior officer, should furnish the Secretary of the department with a return of the names of a certain number (in no case less than three) of the Clerks at the head of the class below, accompanied by a special report upon the services and qualifications of each. In case there should be in the lower ranks of the department any man of merit decidedly superior to those above him, his name, with a note of his qualifications should be added. The Secretary should make what remarks he thinks proper upon every name entered upon the list, and should then submit it to the Head of the Office, who should select the person to be promoted, and should make out and sign a warrant for his promotion, setting forth the grounds upon which it is made. A Book should be kept in every office, in which should be entered the name and age of each Clerk or other officer, at the time of his appointment, the dates of his examination, first appointment, and subsequent promotions, together with notes of all the reports made upon him from time to time, either on the occasions afforded by the occurrence of vacancies, or at other times, in consequence of some special instance either of good or ill behaviour. A reference to this book on the occasion of promoting to vacancies will enable the Head of the Department to form a tolerably correct estimate of the merits of each individual. It may be noticed that such a book is kept, with very good results, in the Commissariat Department.

With regard to the annual increase of salary, we are of opinion that it would be right to require that each clerk, before becoming entitled to receive the addition, should produce a certificate from his immediate superior, that he has been punctual in his attendance, and has given satisfaction in the discharge of his duties, during the preceding year. Such certificates are required from the heads of rooms in the Ordnance Department, and from each Inspecter in the Audit Office. They would ordinarily be given as a matter of course, but the knowledge that they might be withheld would be useful in maintaining discipline, and in enforcing regularity of attendance, which in some cases is a matter of difficulty, the only penalties which can at present be imposed for irregularity being those of suspension and dismissal, which are too severe to be applied unless in aggravated instances.

The subject of pensions and retired allowances is one intimately connected with the matters treated of in this paper. We are aware that it is receiving separate consideration from the Government, and we therefore abstain from entering upon it so fully as we should otherwise have done. We desire, however, to call attention to the importance of establishing a uniform and consistent system of regulating the amounts to be granted to superannuated public servants, with reference to the character of their service. Whatever decision may be taken as to the maintenance of the superannuation deductions, or of the present scale of retired allowances, we presume that the course now followed in the Treasury, of ascertaining the pension of each individual with some reference to the character he has borne and the abilities he has displayed, will still be pursued.

As, however, the Superannuation Committee in the Treasury changes with every change in the Administration, and as no systematic record of the merits of public servants is kept at the Offices to which they are attached, the application of the principle, which has been rigidly laid down, is attended with much difficulty, and with an amount of uncertainty which deprives it of much of its value.

The want of encouragement in the form of good service pensions and honorary distinctions, is also severely felt in the ordinary Civil branch of the public service, which is the only one in which these classes of reward are not dispensed.

It is obvious that the proposed Board of Examiners might be turned to good account in supplying these defects. Duplicates of the books which we have recommended to be kept in the separate Offices should be transmitted to the Department of Examination, which should also be furnished with all information relating to promotions and other matters being on the services of the officers in each department. No grant of superannuation allowance or good service pension should be made by the Treasury without a previous report from the Board of Examiners embodying this information.

By this system, not only would greater certainty be introduced into the superannuation business, but a degree of consistency would be given to the whole scheme of promotion by merit, which would, we think, ensure its success. It would also have this further advantage, that it would serve to direct the attention of the Government to the merits of individual clerks—now seldom known beyond the sphere of their own offices—and would thus enable it to select deserving persons from the ranks of the public service to fill important situations which might become vacant. It is to be hoped that in future, if any staff appointment falls vacant in an office in which there is a deserving clerk well qualified to fill it, his claims will not be passed over in favour of a stranger; but this principle might advantageously be carried further, by filing the appointment with a person from another office, if there is no one in the department itself qualified to take it; and
there might often be occasions in which the advantages of encouraging public servants, and at the same time introducing fresh blood into an office, might be combined; as, for instance, by filling a staff appointment in office A by the transfer to it of a meritorious staff officer from office B, and then supplying the vacancy caused in office B by the appointment to it of one of the most deserving clerks in office A. The extent to which this principle could be carried into effect must, of course, depend upon circumstances, and upon a careful observation of its working; but we do not see why it should not be tried.

Upon a review of the recommendations contained in this paper it will be seen that the objects which we have principally in view are these:

1. To provide, by a proper system of examination, for the supply of the public service with a thoroughly efficient class of men.

2. To encourage industry and foster merit, by teaching all public servants to look forward to promotion according to their deserts, and to expect the highest prizes in the service if they can qualify themselves for them.

3. To mitigate the evils which result from the fragmentary character of the Service, and to introduce into it some elements of unity, by placing the first appointments upon a uniform footing, opening the way to the promotion of public officers to staff appointments in other departments than their own, and introducing into the lower ranks a body of men (the supplementary clerks) whose services may be made available at any time in any office whatever.

It remains for us to express our conviction that if any change of the importance of those which we have recommended it to be carried into effect, it can only be successfully done through the medium of an Act of Parliament. The existing system is supported by long usage and powerful interests; and were any Government to introduce material alterations into it, in consequence of their own convictions, without taking the precaution to give those alterations the force of law, it is almost certain that they would be imperceptibly, or perhaps avowedly, abandoned by their successors, if they were not even allowed to fall into disuse by the very Government which had originated them. A few clauses would accomplish all that is proposed in this paper, and it is our firm belief that a candid statement of the grounds of the measure would insure its success and popularity in the country, and would remove many misconceptions which are now prejudicial to the public service.

STAFFORD H. NORTHCOTE
C. E. TREVELYAN
November 23rd, 1853.
REPORT ON THE INDIAN CIVIL SERVICE.

TO THE RIGHT HONOURABLE SIR CHARLES WOOD, BART., M. P.,
Sec. &c. &c. &c.

Sir,

We have attentively considered the subject about which you have done us the honour to consult us; and we now venture to submit to you the result of our deliberations.

We do not think that we can more conveniently arrange the suggestions which we wish to offer than by following the order which is observed in the 39th and 40th clauses of the India Act of 1853.

The first matter concerning which the Board of Control is empowered by the 39th clause to make regulations is, the age of the persons who are to be admitted into the college at Haileybury.

The present rule is, that no person can be admitted under 17, and that no person can go out to India after 23. Every student must pass four terms, that is to say, two years at the college. Consequently, none can be admitted after 21.

It seems to us that it would be a great improvement to allow students to be admitted to the college up to the age of 23, and to fix 25 as the latest age at which they can go out to India in the civil service. It is undoubtedly desirable that the civil servant of the Company should enter on his duties while still young; but it is also desirable that he should have received the best, the most liberal, the most finished education that his native country affords. Such an education has been proved by experience to be the best preparation for every calling which requires the exercise of the higher powers of the mind; nor will it be easy to show that such preparation is less desirable in the case of a civil servant of the East India Company than in the case of a professional man who remains in England. Indeed, in the case of the civil servant of the Company a good general education is even more desirable than in the case of the English professional man; for the duties even of a very young servant of the Company are more important than those which ordinarily fall to the lot of a professional man in England. In England, too, a professional man may, while engaged in active business, continue to improve his mind by means of reading and of conversation. But the servant of the Company is often stationed, during a large part of his life, at a great distance from libraries and from European society, and will therefore find it peculiarly difficult to supply by study in his mature years the deficiencies of his early training.

The change which we propose will have one practical effect, to which we attach much importance. We think it desirable that a considerable number of the civil servants of the Company should be men who have taken the first degree in arts at Oxford or Cambridge. At present the line is drawn as if it had been expressly meant to exclude bachelors of those universities. It will, we believe, be found that the great majority of our academic youth graduate too late by a few months, and only by a few months, for admission into Haileybury.

We propose to fix 18 as the lowest age at which a candidate can be admitted into the college. We are indeed of opinion that, except in very rare and extraordinary cases, it is not desirable that a lad should be admitted so early as 18. But we are convinced that, except in very rare and extraordinary cases, no lad of 18 will have any chance of being admitted. Hitherto the admissions
admissions have been given by favour. They are henceforward to be gained by superiority in an intellectual competition. While they were given by favour, they were frequently, indeed generally, given to persons whose age was not much above the minimum. A director would naturally wish his son or his nephew to be handsomely provided for at 19 rather than at 25, and to be able to return to England with a competence at 44 rather than at 48. A majority of the students have, therefore, been admitted before they were 19, and have gone out before they were 21. But it is plain that, in any intellectual competition, boys of 18 must be borne down by men of 21 and 22.

We may therefore, we believe, safely predict that nine-tenths of those who are admitted to the college under the new system will be older than nine-tenths of those who quit it under the present system. We hope and believe that among the successful competitors will frequently be young men who have obtained the highest honours of Oxford and Cambridge. To many such young men a fellowship, or a tutorship, which must be held on condition of celibacy, will appear less attractive than a situation which enables the person who holds it to marry at an early age.

The India Act next empowers the Board of Control to determine the qualifications of the candidates for admission to Haileybury. It seems to us to be proper that every person who intends to be a candidate should, at least six weeks before the examination, notify his intention to the Board of Control, and should at the same time transmit a list of the subjects in which he proposes to be examined, in order that there may be time to provide a sufficient number of examiners in each department. He should, at the same time, lay before the Board testimonials certifying that his moral character is good. Whether the testimonials be or be not satisfactory is a point which we conceive may safely be left to the determination of the Board.

The Board is then authorised by the Act to make regulations prescribing the branches of knowledge in which the candidates for admission to Haileybury shall be examined. Here arises at once a question of the gravest importance. Ought the examination to be confined to those branches of knowledge to which it is desirable that English gentlemen who mean to remain at home should pay some attention— or ought it to extend to branches of knowledge which are useful to a servant of the East India Company, but useless, or almost useless, to a person whose life is to be passed in Europe?

Our opinion is, that the examination ought to be confined to those branches of knowledge to which it is desirable that English gentlemen who mean to remain at home should pay some attention.

It is with much diffidence that we venture to predict the effect of the new system; but we think that we can hardly be mistaken in believing that the introduction of that system will be an event scarcely less important to this country than to India. The educated youth of the United Kingdom are henceforth to be invited to engage in a competition in which about 40 prizes will, on an average, be gained every year. Every one of these prizes is nothing less than an honourable social position, and a comfortable independence for life. It is difficult to estimate the effect which the prospect of prizes so numerous and so attractive will produce. We are, however, familiar with some facts which may assist our conjectures. At Trinity College, the largest and wealthiest of the colleges of Cambridge, about four fellowships are given annually by competition. These fellowships can be held only on condition of celibacy, and the income derived from them is a very moderate one for a single man. It is notorious that the examinations for Trinity fellowships have, directly and indirectly, done much to give a direction to the studies of Cambridge and of all the numerous schools which are the feeders of Cambridge. What, then, is likely to be the effect of a competition for prizes which will be ten times as numerous as the Trinity fellowships, and of which each will be more valuable than a Trinity fellowship? We are inclined to think that the examinations for situations in the civil service of the East India Company will produce an effect which will be felt in every seat of learning throughout the realm, at Oxford and Cambridge, at the University of London and the University of Dublin, at Edinburgh and Glasgow, at Dublin, at Cork, and at Belfast. The number of candidates will doubtless be much greater than the number of vacancies. It will not surprise us if the ordinary number examined should be three or four hundred. The great majority, and among them many young men of excellent abilities and laudable industry, must be unsuccessful. If, therefore, branches of knowledge specially Oriental should
be among the subjects of examination, it is probable that a considerable number of the most hopeful youths in the country will be induced to waste much time, at that period of life at which time is most precious, in studies which will never, in any conceivable case, be of the smallest use to them. We think it most desirable that the examination should be of such a nature that no candidate who may fall short, to whatever calling he may betake himself, have any reason to regret the time and labour which he spent in preparing himself to be examined.

Nor do we think that we should render any service to India by inducing her future rulers to neglect, in their earlier years, European literature and science, for studies specially Indian. We believe that men who have been engaged, up to one or two and twenty, in studies which have no immediate connexion with the business of any profession, and of which the effect is merely to open, to invigorate, and to enrich the mind, will generally be found, in the business of every profession, superior to men who have, at 18 or 19, devoted themselves to the special studies of their calling. The most illustrious English jurists have been men who have never opened a law book till after the close of a distinguished academical career; nor is there any reason to believe that they would have been greater lawyers if they had passed in drawing pleas and conveyances the time which they gave to Thucydidus, to Cicero, and to Newton. The duties of a civil servant of the East India Company are of so high a nature that in his case it is peculiarly desirable that an excellent general education, such as may enlarge and strengthen his understanding, should precede the special education which must qualify him to despatch the business of his cutchery.

It therefore seems to us quite clear that those vernacular Indian languages which are of no value except for the purpose of communicating with natives of India, ought not to be subjects of examination. But we are inclined, though with much distrust of our own judgment, to think that a distinction may properly be made between the vernacular languages, and two languages which may be called the classical languages of India, the Sanscrit and the Arabic. These classical languages are by no means without intrinsic value in the eyes both of philologists and of men of taste. The Sanscrit is the great parent stock from which most of the vernacular languages of India are derived, and stands to them in a relation similar to that in which the Latin stands to the French, the Italian, the Spanish, and the Portuguese. The Arabic has contributed, though not in the same degree with the Sanscrit, to the formation of the vocabularies of India; and it is the source from which all the Mahometan nations drew their religion, their jurisprudence, and their science. These two languages are already studied by a few young men at the great English seats of learning. They can be learned as well here as in the East; and they are not likely to be studied in the East unless some attention has been paid to them here. It will, we apprehend, very seldom happen that a candidate will offer himself for examination in Sanscrit or in Arabic; but, as such instances may occur, we think it expedient to include those languages in the list of subjects.

As to the other subjects we speak with more confidence. Foremost among those subjects we place our own language and literature. One or more themes for English composition ought to be proposed. Two papers of questions ought to be set. One of these papers should be so framed as to enable the candidates to show their knowledge of the history and constitution of our country; the other ought to be so framed as to enable them to show the extent of their knowledge of our poets, wits, and philosophers.

In the two great ancient languages there ought to be an examination not less severe than those examinations by which the highest classical distinctions are awarded at Oxford and Cambridge. At least three passages from Latin writers ought to be set, to be translated into English. Subjects should be proposed for original composition, both in Latin verse and in Latin prose; and passages of English verse and prose should be set, to be turned into Latin. At least six passages from Greek writers should be set, to be translated into English. Of these passages, one should be taken from the Homeric poems, one from some historian of the best age, one from some philosopher of the best age, one from some Attic orator, and at least one from the Attic drama. The candidates ought to have a full opportunity of exhibiting their skill in translating both English prose and English verse into Greek; and there should be a paper of questions which would enable them to show their knowledge of ancient history, both political and literary.
We think that three of the modern languages of the Continent, the French, the Italian, and the German, ought to be among the subjects of examination. Several passages in every one of those languages should be set, to be turned into English; passages taken from English writers should be set, to be turned into French, Italian, and German; and papers of questions should be framed which would enable a candidate to show his knowledge of the civil and literary history of France, Italy, and Germany.

The examination in pure and mixed mathematics ought to be of such a nature as to enable the judges to place in proper order all the candidates, from those who have never gone beyond Euclid's Elements and the first part of algebra up to those who possess the highest acquirements. We think it important, however, that not only the acquirements, but also the mental powers and resources of the competitors should be brought to the test. With this view the examination papers should contain a due proportion of original problems, and of questions calculated to ascertain whether the principles of mathematical science are thoroughly understood. The details will probably be best arranged by some of those eminent men who have lately been moderators in the University of Cambridge, and who know by experience how to conduct the examinations of large numbers of persons simultaneously. It must, however, be borne in mind that the extent and direction of mathematical reading, especially in the higher branches, differ greatly at the different universities of the United Kingdom. The mathematical examination for the Indian service must, therefore, in order to do justice to all candidates, embrace a wider range of questions than is usual at Cambridge, Oxford, or Dublin.

Of late years some natural sciences which do not fall under the head of mixed mathematics, and especially chemistry, geology, mineralogy, botany, and zoology, have been introduced as a part of general education into several of our universities and colleges. There may be some practical difficulty in arranging the details of an examination in those sciences; but it is a difficulty which has, we believe, been at some seats of learning already overcome. We have no hesitation in recommending that there should be at least one paper of questions relating to these branches of knowledge.

We propose to include the moral sciences in the scheme of examination. Those sciences are, it is well known, much studied both at Oxford and at the Scottish universities. Whether this study shall have to do with mere words or with things, whether it shall degenerate into a formal and scholastic pedantry, or shall train the mind for the highest purposes of active life, will depend, to great extent, on the way in which the examination is conducted. We are of opinion that the examination should be conducted in the freest manner, that mere technicalities should be avoided, and that the candidate should not be confined to any particular system. The subjects which fall under this head are the elements of moral and political philosophy, the history of the ancient and modern schools of moral and political philosophy, the science of logic, and the inductive method, of which the Novum Organum is the great text-book. The object of the examiners should be rather to put to the test the candidate's powers of mind than to ascertain the extent of his metaphysical reading.

The whole examination ought, we think, to be carried on by means of written papers. The candidates ought not to be allowed the help of any book; nor ought they, after once a subject for composition has been proposed to them, or a paper of questions placed before them, to leave the place of examination till they have finished their work.

It is, of course, not to be expected, that any man of 22 will have made considerable proficiency in all the subjects of examination. An excellent mathematician will often have little Greek, and an excellent Greek scholar will be entirely ignorant of French and Italian. Nothing can be further from our wish than to hold out premiums for knowledge of wide surface and of small depth. We are of opinion that a candidate ought to be allowed no credit at all for taking up a subject in which he is a mere smatterer. Profound and accurate acquaintance with a single language ought to tell more than bad translations and themes in six languages. A single paper which shows that the writer thoroughly understands the principles of the differential calculus ought to tell more than 20 superficial and incorrect answers to questions about chemistry, botany, mineralogy, metaphysics, logic and English history.

It will be necessary that a certain number of marks should be assigned to each subject, and that the place of a candidate should be determined by the
sum total of the marks which he has gained. The marks ought, we conceive, to be distributed among the subjects of examination, in such a manner that no part of the kingdom, and no class of schools, shall exclusively furnish servants to the East India Company. It would be grossly unjust, for example, to the great academical institutions of England, not to allow skill in Greek and Latin versification to have a considerable share in determining the issue of the competition. Skill in Greek and Latin versification has indeed no direct tendency to form a judge, a financier, or a diplomatist. But the youth who does best what all the ablest and most ambitious youths about him are trying to do well will generally prove a superior man; nor can we doubt that an accomplishment by which Fox and Canning, Grenville and Wellesley, Mansfield and Tenterden, first distinguished themselves above their fellows, indicates powers of mind, which, properly trained and directed, may do great service to the State. On the other hand, we must remember that, in the north of this island the art of metrical composition in the ancient languages is very little cultivated, and that men so eminent as Dugald Stewart, Hume, Jeffrey, and Mackintosh, would probably have been quite unable to write a good copy of Latin elegies, or to translate 10 lines of Shakespeare into Greek iambics. We wish to see such a system of examination established as shall not exclude from the service of the East India Company either a Mackintosh or a Tenterden, either a Canning or a Horner. We have, with an anxious desire to deal fairly by all parts of the United Kingdom, and by all places of liberal education, framed the following scale, which we venture to submit for your consideration:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Marks</th>
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<tbody>
<tr>
<td>English language and literature</td>
<td>1,500</td>
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<tr>
<td>Composition</td>
<td>500</td>
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<tr>
<td>History</td>
<td>500</td>
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<tr>
<td>General literature</td>
<td>500</td>
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<tr>
<td>Greek</td>
<td>750</td>
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<tr>
<td>Latin</td>
<td>750</td>
</tr>
<tr>
<td>French</td>
<td>375</td>
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<tr>
<td>German</td>
<td>375</td>
</tr>
<tr>
<td>Italian</td>
<td>375</td>
</tr>
<tr>
<td>Mathematics, pure and mixed</td>
<td>1,000</td>
</tr>
<tr>
<td>Natural sciences</td>
<td>500</td>
</tr>
<tr>
<td>Moral sciences</td>
<td>375</td>
</tr>
<tr>
<td>Sanscrit</td>
<td>375</td>
</tr>
<tr>
<td>Arabic</td>
<td>375</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,875</td>
</tr>
</tbody>
</table>

It seems to us probable, that of the 6,875 marks, which are the maximum, no candidate will ever obtain half. A candidate who is at once a distinguished classical scholar and a distinguished mathematician will be, as he ought to be, certain of success. A classical scholar who is no mathematician, or a mathematician who is no classical scholar, will be certain of success, if he is well read in the history and literature of his own country. A young man who has scarcely any knowledge of mathematics, little Latin and no Greek, may pass such an examination in English, French, Italian, German, geology, and chemistry, that he may stand at the head of the list.

It can scarcely be necessary for us to add, that no expense ought to be grudged which may be necessary to secure the services of the ablest examiners in every branch of learning. Experience justifies us in pronouncing with entire confidence that, if the examiners be well chosen, it is utterly impossible that the delusive show of knowledge which is the effect of the process popularly called cramming can ever be successful against real learning and ability.

Whether the examinations ought to be held half-yearly or annually is a question which cannot, we think, be satisfactorily determined till after the first experiment has been made.

When the result of the examination has been declared, the successful candidates will not yet be civil servants of the East India Company, but only civil servants elect. It appears from the 40th clause of the Act to be the intention of
of the Legislature that, before they proceed to the East, there should be a period of probation and a second examination.

In what studies, then, ought the period of probation to be passed? And what ought to be the nature of the second examination?

It seems to us that, from the moment at which the successful candidates, whom we will now call probationers, have been set apart as persons who will, in all probability, have to bear a part in the government of India, they should give their whole minds to the duties of their new position. They must now be considered as having finished their general education, and as having finished it with honour. Their serious studies must henceforth be such as have a special tendency to fit them for their calling.

Of the special knowledge which a civil servant of the Company ought to possess, much can be acquired only in India, and much may be acquired far more easily in India than in England. It would evidently be a mere waste of time to employ a month here in learning what may be better learned in a week at Calcutta or Madras. But there are some kinds of knowledge which are not considered as essential parts of the liberal education of our youth, but which it is most important that a civil servant of the Company should possess, and which he may acquire in England not less easily, indeed more easily, than in India. We conceive that every probationer ought during the interval between his first and his second examination to apply himself vigorously to the acquiring of these kinds of knowledge.

The subjects of his new studies will, we apprehend, be found to range themselves under four heads.

He should, in the first place, make himself well acquainted with the history of India, in the largest sense of the word history. He should study that history, not merely in the works of Orme, of Wilks, and of Mill, but also in the travels of Henniker, in the odes of Sir William Jones, and in the journals of Heber. He should be well informed about the geography of the country, about its natural productions, about its manufactures, about the physical and moral qualities of the different races which inhabit it, and about the doctrines and rites of those religions which have so powerful an influence on the population. He should trace with peculiar care the progress of the British power. He should understand the constitution of our Government, and the nature of the relations between that Government and its vassals, Mussulman, Mahratta, and Rajpoot. He should consult the most important Parliamentary reports and debates on Indian affairs. All this may be done with very much greater facility in England than in any part of India, except at the three seats of Government, if indeed the three seats of Government ought to be excepted.

Secondly, it seems to us to be desirable that every probationer should bestow some attention on the general principles of jurisprudence. The great majority of the civil servants of the East India Company are employed in the administration of justice. A large proportion of them are judges; and some of the most important functions of the collectors are strictly judicial. That the general principles of jurisprudence may be studied here with more advantage than in India is universally acknowledged.

Thirdly, we think that every probationer ought to prepare himself for the discharge of his duties by paying some attention to financial and commercial science. He should understand the mode of keeping and checking accounts, the principles of banking, the laws which regulate the exchanges, the nature of public debts, funded and unfunded, and the effect produced by different systems of taxation on the prosperity of nations. We would by no means require him to subscribe any article of faith touching any controverted point in the science of political economy; but it is not too much to expect that he will make himself acquainted with those treatises on political economy which have become standard works. These studies can undoubtedly be prosecuted with more facility in England than in India.

Fourthly, we think that the study of the vernacular languages of India may give advantage be begun in England. It is, indeed, only by intercourse with the native population that an Englishman can acquire the power of talking Bengalee or Telugu with fluency. But familiarity with the Bengalee or Telugu alphabet, skill in tracing the Bengalee or Telugu character, and knowledge of the Bengalee or Telugu grammar, may be acquired as quickly in this country as in the East. Nay, we are inclined to believe that an English student will, after some little practice,
his first introduction to an Indian language, make more rapid progress under good English teachers than under pundits, to whom he is often unable to explain his difficulties. We are therefore of opinion that every probationer should acquire in this country an elementary knowledge of at least one Indian language.

If this recommendation be adopted, it will be desirable that the probationers should, immediately after the first examination, be distributed among the Presidencies. It will indeed be desirable that the division of the Bengal civil service into two parts, one destined for the upper and the other for the lower provinces, should be made here at the earliest possible moment, instead of being made, as it now is, at Calcutta.

In what manner the distribution of civil servants among the Presidencies ought henceforth to be made is a question which, though it has not been referred to us, is yet so closely connected with the questions which have been referred to us, that we have been forced to take it into consideration. We are disposed to think that it might be advisable to allow the probationers, according to the order in which they stand at the first examination, to choose their Presidencies. The only objection to this arrangement is, that, as the Presidency of Bengal is generally supposed to be the theatre on which the abilities of a civil servant may be most advantageously displayed, all the most distinguished young men would choose Bengal, and would leave Madras and Bombay to those who stood at the bottom of the list. We admit that this would be an evil; but it would be an evil which must, we conceive, speedily cure itself: for as soon as it becomes notorious that the ablest men in the civil service are all collected in one part of India, and are there stopping each other's way, a probationer who is free to make his choice will prefer some other part of India, where, though the prizes may be a little less attractive, the competition will be much less formidable.

If, however, it should be thought inexpedient to allow the probationers to choose their own Presidencies in the manner which we have suggested, it seems to us that the best course would be to make the distribution by lot. We are satisfied that, if the distribution be made arbitrarily, either by the Directors or by Her Majesty's Minister for Indian Affairs, it will be viewed with much suspicion, and will excite much murmuring. At present nobody complains of the distribution. A gentleman who has obtained a Bombay writership for his son is delighted and thankful. It may not be quite so acceptable as a Bengal writership would have been; but it is a free gift; it is a most valuable favour; and it would be the most odious ingratitude to repine because it is not more valuable still. Henceforth an appointment to the civil service of the Company will be no matter of favour, but matter of right. He who obtains such an appointment will owe it solely to his own abilities and industry. If, therefore, the Court of Directors or the Board of Control should send him to Bombay when he wishes to be sent to Bengal, and should send to Bengal young men who in the examination stood far below him, he will naturally think himself injured. His family and friends will espouse his quarrel. A cry will be raised, that one man is favoured because he is related to the Chairman, and another because he is befriended by a Member of Parliament who votes with the Government. It seems to us, therefore, advisable that the distribution of the civil servants among the Presidencies, if it cannot be made the means of rewarding merit, should be left to chance. After the allotment, of course, any two probationers should be at liberty to make an exchange by consent.

But, in whatever manner the distribution may be made, it ought to be made as soon as the issue of the first examination is decided; for, till the distribution is made, it will be impossible for any probationer to know what vernacular language of India it would be most expedient for him to study. The Hindostanee, indeed, will be valuable to him, wherever he may be stationed; but no other living language is spoken over one-third of India. Tamul would be as useless in Bengal, and Bengalee would be as useless at Agra, as Welsh in Portugal.

We should recommend that every probationer, for whatever Presidency he may be destined, should be permitted to choose Hindostanee as the language in which he will pass. A probationer who is to reside in the lower provinces of the Bengal Presidency should be allowed to choose either Hindostanee or Bengalee. A probationer who is to go to the upper provinces should be allowed to choose among Hindostanee, Hindicee, and Persian. A probationer who is to go to Madras should be allowed to choose among Hindostanee, Telugu, and Tamul. A probationer who is to go to Bombay should be allowed to choose among Hindostanee, Mahrrattee, and Guzeratee.
It is probable that some probationers who have a peculiar talent for learning languages will study more than one of the dialects among which they are allowed to make their choice. Indeed it is not improbable that some who take an interest in philology will apply themselves voluntarily to the Sanscrit and the Arabic. It will hereafter be seen that, though we require as the indispensable condition of passing only an elementary knowledge of one of the vernacular tongues of India, we propose to give encouragement to those students who aspire to be eminent Orientalists.

The four studies, then, to which, in our opinion, the probationers ought to devote themselves during the period of probation, are, first, Indian history; secondly, the science of jurisprudence; thirdly, commercial and financial science; and fourthly, the Oriental tongues.

The time of probation ought not, we think, to be less than one year, nor more than two years.

There should be periodical examinations, at which a probationer of a year's standing may pass, if he can, and at which every probationer of two years' standing must pass, on pain of forfeiting his appointment. This examination should, of course, be in the four branches of knowledge already mentioned as those to which the attention of the probationers ought to be specially directed. Marks should be assigned to the different subjects, as at the first examination; and it seems to us reasonable that an equal number of marks should be assigned to all the four subjects, on the supposition that each probationer is examined in only one of the vernacular languages of India. Sometimes, however, as we have said, a probationer may study more than one of these vernacular languages of India among which he is at liberty to make his choice, or may, in addition to one or more of the vernacular languages of India, learn Sanscrit or Arabic. We think it reasonable that to every language in which he offers himself for examination an equal number of marks should be assigned.

When the marks have been cast up, the probationers who have been examined should be arranged in order of merit. All those who have been two years probationers, and who have, in the opinion of the examiners, used their time well, and made a respectable proficiency, should be declared civil servants of the Company. Every probationer who, having been a probationer only one year, has obtained a higher place than some of the two-year men who have passed, should also be declared a civil servant of the Company. All the civil servants who pass in one year should take rank in the service according to their places in the final examination. Thus a salutary emulation will be kept up to the last moment. It ought to be observed, that the precedence which we propose to give to merit will not be merely honorary, but will be attended by very solid advantages. It is in order of seniority that the members of the civil service succeed to those annuities to which they are all looking forward, and it may depend on the manner in which a young man acquits himself at his final examination, whether he shall remain in India till he is past 50, or shall be able to return to England at 47 or 48.

The instances in which persons who have been successful in the first examination will fail in the final examination, will, we hope and believe, be very few. We hope and believe, also, that it will very rarely be necessary to expel any probationer from the service on account of grossly profligate habits, or of any action unworthy of a man of honour. The probationers will be young men superior to their fellows in science and literature; and it is not among young men superior to their fellows in science and literature that scandalous immorality is generally found to prevail. It is notoriously not once in 20 years that a student who has attained high academical distinction is expelled from Oxford or Cambridge. Indeed early superiority in science and literature generally indicates the existence of some qualities which are securities against vice,—industry, self-denial, a taste for pleasures not sensual, a laudable desire of honourable distinction, a still more laudable desire to obtain the approbation of friends and relations. We therefore believe that the intellectual test which is about to be established will be found in practice to be also the best moral test that can be devised.

One important question still remains to be considered. Where are the probationers to study? Are they all to study at Haileybury? Is it to be left to themselves to decide whether they will study at Haileybury or elsewhere? Or will the Board of Control reserve to itself the power of determining which of them shall study at Haileybury, and which of them shall be at liberty to study elsewhere?
That the college at Haileybury is to be kept up is clearly implied in the terms of the 37th and 39th clauses of the India Act. That the Board of Control may make regulations which would admit into the civil service persons who have not studied at Haileybury is as clearly implied in the terms of the 40th and 41st clauses. Whether the law ought to be altered is a question on which we do not presume to give any opinion. On the supposition that the law is to remain unaltered, we venture to offer some suggestions which appear to us to be important.

There must be, we apprehend, a complete change in the discipline of the college. Almost all the present students are under 20; almost all the new students will be above 21. The present students have gone to Haileybury from schools where they have been treated as boys. The new students will generally go thither from Universities, where they have been accustomed to enjoy the liberty of men. It will therefore be absolutely necessary that the regulations of the college should be altered, and that the probationers should be subject to no more severe restraint than is imposed on a bachelor of arts at Cambridge or Oxford.

There must be an extensive change even in the buildings of the college. At present, each student has a single small chamber, which is at once his parlour and bedroom. It will be impossible to expect men of two or three and twenty, who have long been accustomed to be lodged in a very different manner, to be content with such accommodation.

There must be a great change in the system of study. At present, the students generally go to Haileybury before they have completed their general education. Their general education and their special education, therefore, go on together. Henceforth, the students must be considered as men whose general education has been finished, and finished with great success. Greek, Latin, and mathematics will no longer be parts of the course of study. The whole education will be special, and ought, in some departments, to be of a different kind from that which has hitherto been given.

We are far, indeed, from wishing to detract from the merit of those professors, all of them highly respectable and some of them most eminent, who have taught law and political economy at Haileybury. But it is evident that a course of lectures on law or political economy given to boys of 18, who have been selected merely by favour, must be a very different thing from a course of lectures on law or political economy given to men of 23, who have been selected on account of their superior abilities and attainments. As respects law, indeed, we doubt whether the most skilful instructor will be able at Haileybury to impart to his pupils that kind of knowledge which it is most desirable that they should acquire. Some at least of the probationers ought, we conceive, not merely to attend lectures, and to read well-chosen books on jurisprudence, but to see the actual working of the machinery by which justice is administered. They ought to hear legal questions, in which great principles are involved, argued by the ablest counsel, and decided by the highest courts in the realm. They ought to draw up reports of the arguments both of the advocates and of the judges. They ought to attend both civil and criminal trials, and to take notes of the evidence, and of the discussions and decisions respecting the evidence. It might be particularly desirable that they should attend the sittings of the Judicial Committee of the Privy Council when important appeals from India are under the consideration of that tribunal. A probationer, while thus employed, should regularly submit his notes of arguments and of evidence to his legal instructor for correction. Such a training as this would, we are inclined to think, be an excellent preparation for official life in India; and we must leave it to the Board of Control to consider whether any plan can be devised by which such a training can be made compatible with residence at Haileybury.

We have, &c.

T. B. Macaulay.
Ashburton.
Henry Meilill.
Benjamin Jowett.
John George Shaw Lefevre.

November 1854.
Gentlemen,

I have the honour to enclose to you, for the information of the Court of Directors of the East India Company, a copy of the Report which has been drawn up by the gentlemen who at my request have been kind enough to give me their valuable assistance in the consideration of the best mode of carrying into effect that part of the Act of 1853 for the government of India which provides that the public admissions to the civil service of the East India Company shall be by competition.

I concur in the general tenor of their Report. I propose that 20 candidates shall be selected at an examination to be held in the course of the ensuing year; and as soon as the necessary regulations, which require very careful consideration, have been framed, notice will be given of the time when it will be held.

I have also had to consider what course should be adopted with regard to the successful candidates at such examination, and the best means of imparting to them such further instruction as may be thought necessary before their final appointment to India. In this question is involved the continued maintenance of the College of Haileybury.

Upon the best consideration which I have been able to give to the subject, this college, as it is now constituted for the education of youths from the age of 17, appears to me to be altogether unsuited to the instruction of gentlemen, many of whom may have passed through the full course of education at one or other of the universities, and some of whom may perhaps have even entered upon their studies for the bar.

Nor does it appear to me that any change in the constitution of Haileybury would render it possible that gentlemen residing there would have the opportunity of acquiring the knowledge which it is most desirable that all the civil servants of the East India Company should possess.

No qualification is so necessary to them, whether they be employed in the judicial branch of the service or in the combined duties of collectors and magistrates in India, as a thorough knowledge of the principles of law, combined with a practical acquaintance with the mode of conducting civil and criminal suits. Nothing, in my opinion, can conduce so much to the acquisition of this practical knowledge as attendance during the progress of trials in courts of justice; and the opportunity of doing this is so much greater in the metropolis than elsewhere, that this circumstance alone would render London by far the most convenient place for their residence. It seems to me also that arrangements may be made in London more easily than elsewhere for their instruction in the other branches of knowledge, of which they ought to have some acquaintance, in order to enable them to discharge with efficiency the multiform duties which are so often thrown upon the civil service in India.

I have come to the conclusion, therefore, that it is inexpedient permanently to maintain Haileybury College. It will be necessary, however, that it should continue in a state of efficiency so long as is requisite, in order to educate those gentlemen who have been nominated to vacancies which occurred previous to the 10th of April last. I see by the number of appointments not yet taken up that if the college is kept full they will be exhausted by the admissions of January 1856.

After that period, therefore, no admissions ought to be permitted, and the college will be maintained only so long as to enable those gentlemen to complete their education there.

I propose to introduce a Bill into Parliament for the purpose of relieving the East India Company from the obligation under which they now are to maintain the College of Haileybury, and due provision will of course be made for those officers of the establishment who remain upon it at the time of the closing of the college as have a claim to such a provision.

I have, &c.

Chairs,

&c. &c. &c.

(signed) Charles Wood.
Gentlemen,

India Board, 30 November 1854.

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I have also had to consider what course should be adopted with regard to the successful candidates at such examination, and the best means of imparting to them such further instruction as may be thought necessary before their final appointment to India. In this question is involved the continued maintenance of the College of Haileybury.

Upon the best consideration which I have been able to give to the subject, this college, as it is now constituted for the education of youths from the age of 17, appears to me to be altogether unsuited to the instruction of gentlemen, many of whom may have passed through the full course of education at one or other of the universities, and some of whom may perhaps have even entered upon their studies for the bar.

Nor does it appear to me that any change in the constitution of Haileybury would render it possible that gentlemen residing there would have the opportunity of acquiring the knowledge which it is most desirable that all the civil servants of the East India Company should possess.

No qualification is so necessary to them, whether they be employed in the judicial branch of the service or in the combined duties of collectors and magistrates in India, as a thorough knowledge of the principles of law, combined with a practical acquaintance with the mode of conducting civil and criminal suits. Nothing, in my opinion, can contribute so much to the acquisition of this practical knowledge as attendance during the progress of trials in courts of justice; and the opportunity of doing this is so much greater in the metropolis than elsewhere, that this circumstance alone would render London by far the most convenient place for their residence. It seems to me also that arrangements may be made in London more easily than elsewhere for their instruction in the other branches of knowledge, of which they ought to have some acquaintance, in order to enable them to discharge with efficiency the multifarious duties which are so often thrown upon the civil service in India.

I have come to the conclusion, therefore, that it is inexpedient permanently to maintain Haileybury College. It will be necessary, however, that it should continue in a state of efficiency so long as is requisite, in order to educate those gentlemen who have been nominated to vacancies which occurred previous to the 30th of April last. I see by the number of appointments not yet taken up that if the college is kept full they will be exhausted by the admissions of January 1856.

After that period, therefore, no admissions ought to be permitted, and the college will be maintained only so long as to enable those gentlemen to complete their education there.

I propose to introduce a Bill into Parliament for the purpose of relieving the East India Company from the obligation under which they now are to maintain the College of Haileybury, and due provision will of course be made for those officers of the establishment who remain upon it at the time of the closing of the college as have a claim to such a provision.

The Chairs,

Sec. Sec. Sec.

(signed) Charles Wood.

C Regulations
REGULATIONS for the EXAMINATION of CANDIDATES for Appointments to the CIVIL SERVICE of the EAST INDIA COMPANY.

An examination will take place in July 1855, by examiners to be appointed by the Board of Commissioners for the Affairs of India, of candidates for appointments to the civil service of the East India Company.

Public notice will hereafter be given of the precise day on which the examination will be held. Twenty appointments will be awarded, if so many candidates are declared by the examiners to be duly qualified.

REGULATIONS.

1. Any natural-born subject of Her Majesty who shall be desirous of entering the civil service of the Company will be entitled to be examined at such examination, provided he shall, on or before the 1st of May 1855, have transmitted to the Board of Commissioners:
   (a) A certificate of his age being above 18 years and under 23 years.
   (b) A certificate, signed by a physician or surgeon, of his having no disease, constitutional affection, or bodily infirmity, unfitting him for the civil service of the Company.
   (c) A certificate of good moral character, signed by the head of the school or college at which he has last received his education; or, if he has not received education at any school or college since the year 1852, then such proof of good moral character as may be satisfactory to the Board of Commissioners.
   (d) A statement of those of the branches of knowledge hereinafter enumerated in which he desires to be examined.

2. The examination will take place only in the following branches of knowledge:

   English Language and Literature:
   - Composition: 500
   - English literature and history, including that of the laws and constitution: 1,000

   Language, literature, and history of Greece: 750
   " Rome: 750
   " France: 375
   " Germany: 375
   " Italy: 375
   Mathematics, pure and mixed: 1,000
   Natural science, that is, chemistry, electricity and magnetism, natural history, geology, and mineralogy: 500
   Moral sciences, that is, logic, mental, moral, and political philosophy: 500
   Sanscrit language and literature: 375
   Arabic language and literature: 375

   Total: 6,875

3. The merit of the persons examined will be estimated by marks, according to the ordinary system in use at several of the universities, and the numbers set opposite to each branch in the preceding paragraph denote the greatest number of marks that can be obtained in respect of it.

4. No candidate will be allowed any marks in respect of any subject of examination unless he shall, in the opinion of the examiners, possess a competent knowledge of that subject.

5. The examination will be conducted by means of printed questions and written
written answers, and by viva voce examination, as the examiners may deem necessary.

6. After the examination shall have been completed, the examiners shall add up the marks obtained by each candidate in respect of each of the subjects in which he shall have been examined, and shall set forth, in order of merit, the names of the 20 candidates who shall have obtained a greater aggregate number of marks than any of the remaining candidates; and such 20 candidates shall be deemed to be selected candidates for the civil service of the East India Company. Their choice of the Presidency in India to which they shall be appointed shall be determined by the order in which they stand on such list.

7. In August 1856, and August 1857, further examinations of the selected candidates will take place by examiners appointed by the Board of Commissioners for the Affairs of India in the following subjects:

- Law, including the ordinary rules of taking evidence and the mode of conducting civil and criminal trials - 1,000
- The history of India - 400
- Political economy - 400
- Any language of India in which the selected candidate shall have given notice of his desire to be examined - 200

and such further examinations will be conducted in the same manner as that above described. (The numbers set opposite to each subject denote the greatest number of marks which can be obtained in respect of such subjects.)

8. Each selected candidate, desirous of being examined at either of the further examinations of 1856 and 1857, shall, two months previously to such examination, transmit to the Board of Commissioners for the Affairs of India a statement mentioning the language or languages of India in which he is desirous of being examined.

9. Any selected candidate who, having been examined at the further examination of 1856, shall not have passed, may, nevertheless, be again examined at the further examination of 1857.

10. Any selected candidate who shall not have passed at one or the other of the further examinations of 1856 and 1857, shall be struck off the list of selected candidates.

11. The selected candidates who, at either of such further examinations, shall be deemed by the examiners to have a competent knowledge of law, the history of India, political economy, and at least one language of India, shall be adjudged to have passed and to be entitled to be appointed to the civil service of the East India Company; and the names of the selected candidates who shall have so passed shall be placed in a list in the order of their merit in such examinations, estimated as above by the total number of marks which they shall have obtained in respect of all the subjects in which they shall have been examined at such examination.

12. The seniority in the civil service of the East India Company of the selected candidates shall be determined by the date of the further examination at which they shall be adjudged to have passed; and, as between those who passed at the same further examination, their seniority in such civil service shall be determined according to the order in which they stand on the list resulting from such examination.

13. No person will, even after such examination, be allowed to proceed to India unless he shall comply with the regulations in force at the time for the civil service of the East India Company, and shall be of sound bodily health and good moral character.

India Board, 26 January 1855. R. Lowe.
IMPRESSIONS OF THE CIVIL SERVICES IN FRANCE, SWEDEN AND THE UNITED STATES

In the course of our work a number of us paid visits to France and Sweden, and two of us to the United States. We wish to record our deep appreciation of the kindness which our hosts showed to us and of the great trouble they took to make our visits fruitful. We append below accounts of the impressions we carried away from each of these visits. But three main ideas particularly struck us.

1. First, in both France and Sweden we were struck by the youth of civil servants in the key positions nearest to Ministers. The size and complexity of the U.S. Civil Service made it impossible to attempt a comparison there. But the French and Swedish systems are constructed in their different ways to provide senior policy-making posts for young men. The directeur du cabinet in France is the Minister's principal collaborator in policy matters and also plays a part in the control of the Ministry. The Under Secretary in Sweden is also the Minister's chief adviser on policy and is the senior official in a small Ministry whose function is that of a policy-making secretariat largely free of executive responsibility. Men in their 40s and even 30s are commonly appointed to these posts. The average age of directeurs du cabinet is 46; of Under Secretaries, 45. Neither post has an exact equivalent in Britain, but the average age of Permanent Secretaries, whose functions include that of being top policy adviser, is 56.

2. Secondly, in all three countries, the extent to which Ministers choose their own immediate staff.

3. Thirdly, the professionalism of high civil servants. It is achieved in different ways: in France by selecting and training elites, in Sweden and the U.S.A. by each department recruiting its own men for specific kinds of jobs. However achieved, the result was impressive in each of the three countries.
THE FRENCH CIVIL SERVICE

The Chairman, Sir James Dunnett, Dr. Hunt, Sir Norman Kipping, Mr. Neild and the Assistant Secretary visited France from 7th to 10th November, 1966. This note sums up their main impressions.

Professionalism

2. We were much impressed by the quality of the men in the important, central jobs. They were lucid, expert and possessed of that confidence which comes from the achievement of high responsibility combined with a certainty that one knows one's subject as well or better than anyone else.

3. It is a remarkable achievement to have created two complementary elites on the technical and administrative sides - the polytechniciens and the products of the Ecole Nationale d'Administration (E.N.A.). Each is a highly selected and highly trained breed. Yet because the polytechniciens' training is widened so as to include economics and managerial disciplines, the two elites have common ground on which they can meet. Both seem well equipped to assume responsibility for policy-making, the assessment of projects and the other tasks of the higher civil servant.

4. These qualities owe much to the systems of selection and training; and something also to the fact that the higher civil service is an attractive route to the top of French life both in the public and private sectors.

5. We were struck too by the fact that the men in positions of very high responsibility are often remarkably young compared to their British counterparts. Clearly, there are good arrangements for picking out promising young men; the system of ministerial cabinets plays a large part in it. It appears to be well accepted that a young man should be put into a central post close to Ministers and should later move away from the centre to take charge of a job of a more managerial character within a Ministry.
or great organ of state like the Conseil d'État or outside the Civil Service. The existence of these outlets to reward the older men makes possible the turnover in the central positions that affords opportunities to bring forward the younger men.

Elites

6. The French Civil Service is extremely elitist, and there is an elaborate hierarchy of elites; there is a recognised order of precedence in esteem and standing for the different corps and Ministries.

7. On the administrative side, the highest status belongs to the **grand corps** - Conseil d'État, Inspection-General des Finances, Cours des Comptes. Apart from their own primary functions, they are an elite deployed throughout the Civil Service and elsewhere. At any time about a third to a half of their members may be employed in posts outside the corps, and there is also a substantial amount of part-time duties outside the corps. The jobs on which they are employed may be inside the Civil Service, in central posts like the Secretary-General of the Government (analogous to the Secretary of the Cabinet), in ministerial cabinets, in special directorates and commissions, etc., or outside the Civil Service in the public, semi-public and private sectors of industry and commerce, in international organisations, etc.

8. A second elite group is the top technical corps. As an elite, they resemble, mutatis mutandis, the administrative elite. There is a similar well-established order of precedence with the Corps des Mines first, the Corps des Fonts et Chausées second, the Corps des Telecommunications third, and so on down the scale. The higher corps are general-purpose technical elites, not confined to their traditional functions as a corps, but deployed throughout the Service.

9. Certain Ministries are dominated by the great technical corps and have not been popular as allocations for administrators
because their role has largely been in giving auxiliary, administrative services to technical directors. It is, however, now an official policy to get more civil administrators from the E.M.A. into the technical Ministries and to give them more equality of status within those Ministries. The Ministry of Equipment and Housing is perhaps an indication of the way the French are moving since it is a recent creation, amalgamating the Ministries of Construction and Public Works. It includes both administrators and members of the top technical corps, mixed together with no fixed proportions or relations between them; at the senior policy-making and managerial levels a man's job does not depend on whether his background is on the technical or the administrative side.

10. The predominance of the elites is self-renewing: the grands corps get the best jobs because they are manned by the best men, and they attract the best men because they lead to the best jobs - outside the Service as well as inside. The danger in this system appears to be that to the man who gets an initial advantage more and more advantage is added; the gap between one man and another, perhaps only a matter of a few marks at the time of graduation from the E.N.A., gets continually wider. The structure of the Service, based on the corps, but not described at length in this note, is both fragmented and rigid. There is little class-to-class promotion in the British sense; the normal route of advancement is by limited competition, demanding an exceptional effort that is scarcely feasible for the older man in particular.

Training

Ecole Nationale d'Administration

11. The E.N.A., founded in 1945, is one of the most famous features of the modern French Civil Service - in our view justly so. It carries out both recruitment and training for the higher
Civil Service. One hundred places a year are filled from two competitions, an open competition for two-thirds of the places, and one limited to existing civil servants for the remaining third. The competition includes written, oral and physical tests. The subjects are political, economic and social history from the middle of the 18th Century, political economy, political institutions, French administration, modern languages, and physical training; the optional subjects include mathematics, statistics and science. Although part of the examination is oral, it does not include a general interview in the British style designed for the assessment of the character and personality, as distinct from the abilities, of candidates, and no attempt to evaluate such qualities is made in marking and selection. This is of course in striking contrast to British practice in the Civil Service and other employment, but this practice is regarded as alien to French ideas. One senior Frenchman told us that he thought that the British type of interview was an unfair and dishonest method of selection.

12. In order to stand a chance of success, candidates must have undertaken some special preparation beyond an ordinary degree. In effect, it is necessary to undergo thorough training, tantamount to a second degree course, in the modern subjects set in the competition. The limited competition covers much the same ground, but in principle more emphasis is given to practical experience and the benefits derived from it, and in practice it is admitted to be rather easier. But some special training is also necessary, and candidates are often given special leave from the Civil Service for the purpose. It appears that many candidates for the limited competition are of the same type and background as those for the open competition, who enter the Civil Service with the object of finding an easier way into the École Normale and resign if they fail to do so.

13. Once admitted to the École Normale, the students are salaried civil servants under service discipline. The course begins with a year's
stage, usually in a prefecture. The student is attached to the prefect's office as an assistant, seeing the work of the office, handling files, attending meetings etc. He spends some time in sub-prefectures and in the local offices of the various Ministries. He is given a report to do on some subject that is not only valuable to him as a training exercise but in itself useful to the prefect; copies are sent to the E.N.A. with the prefect's comments for assessment and markings. At the end of the stage the prefect completes a report on the student. The stage is regarded by administration and the students alike as a particularly profitable part of the course.

14. The remaining eighteen months of the course are mainly spent at the E.N.A. in Paris. There is no full-time teaching staff. The instructors are mainly themselves civil servants, with some university teachers and others. There are few formal lectures and classes. Most of the teaching is in discussion groups. Considerable use is made of group projects; a study group is required to produce a report on some current topic, and has to collect the material by visiting Ministries and other organisations. The main fields of study are judicial and administrative matters, economic studies, international relations and social questions. Statistics, public accountancy, business management, and organisation and methods are also included in the syllabus, and the students are expected to improve their practical grasp of their first foreign language and to acquire the elements of a second. The content of the course is under constant review to keep it up to date. Everyone does the same subjects, including those going into the Diplomatic Service (and indeed it is not known for certain who they are until the end of the course). Members of the Diplomatic Service therefore get a grounding in economics and other subjects, while members of the Home Civil Service get a grounding in international questions. Each has a means of
communication with the other. Thus the course at the E.N.A. is not broken down according to the specialisms that students will pursue as civil servants. Until 1958 it was divided into four sections specialising in administration, economics, social affairs and international questions, but since the practice of determining allocations to corps and to Ministries by the final order of merit was already followed, there was no necessary relation between the specialism a man pursued and his allocation.

15. Towards the end of a course there is a second stage of about two months, the stage d'entreprise, spent in a private firm, some of them quite small. The firms are asked to give the students real work and responsibility, but one may have doubts as to the extent to which that is practicable in two months. Our impression is that at present the stage d'entreprise is not regarded as one of the more important parts of the course.

16. Marks are awarded throughout the course, and determine a final order of merit which is announced at the end of the course. At the same time a list is published of the vacancies available in the Civil Service, equal in number to the student's graduating. The student with top marks has first choice of all the available vacancies and so on down to the student with bottom marks who has no choice and takes the last vacancy left. The high degree of predictability of the students' choices has already been mentioned. Those at the top opt for the Conseil d'Etat and the Inspection-Générale des Finances, followed by the Cours des Comptes and so on through the various Ministries in order of standing. This system is justified in official French quarters on two grounds, first, as ensuring objectivity of allocation, and, secondly, as a necessary means of getting continued effort from the students, in view of the fact that once admitted to the E.N.A. they are in the Civil Service and virtually certain of getting at least a decent job. It is admitted that as a consequence there is degree of competitive tension that is sometimes unhealthy.
17. In European countries, where administration has a formal and juridical character, Civil Services traditionally have been manned by people educated in subjects proper to administration as a formal art; frequently by lawyers. (In contrast, British administration has been informal and pragmatic, and a formal education in administration was not required.) The achievement of the French Civil Service with the E.N.A., imitated in varying degrees by some other European countries, is to have broken away from the traditional mould and created a vocational education for a modern Civil Service. Administration remains an important subject at the E.N.A. because French administration still has a formal and juridical framework but it is combined with the outward-looking disciplines relevant to the work of a Civil Service with a positive role in a modern society.

École Polytechnique

18. The École Polytechnique carries out training for the higher technical corps of the Civil Service, and also for the armed forces, research and the private sector. There are about 300 places a year, preparation for which is done in special classes in higher mathematics and special mathematics at about thirteen lycées. The competition consists of written, oral and physical tests, in mathematics, physics, chemistry, French composition, general education, a foreign language and physical training.

19. In the two-year course a larger element of formal lecture survives than at the E.N.A., probably because of the subjects taught, but nevertheless they only amount to a small proportion of the course. The rest of the time is taken up with seminars, individual and group projects based on real problems, and free study. The syllabus is the same for all students, consisting of courses in mathematics, mechanics, physics and chemistry and some instruction in the humanities, economics and a modern language. Again, marks are given throughout which go to make up the final order of merit at the end of the two years.
The graduates of the Ecole Polytechnique do not all become civil servants. Some become army officers or military engineers. A number go into research. About 100 resign from the public service and go into the private sector; the option may be left open until the allocation of places following the final classification, and many resign from the public service if they are not well enough placed to get into the top corps of their choice. A former student of the Polytechnique who leaves the public service within ten years of graduation must pay a forfait, a substantial sum; however, industrial firms are very willing to bear the charge in order to get a polytechnicien. There remain about 80 who go into one of the civilian engineering corps, of which there is a great variety from mines to meteorology, weights and measures to telecommunications. As already described, there is, especially at the higher level, a hierarchy of precedence between these corps. As at the E.N.A., allocation is made by the graduates themselves according to their final classification.

The polytechnicien who goes into a state engineering corps must go through the appropriate ecole d'application - an applied training school. Each technical Ministry runs its own schools to provide specialised training for its own staff and the associated industry. These schools take in direct entrants from lycées by competitive examination, as well as graduates of the Polytechnique, but for the most part it is the latter who go into the higher echelons while the direct entrants man the lower technical corps or go into private industry. The Ecole des Mines ranks highest among these schools. Ten or twelve of the best graduates from the Polytechnique enter annually, together with 50-70 direct entrants, but the direct entrants are not members of the Corps des Mines and have little chance of getting into it. The school has gone a long way from its original role of getting a specialised training in mining engineering. The three-year syllabus not only includes scientific, engineering and technical subjects, but also a year in industry as an engineer with
production responsibilities, the study and solution on a team basis of a real business problem using a computer, and the development of economic, administrative and financial understanding, including study in depth of an actual technico-economic problem from one of the Ministries. At the end of the course, the former polytechnicien is a member of the corps and he may go into the state service in one of the Ministries or be detached to work in a nationalised industry or other public corporation. He may also go into private industry for a spell without necessarily severing his connection with the Civil Service, the test being his readiness to return if recalled; in effect there is a steady erosion of members of the technical corps to the private sector. This occurs in spite of the fact that the most successful are among the most highly-paid French civil servants, and indicates that they are a much sought-after elite.

Ministers and departments

22. French Ministries do not have a Permanent Secretary. In a few Ministries, notably the Ministry of Foreign Affairs, there is the post of Secretary-General but in practice it is not a real equivalent. Ministries are divided into directions, headed by directors, in principle equal but in practice sometimes not all of the same importance and standing. There is also the Minister's cabinet headed by the directeur du cabinet. The role of the directeur du cabinet within the Ministry in relation to the directors varies considerably at different times from one Ministry to another. While the directors are responsible for administration and management within their sphere, the directeur du cabinet is specially concerned on the Minister's behalf with the political direction of the Ministry and the political implications of its policies and activities. It is through him and the rest of the cabinet that the Minister exercises control over the Ministry. The directeur du cabinet is therefore the official in a French Ministry who exercises some of the functions of a Permanent Secretary; that his appointment is made by the Minister is a very important difference.
23. The **directeur du cabinet** is typically (but not always) a permanent civil servant, and frequently a young man of relatively junior rank (sub-director). He is carefully selected; the appointment is made by the Minister and must be approved by the prime Minister. In the Ministry of Finance, for example, he has a staff of 25-30, including six or seven promising young men under him each with a specific responsibility for one or more directions. The young men are usually civil servants of about the equivalent rank of Principal. At the end of their spell in the cabinet they can usually expect promotion. In the case of the **directeur du cabinet** this would usually be to the rank of director, that is, to a more managerial job, or alternatively he (**directeurs du cabinet** are often members of the **grands corps**) might go back into his corps or on to some other important, special job.

24. Ministers appear to exercise more control over the appointment and dismissal of senior staff to and from posts than in this country. There is a network through which Ministers get recommendations and advice on the appointment of men to their cabinets and to other jobs. It certainly seems to work as a way of bringing promising young men forward. The staff of a cabinet are normally changed when a new Minister comes in, and a Minister may also change them at other times. The directors of the operational divisions in a Ministry may also be changed by a Minister, but in practice this happens less frequently. In each Ministry there is a director of personnel but he is commonly the weakest director in the Ministry, concerned in practice only with the personnel management of the junior grades.

**Central management of the Civil Service**

25. The central management of the French Civil Service is divided between two bodies. The **direction du budget** of the Ministry of Finance is responsible for financial control. The **direction de l'administration et de la fonction publique** is responsible for management control. The Prime Minister is the Minister
responsible for the civil service, but his powers in relation to
the civil service have usually been delegated to another Minister,
at present the Minister of State for Administrative Reform to whom
the direction de la fonction publique works. The direction deals
with general policy on pay, pensions, conditions of service,
manpower, recruitment, promotions, education and training,
retirement, mobility, career management, management services etc.
It directly supervises the career management of individuals in
certain classes. As regards the relationship between the two
directions, the direction de la fonction publique concerns
itself with pay and pensions through their effect on management,
while the direction du budget concerns itself with anything that
can be construed to have financial implications and therefore has an
interest in efficiency. It appears that the duality of responsibil-
ity works well. The existence of an independent department for
the Civil Service has the effect in France that there is a positive
force thinking of reforms and the interests of the service, and
doing battle where necessary with the Ministry of Finance.

Conclusion

26. The French system produces highly professional elites on both
the administrative and technical sides; their professionalism is
maintained and constantly renewed by the flow of recruits who have
undergone a high-powered, modern training. The elites are
exclusive. It is difficult to enter them from within the Service
except at the start of a career; and to do so requires intense
preparation and a particular kind of higher education. We did not
investigate the middle and lower levels of the Service, and
cannot form a judgement on the extent to which a price has to be
paid in the quality of the Service at these levels for the
methods by which the elites are produced. But as to the quality of
the elites themselves there is no doubt. They offer a highly
attractive career, so eagerly sought after that the Service can
pick from the cream of the educational output. It is an important
feature of this system that elites export much talent to the upper
reaches of other employments and that the methods by which they are selected and trained thus effectively serve a wider purpose than the manning of the higher Civil Service itself.
THE SWEDISH CIVIL SERVICE

The Chairman, Mr. Anderson, Sir James Dunnett, Dr. Hunt, Sir Norman Kipping, Mr. Neild, Mr. Sheldon and the Secretary visited Sweden from 6th to 9th February, 1967. This note sums up their main impressions.

The main feature - the separation of Ministries and Agencies

2. The central government machine is very small. There are eleven Ministers with a total staff of not much more than 1,500 between them; the Ministry of Education, for example, has a staff of about 120. This is made possible by the fact that large blocks of work that would be done by government departments in Britain are entrusted to autonomous agencies in Sweden. The agencies include both commercial bodies (e.g. the Telecommunications Board) whose functions are similar to those of nationalised industries in Britain, and non-commercial bodies such as the National Schools Board and the National Labour Market Board.

3. The main function of the Ministry is to act as the Minister's secretariat; the staff advise the Minister on policy and draft briefs, speeches, parliamentary bills etc. The execution of policy lies with the agencies. This separation enables the Minister and his closest advisers to concentrate on policy; and allocates executive responsibility to separate public bodies, each with its own accountable head. It also makes possible an enviable pattern of career management. The best young entrants to Ministries are employed straight away on secretarial work of high responsibility, rise quickly to the chief posts in the Ministry by the time they are about forty, and then commonly go out between the ages of 45 and 50 to become the heads of agencies or to occupy senior positions in them. Ministers thus have as their chief advisers relatively young men and women who have energy and ideas and are capable of standing up resolutely to a high pressure of work. We noted that Ministries in Sweden do not have a single official head but (usually) three chief officers who are more or less co-equal - the Under Secretary who deals with policy, the
The Permanent Secretary who deals with administration and the Chief Legal Officer. The Under Secretary in particular is very close to the Minister and is generally a semi-political appointment.

4. The attractions of this system are great and clear. We considered its working under two broad heads:

(a) how the Swedish separation of functions works;
(b) the pattern of staffing which it produces for the Swedish Civil Service.

How the separation of function works

5. The most striking feature of the system is that the Swedes do not rely upon a single, monolithic organisation, like a government department in the United Kingdom, both to make policy and to execute it. The responsibility is divided between two bodies, one close to the Minister, which is small, lively and staffed for the most part with younger men, the other with independent executive authority, which is larger and headed by older men with more managerial responsibilities. The distinction is not a clear one between policy-making and execution. Ideas come from many quarters, notably from the agencies themselves, which are regarded by Parliament and the public as responsible for their own field and are expected to be active in making policy proposals to their Ministries. The Ministries for their part are not absolved from all administrative work; in particular they deal with quite a lot of case-work and appeals. They may, within limits provided by parliamentary legislation, give agencies direct instructions about the way in which they execute policy, but they may not interfere with directives pertaining to a particular case; the handling of individual cases is the responsibility of the agencies, subject to appeal to the Ministry or to administrative courts where these are provided. The primary functions of each are thus distinct: the Ministry's to serve the Minister in his policy-making and legislative duties; the agency's to run and take public responsibility for executive operations.
The working of this system is regulated by law and conducted in the full light of publicity. The duties and responsibilities of the agencies are embodied in statutes or royal instructions. So is their structure and organisation; as an integral part of the civil service, agencies, including the nationalised industries, have less freedom in this respect than British nationalised industries. The responsibilities of civil servants at all levels of the agencies are thus legally defined, and the agency civil servant is answerable to the courts for discharging them. As regards publicity, all official documents with limited exceptions are open to public inspection. An agency thus normally publishes the proposals it makes to a Ministry for a new policy, and always publishes its budget proposals. The responsibility then lies with the Ministry, which has not been consulted in advance, to accept or reject them, and give its reasons for doing so. Agencies thus have considerable power and influence; and their heads, who have great security of tenure, are major public figures in their own right.

This pattern of power and responsibility derives much from the political history and social characteristics of Sweden. It is a relatively small (less than eight millions) and very homogeneous society. There are big controversies, but the basis of the general consensus is remarkably wide. Political stability (the Social Democrats have been in power since 1932) means that the permanent heads of agencies have been matched by almost equally permanent Ministers, who know the business of their small departments inside out. The system of conducting government in public and on the basis of statute law produces a much narrower difference between Ministers and civil servants than in Britain; a Swedish civil servant may be a member of Parliament, and it is not thought surprising if, within certain limits, he speaks his kind on government policy in public.
The staffing of the Civil Service

8. The pattern of staffing that the structure produces nevertheless provides interesting comparisons with Britain. One of the most striking features is the young, expert and influential secretariat in each Ministry. Until recently, these civil servants have been predominantly lawyers by training. Given the legal basis of Swedish administration, this was natural, and lawyers will continue to be needed in relatively large numbers (Ministries do a great deal of legal drafting). But there is now a considerable expansion in the recruitment of those with an education in political science and economics. In contrast to this country, arts graduates in Sweden rarely look for a career in government service, and the Ministries for their part generally look for recruits with qualifications broadly relevant to their future work. It is however interesting to note that scientists and other specialists are not usually found in the Ministries; the Ministry of Health, for example, employs no doctors. The National Board of Health on the other hand employs many doctors in senior administrative positions; the present Director-General is a former university professor of medicine. Most Swedes thought this pattern was right; but a minority expressed an uneasy feeling that an important science-based approach was being missed in the Ministries and would be needed in future.

9. The able young men who rise quickly to top posts in the Ministries then go out to become heads or senior officers of important agencies in middle age. Others may also be exported to become provincial governors or directors of minor agencies. There is thus a constant flow through the Ministry secretariat; and the civil servant who is ceasing to make his full contribution to the policy-making process moves out to posts of high executive responsibility elsewhere. We noted that these civil servants do not receive professional management training before they move to this new kind of managerial work. We also thought it likely that the agencies would be at some disadvantage in their efforts to recruit and retain a fair share of the best talent if their top jobs were
regularly reserved for imports from the Ministries. We found however that most people, in agencies as well as in Ministries, were well content with the system.

10. Otherwise, there is little movement, between Ministry and agency, between Ministries, between agencies or between the Civil Service and private employment. Relations between the private and public sectors, which are close, thus depend not upon movement but upon personal acquaintance and co-operation. The open system of government facilitates this; notably the practice of enlisting members of parliament from opposition parties, businessmen and trade unionists to serve on committees and the boards of agencies, and the tradition of exposing all questions for public comment before policy decisions are made.

11. The absence of internal movement reflects the fact that there is no central management of the Swedish Civil Service. A central Ministry is in charge of pay and the Ministry of Finance contains an Organisation and Methods Office. But no central body deals with recruitment, postings or promotions. Since a few years back, some limited training is under way; a small agency with limited resources was created in 1966 for training civil servants. The benefits of this system are that Ministries and agencies can recruit the men they need with a specific eye to the jobs to be filled, and that continuity produces a high expertise. Ministers and staff are both in their small departments for long enough to get to know each other intimately; a Minister can thus pick his closest advisers in full knowledge of the field. On the other hand, the absence of central recruitment produces competition in which some Ministries e.g. the Ministry of Finance, regularly secure the best talent and some agencies do not get enough; we thought that the absence of central arrangements for subsequent movement would be apt to perpetuate this unevenness. Finally, dismissal is virtually unknown; a civil servant, once appointed, has a job for life.
Conclusion

12. The system of Ministries and agencies, the commanding feature of the Swedish structure, sets a high-powered and youthful secretariat for the Minister side by side with independent executive agencies within a political framework in which government is carried on in the open, the responsibility for innovation is widely diffused and policy-making is a matter of public debate. The staffing of the Civil Service is naturally designed to serve this system. Its main features are separate recruitment and staff management by each Ministry and agency, and the flow of able men from the secretariats to the executive agencies in middle age.
THE UNITED STATES CIVIL SERVICE

Lord Pulton and Sir Philip Allen spent five days in Washington in September 1966. In this note they record their main impressions of the United States Civil Service and give a brief summary of its structure.

structure of the U.S. Civil Service

2. The structure of the Service is primarily governed by the Classification Act of 1949 and subsequent amendments. (The Classification Act, along with other personnel statutes, has been codified into Title V, United States Code.) The general purpose of the Act is to provide a plan for (i) pay rates and (ii) the classification of positions.

3. As regards (i), variations in rates of pay paid to different officers are, under the Act, to be in proportion to substantial differences in the difficulty and responsibility of, and the qualification required by, the work performed and to the contributions of officers to efficiency and economy in the Service. In determining the rate of pay the principle of equal pay for substantially equal work is followed (i.e., within the Service - the question of comparability with outside employment is touched on in paragraphs 10-13).

4. As regards (ii), the Act requires that individual positions, in accordance with their duties, responsibilities and qualification requirements, be so grouped and identified by classes and grades, and the various classes so described in published standards, that the resulting position-classification system can be used in all spheres of personnel administration. The term "position" is used to mean the work assignable to a particular officer. The term "class" includes all positions that are sufficiently similar, as to kind or subject matter of work, level of difficulty and responsibility, and qualification requirements of the work, to warrant similar treatment in personnel and pay administration. The
The term "grade" includes all classes of positions that, although different in the kind or subject matter of work, are sufficiently equivalent, in difficulty, responsibility and the level of qualification required, to warrant the inclusion of such classes of positions within one range of rates of basic pay. In addition there are occupational groups embracing, generally, several series of classes or positions in associated or related occupations, professions or activities. A single grade will include persons from many occupational groups and they will often at very different points in their own occupational hierarchy.

5. There are 18 grades in the Classification Act General schedule, and posts are also classified by occupational groups. Thus the general administrative clerical and office services group is known as G.S.300 while the engineering and architecture group is G.S.800. These groups are broken down into series, so that G.S.305 is the mail and file series within the general administrative, clerical and office services group. G.S.305-1 is the lowest level of file clerk while file supervisors may range up to G.S.305-9 or higher. G.S.810 is the civil engineering series within the engineering and architecture group. G.S.810-5 is the lowest grade of civil engineer. Civil engineers are also graded as 7 and 9 and in all the grades from 11 to 18.

6. The General Schedule includes the executive departments, the independent establishments and agencies in the executive branch, and such bodies as the Administrative Office of the United States Courts, and the Government Printing Office. It does not apply to the Field Service of the Post Office Department, the Foreign Service or industrial staff or to many of the dentists, doctors and nurses, college and school teachers, employed by the Federal Government. Also excluded from the General Schedule are posts above the level of G.S.18. These are known as Federal Executive posts and are listed in the Federal Executive Salary Act of 1964. This Act divides such posts into five salary levels. With some exceptions (especially at level V) these posts are outside the career service
and tend to be filled by the administration in power, although they include many posts in the United Kingdom which would be civil service posts. Most of these appointments are subject to presidential and Senate approval. Level I of the Federal Executive Salary Schedule includes Cabinet Ministers. Level II includes a number of heads of agencies and officers such as the Director of the Bureau of the Budget, the Chairman of the Atomic Energy Commission and some junior Ministers, but most Under Secretaries are in Level III together with a number of Chairman of Boards and Commissions. Level IV includes the 11 Assistant Secretaries of State and a number of Assistant Secretaries in the other major departments. Level V includes a number of Heads of the more independent sections of the main departments and the less important independent Departments. Below these senior posts covered by the Federal Executive Salary Act are the 18 grades in the General Schedule. Details of the salaries of officers covered by the Federal Executive Salary Act and of officers included in the General Schedule are in Note 1 at the end of this annex, which also shows the numbers of officers in the various grades.

7. In addition to positions under the General Schedule and the arrangements described in the last paragraph, there are about 800,000 Federal blue-collar workers who are paid at rates determined administratively in the light of local rates.

8. Apart from G.S.16, which has a fixed salary, all other grades in the General Schedule are paid on a scale which from G.S.1 to G.S. 15 has 10 points. Progression within a grade by means of "Within grade increase" is described in paragraph 15 below.

The Civil Service Commission has issued elaborate classification standards indicating the kinds of positions which may be placed in the various classes and grades on the basis of duties, responsibilities and qualifications required. It is the concern of the agency or department, using the published standards, to determine the class and grade of individual jobs. If no published
Standards directly apply, agencies classify the positions consistently with published standards for related occupations. By periodic reviews and inspections the Commission determines if the agencies are correctly applying the accepted standards. The Commission has authority to revoke or suspend an agency's classification authority if necessary. With minor exceptions, the Commission classifies all positions in G.S.16, 17 and 18 for which grades no written standards have been published.

9. Two-fifths of the 1.1 million persons in G.S. positions are in G.S.3, 4 and 5 which contain the vast majority of clerical posts. 70 per cent are in G.S.1 to 9. A very few supervisory clerical posts are found above this level. Only 10 per cent of the 1.1 million are in G.S.13 to 18. According to the law describing grades generally, G.S.1 to 3 are for different kinds of routine work of varying degrees of responsibility and difficulty, but not normally involving supervision. G.S.4 is the first grade for which minor supervisory experience is required and G.S.5 is the lowest grade which works under general supervision. G.S.5, 7 and 9 are the levels at which recent college graduates enter. A person with a Bachelor's Degree would normally enter G.S. 5 or 7 and persons with a year's graduate study would enter G.S.7 or 9. Possession of a doctorate normally qualifies a person for entry to G.S.11, or in research posts G.S.12 if the person concerned holds special qualifications. Although the levels may range from G.S.7 to G.S.13, G.S.11 and 12 may be regarded as the most common journeyman levels for almost all professional and administrative positions. As described by law, G.S.13 includes assistant heads of major organisations within a department or doing comparable work under administrative directions, with wide latitude for the exercise of independent judgement, work of unusual difficulty and responsibility along special technical, supervisory or administrative lines, requiring extended specialised, supervisory, or administrative training and experience which has demonstrated leadership and marked attainments.
Q.S. 14 includes Heads of major organisations within a Bureau. In practice, both Q.S. 13 and Q.S. 14 include many kinds of positions, both supervisory and non-supervisory.

10. The Federal Salary Reform Acts of 1962 and 1964 made major changes both in the levels of salaries and the means of fixing them. For the first time the Federal Government adopted a policy of comparability with private enterprise rates for the same level of work. Moreover, the 1962 Act reaffirmed the principle of internal alignment i.e. equal pay for substantially equal work and pay distinctions in keeping with work and performance distinction. This is fundamental to the Classification Act, but since World War II there had been many piecemeal pay adjustments which had gradually eroded much of this concept.

11. Comparability of pay with private enterprise was established by the 1962 Act. It is based on "national average rates" for about eighty occupational classes, made up of salaries in about eighty areas. This information is collected and analysed by the Bureau of Labour Statistics. Each of these classes can be matched with a particular Classification Act grade. From a number of such national average rates fitting a particular grade, a "grade average" is determined. This is then related to other grade averages and if necessary the resulting pay line covering all grades is smoothed out to give regular progressions. The resulting figure for each grade is then used, as the fourth point or rate on the scale. The survey is thus not, like our Pay Research Unit Survey, based on a study of particular posts the results of which are applied to particular classes, but on statistical averages which are then applied to service-wide grades.

12. The President has to report annually to Congress a comparison of Federal and private enterprise pay rates as revealed by the analysis of the Bureau of Labour Statistics survey results. He is also required to include in his reports any recommendations on Federal pay or pay policy he considers advisable. He must secure
the views of employee organisations on these
proposals.

13. Under the 1962 Act, G.S.1 to 7 were given fully comparable
salary rates in two stages and G.S.8 to 15 partially comparable
rates. The latter were increased so as to come nearer still to
comparability under the 1964 Act. Although the 1962 Act gave
an increase of salary to G.S.16, 17 and 18, it did not apply the
principle of comparability at this level. The Senate Committee
instead recommended that these salaries should be reviewed in
conjunction with Federal Executive salaries outside the General
Schedule, particularly as otherwise top civil servants would be paid
more than their chiefs in the Cabinet. This was done under the
1964 Act, but the rates for G.S.16 to 18 were based not on the
Bureau of Labour Statistics Survey as this does not cover staff at
this level, but on projections of the salaries of lower grades
i.e. on the principle of internal alignment rather than
comparability. It is recognised that because of the high rates of
pay at this level outside the government service full comparability
cannot apply.

14. The 1962 Act also established clear relationships between the
General Schedule and other Federal salary systems such as the Postal
Field Service Schedule, the Foreign Service Schedule and those
applying to medical staff. Although the Bureau of Labour
Statistics Survey does not cover occupations comparable with
posts in these schedules the fact that they are closely linked with
the General Schedule means that changes in private enterprise
rates affect them indirectly.

15. Increments, known as "within-grade increases", are not
paid on an annual basis, but are granted at varying intervals
depending on the time spent in the grade and on performance on the
job. Under the 1962 Act the rule is that all grades move from
rate 1 to 2 after a year, and to rate 3 after another year.
They spend two years on rates 4, 5 and 6 and three years on
rates 7, 8 and 9. This system was evolved because it is recognised
that the greatest increase in work proficiency occurs during the earliest period of service at any grade level. But in addition agencies can grant within-grade increases based on "high-quality performance" above that ordinarily found in the position concerned. Such increases cannot be given more than once a year.

16. Recruitment is normally to the minimum salary of the grade concerned, but the 1964 Act permits a rate above the minimum rate of the grade to be offered to unusually well-qualified candidates for appointments to positions in grade G.S.11 or above. As the scales of G.S. grades overlap, promotees do not necessarily start at the minimum. They are guaranteed a pay increase at least as large as two "within-grade increases" in the grade from which they are promoted and if necessary can be paid the top rate of their new grade.

17. The Civil Service Commission directs the recruitment and examination of candidates for Federal posts, most of whom enter the civil service on a permanent basis. Agencies however decide how particular posts will be filled e.g. by promotion, transfer or recruitment. When an agency decides to make an original appointment, a list is passed to the agency of names of qualified persons (in order of merit) who have passed the examination (or competition - a written test is not necessarily part of the examination). The agency has to take one of the first three. The Commission also holds examinations to fill actual or expected vacancies. Much of this work of announcing examinations, rating candidates, and maintaining lists of eligibles is done throughout the country by inter-agency boards of Civil Service examiners, operated by the Civil Service Commission.

18. Most members of the Civil Service are recruited on a permanent basis, but the career-conditional appointment system was introduced in 1955 to give staffing flexibility during expansions and contractions of work resulting from limited emergencies and to assure stability of the career service. Career-conditional appointees have to pass the open competitive "examinations" and are
selected for posts in regular order from lists of eligibles. After
then they have fewer rights than the permanent staff if
redundancy occurs. In addition appointments to strictly temporary
jobs may be made for periods not exceeding a year. Also if there
is no list of eligibles, conditional appointments can be made,
pending the establishment of such a list. Under a recent law,
these conditional appointments may ripen into appointments with
full career standing in three years. Temporary appointments are
also made for jobs of a project nature that will be completed within
four years.

19. Some impressions

Attention is drawn in this paragraph to some of the more
striking differences, in this context, between the two countries.

(a) There is no sharp distinction, such as we have, between
the political head of a department and the top officials -
between the Minister who publicly speaks on policy issues
and the officials who do not. The "Minister" is not
a member of Congress, and may not even be a professional
politician. In this country we occasionally bring in
outsiders from time to time to head departments as
Ministers but when we do they have to become politicians
and be provided with a parliamentary seat.

(b) The separation of powers is a very real thing.
The legislature has its own staff.

(c) A good deal is prescribed by law in a very detailed form -
for example, the total number permitted in certain
grade 16, 17 and 18 positions and salaries. (Positions
in the scientific and engineering categories are not
restricted by law.) There are those who would see
advantage in altering the law so as to produce something
corresponding to the British Administrative Class but
there would be no likelihood of doing so, since the
legislature is firmly set against anything which tends
towards establishing an exclusive elite. This is putting an extreme example: but it is a matter of history that the recommendations of the second Hoover Commission for the setting up of a senior Civil Service were not accepted.

(d) "Agencies" proliferate on a considerable scale, and they may or may not eventually be brought together under one ministerial head - as was happening at the time of our visit in the proposals for a new Department of Transportation, which to a large extent was taking over a number of agencies that have so far had a more or less independent existence. Nor is there always a straightforward hierarchical set-up within a department. Sometimes separate units continue to have a pretty well self-contained existence (for example the P.B.I. and the Federal Bureau of Prisons within the Department of Justice); and at the Treasury, which is a much more unified structure than some, the departmental chart shows that something like fourteen people report direct to the Secretary to the Treasury, although in practice arrangements are made to ensure that some of these trouble him very little.

20. This paragraph summarises some comments on the U.S. Civil Service at the time of the 1966 visit.

(1) The U.S. Civil Service was an open Civil Service in that entry could take place at many levels. Although statistically most of the higher civil servants entered at relatively low levels, nevertheless the intake to the Service direct to the higher levels, and at later ages, was on a significant scale.

(2) It was a striking feature of the Service that a number of the top posts (including some which in this country would be filled by permanent civil servants) were filled by "in-and-outers" - people who come into the Government
for a period of perhaps three years and then go back to
private life in some form or other, to be available
however for some future political appointment. It
was still a feature of the organisation (and this
was an underlying reason for the creation of the posts in
Schedule C - see App. 1.) that the bureaucracy should be
made politically responsive to political leadership.
But it was very much an over-simplification to think of
the U.S. system as being simply a dual system, in which
a rather thin layer of political appointees rested on a
substantial body of civil servants. The position was
much more complicated than this. A number of top posts
were indeed filled by political appointees from outside;
but there was an even greater number of "political
appointees" from within the Civil Service ranks, and
movement to and fro blurred the sharpness of the
distinction between appointees from outside on the one
hand and civil servants on the other.

(3) In the main, the highest civil servants were in the
"super grades" (grades 16 to 18). There were some
4,430 of them - 394 in grade 18; 893 in grade 17;
and 3,147 in grade 16. But there were a few top civil
servants to be found in "level 5" of the Federal
Executive appointments. Most of the level 5 appointments
(totalling 475 in all) were political appointments subject
to Presidential and Senate approval, but not all. The
executive head of the Civil Service Commission - the top
civil servant there - was level 5, whereas the Chairman,
a political appointee, was level 3.

(4) Some 11% of the "super grade" appointments, and a few
appointments above grade 18, were "Schedule C" posts.
Quite a number of these were professional civil servants
who had gone into Schedule C at their peril. There were
1,600 "Schedule C" appointments in all. These were not straight political appointments. They were described as a buffer zone between the political appointee and the professional civil servant. Those in Schedule C were either personal and confidential assistants to the head of an agency; or advisers on policy; or holders of posts which called for public advocacy of controversial programmes. The Civil Service Commission always had to approve that a particular post should be placed in Schedule C and that a particular individual nominated for a grade 16 - 18 post could be appointed to it - but in doing so the only test they applied was whether he had the right qualifications. Most of the 1,600 posts were "confidential" ones (e.g. personal secretaries) and only a minority were "policy-determining" posts, but most of this minority was to be found in Grades 16 - 18 above. (Schedule C was however about to be abolished for the super grades and replaced by "non-career executive assignments".)

Many persons coming into the Civil Service at the entry level had to take only an intelligence test (other than specialists, such as doctors). Others, such as stenographers and typists, had to take performance tests. These were organised by the Civil Service Commission. But the appointment was made by the agency. There was an important exception to the general rule that entrants had to take only an intelligence test; those who wanted to come in as "management interns" (formerly known as "junior management assistants") had in addition to take a general knowledge test. Recruitment of these management interns had fallen off to not much more than 200 in a year, but it was hoped to get the total back to 500 or 600. No individual agency could hire one of these management interns unless it had a training plan.
for him which the Civil Service Commission had approved; and the limitation so far has been, not the lack of funds and suitable jobs in the agencies. There was a considerable wastage among management interns. A lot of them went off after a few years to jobs outside the government service.

(6) The Federal Civil Service did not get enough high-quality scientists and engineers. The Federal Government put out a tremendous amount of scientific and engineering work to the universities, without attempting to do this work within the Service. Where the Service did well for recruitment was in the areas where they were producing expensive hardware of a kind not met within the private sector; and where very large-scale equipment was needed as, for example, in cosmic research. They did well too in the recruitment of economists, because the government service itself provided interesting work and career prospects which compared well with outside, and, unlike the position in the physical sciences, the Government did not finance any big support programme in the social sciences in the universities.

(7) One interesting development was the White House Fellowship scheme. This involved taking a number of people, mainly from the universities, and allocating them to jobs of personal assistant, or something like this, to people near the top of the hierarchy, for a year. The hope was to take in about eighteen a year. This was not so much a recruitment device as a means of spreading greater knowledge about government among the intellectual community, although a number of those who had come in the early days of the scheme wanted to stay on in government when their year's fellowship was up. This scheme was not financed from Federal funds, but by private foundations.
(8) Training was a responsibility of the agencies, but the
Civil Service Commission provided central courses to which
members of the agencies could go—on payment by the
agency. The Commission were running short elementary
courses in management, and were also thinking of setting up
some form of staff college for those in their forties.
An Act had been passed in 1958 putting duties on the
Civil Service Commission to promote and to co-ordinate
training. Very little money had however been made
available, so that progress had been slow. But things
were on the move.

(9) There was a good deal of concern that there was not
enough mobility between agencies on the part of civil
servants, and it too often happened that a specialised
agency was run by an expert who had never seen life out­
side his bureau. A specialised civil servant who reached
top management within his agency could find life somewhat
uncomfortable if he found that he had to justify something
to a Congressional sub-committee and had to answer
questions, not in terms which were comprehensible only to
members of his profession but in language that made
political sense to the questioner. To meet these
difficulties, the Civil Service Commission were in course
of producing a new "executive assignment system".
This involved preparing a fairly elaborate inventory
of promising people inside and outside the public service,
and requiring the various agencies to examine names in this
list when making top appointments, instead of simply
promoting their own people. This represented the limit
of what the Civil Service Commission could do without
an alteration in the law.

(10) As regards job classification, the Civil Service
Commission explained that they issued detailed guidance
on this but that it was not for them to operate this
guidance. This was for the agencies. But all the agencies were inspected from time to time by the Commission, and one of the prime purposes of this examination was to ascertain whether the agency had a proper organisation to apply these job-classification principles. The risk of "grade escalation" (that is, the tendency for jobs to be more highly graded than the classifier deems necessary on his criteria) had always to be watched for.

(11) A number of those consulted thought that there were probably too many grades in the hierarchy, although in practice there was a good deal of skipping of the grades. there was a good deal of criticism of the restrictions on total numbers put by the Bureau of the Budget on those in grade 15, and by law on those in grades 16 to 18. The point was frequently taken also that the rates of pay in the super grades were too low. Lower down, regard was had to what was paid in comparable employment outside, but the scales were kept down at the top.

(12) There was a good deal of disquiet that the rates of pay in the upper grades (which, as explained in the previous paragraph are not based on direct comparability with outside employment) were too low to attract the brightest recruits.

(13) An employee was entitled to a within-grade increase only if it was determined that he was performing at an "acceptable level of competence". Each department head had the authority, which he might delegate, to decide what constituted an acceptable level of competence and if the employee met it. An employee whose level of competence was determined to be unacceptable had certain appeal rights to the Civil Service Commission. On the basis of a sample number of employees in 1966, it was found that less than 1 per cent of employees eligible were denied within-grade increases.
Generally, an employee might appeal at any time (through a representative, if he wished) in regard to the class or grade of his position. He could make his appeal either to his agency or to the Civil Service Commission or both.

Employee organization impact on personnel policies and practices was variable. Where salaries and other conditions of employment were fixed by the Congress these matters were not subject to negotiation. However, when the Civil Service Commission was developing classification and qualification standards or was preparing pay legislation for the President to submit to Congress, for example, the comments of employee organizations were solicited and taken into consideration along with those of other interested parties. (A Commission survey in November 1967 showed that 45 per cent or 1,238,748, of all Federal employees had exclusive representation by labour organizations.)

The superannuation arrangements for the Civil Service were fairly generous, but did not appear to provide any new solution to the problem of transfer with outside employment, although it was to be noted that a civil servant who put in a certain number of years and then left had pretty well an absolute right to return if he wanted to do so later on. It was noticeable that there was little interchange between Federal and state employment.
I. Federal Employees Salary Rates

1. Level I $35,000
   Level II $30,000
   Level III $29,500
   Level IV $28,750
   Level V $28,000

2. For convenience, the General Schedule salaries are set out, not as they were at the time of the visit, but as for July 1968. (See Annex).

3. There are separate scales for postal field service employees, medical directors, physicians, dentists and nurses and for the foreign service.

II. Distribution by grades of full-time employees in the General Schedule grades, 30th June, 1967

<table>
<thead>
<tr>
<th>Grade</th>
<th>Number</th>
<th>Percent</th>
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<tbody>
<tr>
<td>1</td>
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</tr>
<tr>
<td>2</td>
<td>56,498</td>
<td>4.5</td>
</tr>
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<td>3</td>
<td>157,586</td>
<td>12.6</td>
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<td>4</td>
<td>181,367</td>
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<td>5</td>
<td>154,662</td>
<td>12.4</td>
</tr>
<tr>
<td>6</td>
<td>59,377</td>
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<td>1.4</td>
</tr>
<tr>
<td>9</td>
<td>134,165</td>
<td>10.7</td>
</tr>
<tr>
<td>10</td>
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</tr>
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<td>11</td>
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<td>17</td>
<td>903</td>
<td>0.1</td>
</tr>
<tr>
<td>18</td>
<td>366</td>
<td>negligible</td>
</tr>
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</table>

Total 1,251,603 100.0
III. Federal civilian employment, by type of appointment, in the United States 30th June, 1964 (including Postal Field Service and other posts not covered by the General Schedule)

1. Competitive Appointments

<table>
<thead>
<tr>
<th>Career</th>
<th>Per cent</th>
<th>Career</th>
<th>Per cent</th>
<th>Temporary</th>
<th>Per cent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>1,744,822</td>
<td>82</td>
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2. Excepted Appointments

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A considerable proportion of the excepted appointments were to posts excepted by action of the Civil Service Commission. These fell into a number of categories listed in three Schedules. Relatively few were true patronage jobs.

Particulars of the Schedules are as follows:

A Positions for which it is not practicable to hold any examinations: chaplains; professional and technical experts for temporary consultation purposes; narcotics agents for undercover work; certain part-time, seasonal and temporary positions particularly at isolated localities; and attorneys. There are 115,000 positions in this Schedule.

B Positions for which it is practicable to hold only "non competitive examinations": e.g. positions in the intelligence services of the armed forces.

C Includes positions whose occupants serve in a policy determining or confidential capacity to the politically appointed heads of agencies, and which are normally filled by the administration in power. There are about 1,600 jobs in this Schedule. Departments may recommend to the Commission that a post be placed in this Schedule if they feel the duties assigned are either policy determining or require the incumbent to serve in a confidential relationship to a key official. If the Commission regards these conditions as satisfied the position can be authorised.
Over one-half of the excepted posts are excepted by statute rather than by the action of the Civil Service Commission. They include posts with the Veterans Administration (some 40,000), the Tennessee Valley Authority, Atomic Energy Commission and the Federal Bureau of Investigation.

Also, the positions of approximately 75,000 foreign nationals overseas have been excepted by the President.
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* These rates show the increases half way to comparability with private enterprise levels, as required by section 212 of the Federal Salary Act of 1967, but section 216 of that law provides that no rate shall be increased to an amount in excess of the salary rate for level V of the Executive Salary Schedule. Consequently, the salary for employees at these rates is limited to the rate for level V of the Executive Salary Schedule, now $24,000.
PROBLEMS OF THREE SPECIALIST GROUPS:
ACCOUNTANTS, LAWYERS AND RESEARCH OFFICERS

It will be clear from the main body of our report that the position of specialists in the Civil Service is in our view one of the main problems that the Service has to solve. We have made proposals for change under a wide variety of heads. In general, these proposals apply to all groups of specialists alike, and thus cover most of what we have to say about them.

2. On three groups, however, accountants, lawyers and research officers, we have further comments and proposals which are not adequately covered by the general terms of the report. We make them in this appendix.

I. ACCOUNTANTS

3. In Chapter 2 we refer to accounting as an example of a specialist skill where the Civil Service has not recruited sufficient qualified people nor deployed them in positions of proper responsibility. In this appendix we develop this point at rather greater length.

4. We have received much evidence. The report of the Management Consultancy Group discusses the present role and status of the accountant (Volume 2, paragraphs 125-135). We have received papers from the Treasury (Volume 5, no. 9) and the Institution of Professional Civil Servants (Volume 5, no. 45), and taken oral evidence from the former. We have also taken evidence (oral and written) from the Accountants Joint Parliamentary Committee (Volume 5, nos. 51 and 52) and (written) from the Institute of Cost and Works Accountants (Volume 5, no. 89). The basic facts relating to the Accountant Class are set out in the Treasury's Introductory Factual Memorandum, Chapter 9 (Volume 4, no. 1).

5. There can be no doubt that the present position is unsatisfactory and calls for substantial and early improvement.

6. In general the Service has failed to take advantage of important developments in industry and commerce during recent years. There, it is generally accepted that accounting is no longer a matter
of book-keeping but of financial management in its widest sense. Internal audit is no longer a matter of routine but is an
important element in management services aimed at increasing the
effectiveness and efficiency of an organisation; and it is recognised
that training and experience in accountancy can fit the right man
for the highest managerial posts. In the Service, on the other hand,
the role of the accountant is narrowly conceived. Accounting is
still mainly concerned with the procedures of cash accounting
carried out by the Executive Class under the direction, where
necessary, of the Administrative Class. Professional accountants
are employed mainly in work involving commercial accounting within
a department or concerned with the financial operations of commercial
organisations; examples are given in the Treasury's paper and in
the report of the Management Consultancy Group.

7. This point can be put still more forcefully. In spite of the vast
increase in expenditure by the public sector - much of it under the
total of the Civil Service - there are posts for only 309 qualified
accountants in the entire Service out of the 25,000 qualified account-
ants who make up the accountancy profession in this country. Of these 309
posts, none carries a salary over £4,500; six carry salaries above
£3,650. Salaries for staff of the right qualification and
competence are seriously out of line with those in the outside
world.

8. Thus, at a time when qualified accountants are in increasing
demand throughout industry and commerce, the Service can offer neither
work of a sufficiently high level nor career prospects of sufficient
attraction to bring in good men and women with these important
qualifications and to pay them competitive salaries.

9. This is partly the result of a deliberate decision on the part
of the management of the Service. It is the practice to employ
private accountancy firms for major jobs outside the normal routine.
There is much sense in this. It would be wrong for the Service to
try to be self-sufficient in this field, and there is positive
advantage in bringing in accountants from outside from time to
time, especially because methods and skills are constantly changing.
We do not propose that this practice should be discontinued. But
ought not to be a substitute for a strong force of highly-
qualified professional accountants within the Service.

10. Some of the areas in which more qualified accountants are
needed are:

(a) In the Senior Policy and Management Group. In industry
qualified accountants play a full role in top management
since through their training and experience they can
contribute much to the solution of major problems. While
the Service differs from industry in a number of important
respects, we believe that it should follow this example.

(b) In purchasing. The public sector is becoming an increasingly
important purchaser of goods and services. The Government
has decided that public purchasing shall be used to
support its economic and financial policies, including
regional policies. It is in the general interest that
purchasing by the public sector should be carried out
with maximum efficiency. The qualified accountant can
offer much to achieve this end, particularly in relation
to the problems of pricing.

(c) In developing accountable and responsible management. In
Chapter 5 we referred to the need to develop costing and
control procedures to ensure that management has clear
objectives against which performance can be measured. Sound
accounting skills will be needed to achieve this purpose.

(d) In management services. Again in Chapter 5 we have
recommended the expansion of management services throughout
the Civil Service. In industry the qualified accountant has
a central role in management services including regular
efficiency audits. A similar role can be played in the
Service.

11. We realise that there is a national shortage of qualified
accountants and that it will take time to build up an adequate team
of first-class talent. But we urge the Service to push ahead
rapidly. Although the best training for an accountant is often to be
found in the broader experience of private practice, the Service ought
in a period of national shortage to be able to help itself by producing some of its own talent. For example, we should like to see trainee accountants articled to members of the profession within government departments. We also suggest that a number of entrants with "A level" or their equivalent should be encouraged to take professional qualifications in accounting and that success in achieving these qualifications should be rewarded with additional increases in pay. We also suggest that the work now done by qualified accountants already in the Service should be examined to see whether some of it could not be devolved upon less qualified staff, thus freeing qualified accountants for posts of higher responsibility.

12. We propose that accountants should continue to be an identifiable occupational group within the Service. The group should include cost and work accountants. The national institutions representing the accountancy profession and the cost and works accountants are currently discussing a merger. As will be clear from the rest of our report, our thinking is very much in line with the conception of more broadly-based groupings of this kind.

13. In recommending a much wider role and greater responsibility for the qualified accountant, we do not wish to be understood as implying that the accountant should be regarded as having a unique claim to the work of financial management. The much-needed increase in their numbers will be no substitute for the necessity of ensuring that managers at all levels have an appropriate understanding of the importance of sound financial management especially in decision-taking and control.

14. We also wish to emphasise the need for broader training, not only in the accountant's early years (when most of it will take place outside and often before entry to the Service), but also at intervals during his Civil Service career. Our witnesses have laid great stress on this in oral evidence. Especially in management services new techniques are developing so quickly that a man will become out-of-date unless he undergoes regular re-training. For the same reason our witnesses thought, and
I agree, that this is work for relatively young men; we doubt if qualified accountants (or others) should stay in high-level management services much beyond the age of 50. We think too that accounting is a field in which movement between the Service and other employments can be especially valuable in order to ensure that the methods of the Service remain up to date. Late entry and temporary appointments of the kind discussed in general terms in Chapter 4 should be encouraged.

There should be adequate central management of accountants, as of other specialist staff, by the Civil Service Department. Accountants will remain scarce and will continue to be distributed among a number of departments in relatively small numbers. A properly developed system of planned movement and wider career opportunities will be essential to attract the right men.
There is a brief account of the Legal Class in Chapter 27 of the Introductory Factual Memorandum (Volume 4, No. 1). Memoranda from the Treasury (Volume 5, No. 10) and from the Civil Service Legal Society (Volume 5, No. 26) are the main written evidence that we have received. We discussed the problems of the legal service with the Treasury Solicitor and with the Civil Service Legal Society.

The Legal Class is one of the most long-standing professional groups in the Civil Service. The tasks and responsibilities placed upon it and the contribution it can make to administration are continually increasing. There is a serious shortage of lawyers in the Service. Our proposals are designed to improve the career management of lawyers as an occupational group and to give them the opportunity to make a wider contribution to the work of the Service.

Organisation of the Legal Service

18. We agree with the idea put forward in paragraph 9 of the Treasury memorandum that there should be a greater degree of central management and a better integration of the legal Civil Service in England and Wales. The need for central management applies to lawyers as much as to any other group of staff. At present, as the Treasury memorandum shows, legal staff are irregularly distributed among a large number of departments. The opportunities for promotion vary between them. We should like to see more lawyers moving between departments and more branching out from the strict field of their specialisation to take a full part in the work of policy-making and administration.

19. We have considered what form the central management should take. At present the Treasury Solicitor, as the head of the department employing the largest numbers of legal staff, is to some extent the unofficial head of the legal profession in the Service, and some small-scale exchanges of staff are effected by his good offices. There is also a management committee under Treasury chairmanship with an overall concern for the problems of the class. We think that the role of the Treasury Solicitor should be expanded and put on a formal basis as Head of the Legal Service. It is appropriate that this
should be held by a lawyer, and since the management alone of a service of this size would not constitute a job that carried the necessary standing, it should in our view be combined with an active legal post at the top of the profession. The Treasury Solicitor will however need support in this additional task; he cannot be expected, in addition to his heavy legal duties, to devote a great deal of time to managing the Service. We suggest therefore that the management committee should continue to function and that consideration should be given to including a representative of the legal service (as of other specialist groups - see Chapter 7) in the staff of the Civil Service Department, with any necessary supporting staff.

20. This proposal does not mean that all departmental legal branches should be brought into the Treasury Solicitor’s Office or that it should assume responsibility for their work. Departments should have normal control over their legal branches. The central management of the legal service should, however, have a general concern with all questions of staff, including recruitment, training and career development, and it should be responsible for thinking constructively about improvements in organisation and methods of work. In short, in the balance of responsibility between departments and central management, the general principles laid down in Chapter 7 should be applied in this particular case.

21. Both the Treasury (paragraph 17 of their memorandum) and the Civil Service Legal Society (paragraph 13 of their memorandum) have proposed that certain kinds of legal work, such as conveyancing and litigation, should be centralised. This would mean that the remaining legal branches in other departments would consist largely of lawyers engaged in giving legal advice on the policy of the department. We agree with this proposal, which should improve efficiency and the economic use of staff, in particular by permitting greater devolution of work to sub-professional staff and making possible better career opportunities (see paragraph 25 below).
2. The legal service that we propose in the preceding paragraphs would be for England and Wales. Scotland should clearly continue to have a separate legal service organised on similar lines. The supplementary note of the Civil Service Legal Society draws attention to the problems of the legal service in Scotland. Many of them are similar to those of England and Wales and should be similarly dealt with, with suitable adaptations to meet circumstances in Scotland.

Recruitment

23. The Treasury (paragraph 4 of their memorandum) and the Civil Service Legal Society (paragraphs 7 and 8 of their memorandum) set out the recruitment position. The figures are worrying in themselves and more so when account is taken of the age-structure of the class, with a high proportion reaching retirement in the next ten years. The witnesses have indicated that there is also cause for concern about the quality of recruits. The Treasury say that there is a special problem of recruiting very able lawyers for advisory work. The background to the problem of recruitment is a national shortage of lawyers. As with the other classes of the Service, we have not examined whether the Service offers competitive rates of pay for lawyers. We have however received evidence about the career opportunities. We accept the Treasury's argument (paragraph 11 of their memorandum) that higher-grade posts are only justified by higher-grade work. In our view the right approach is to devolve as much work as possible to staff who are not fully qualified lawyers; this should help to limit the demands within the Service for these scarce qualifications. Career opportunities should then be widened by stimulating movement between departments and by ensuring that lawyers who have the aptitude and inclination to move into more general policy and management work are given the opportunity and the necessary training. We hope that a bigger flow of young lawyers will thus be attracted to the Service.

24. We think too that the Service should seek to help itself in overcoming the recruitment problem by producing some of its own qualified lawyers. At present all recruits to the legal service have already obtained their qualifications outside the Service. This
always have to be the principal source of lawyers, because the Service needs men and women with general experience of the law. Nevertheless, we think that civil servants with the right aptitudes and interests should have the opportunity to acquire the qualifications to join the legal service. The contribution that this would make to the supply of lawyers would no doubt be limited. But it would be well worth having. We welcome the Treasury's proposal (paragraph 18 of their memorandum) that experienced legal executive staff should be encouraged and assisted to read for the Bar, and, if successful, brought into the professional legal service. We also hope that ways and means can be found of attaching articled clerks to qualified solicitors serving in government departments.

The use of non-professional staff

25. The Civil Service Legal Society have proposed the creation of a separate class of legal executives (paragraphs 15-17 of their memorandum). We cannot accept this proposal, which is not compatible with our recommendations for the abolition of separate classes. It would not in any case solve what we take to be the essence of the problem, that is, the provision of reasonable career opportunities for legal executives. We are, however, very much in sympathy with the thinking underlying the Society's proposal. We favour more specialisation among executive staff. We are particularly in favour of it among those who work in support of professional staff, because it gives the qualified specialists the reliable, experienced backing they need, enables them to concentrate on the work for which they have been specially trained, and produces a more economic use of skilled manpower and a source of greater job-satisfaction for all concerned. We recommend therefore that legal executive work should be recognised as a specialism and that administrative staff should be encouraged to take it up.
They should be given proper training and career development as specialists; and encouragement and reward should be given for the acquisition of sub-professional legal qualifications as well as for the full qualifications we have discussed above. The greater devolution of work to sub-professional staff and the centralisation of certain kinds of legal work that we have recommended should, we hope, enable the Service to provide attractive opportunities for promotion in this field.

The place of lawyers in administration

26. It is most desirable that lawyers should play their full part in the consideration and formulation of policy. We suspect that practice in this matter now varies a good deal between departments. In our view, close co-operation and discussion between lawyers and administrators should be a regular part of policy-making. This should be a mutually enriching process from which the public interest would gain. While administration in this country is less juridical than in many others, there is a legal element in many administrative questions; it needs to be taken fully into account at an early stage. A good lawyer with deep experience of the affairs of his department can therefore make a valuable contribution to the policy-forming work in his department.

27. In so far as this is a matter of structure and organisation, it should be assisted by our proposal in Chapter 6 for a unified Senior Policy and Management Group in departments, of which, of course, the senior lawyers will be members. We hope that a reality will be made of their membership of the group and that they will be regarded as being concerned with the affairs of the Department at large. As the Civil Service Legal Society agreed in discussion with us, this will require some change of attitudes on both sides. While we think too that some, though perhaps not many, lawyers will wish to be considered for jobs of a more general administrative or managerial character, and that it is important that those with the desire and the aptitude should be encouraged to do so, we wish to lay special emphasis on the need for a wider concept of the contribution that lawyers can make as lawyers to the problems of modern administration.
Research Officers

The Research Officer Class are employed in the collection, analysis, interpretation and appreciation of information mainly in the field of the social sciences; they prepare studies, reports and surveys. They are principally employed in the intelligence branches of the Ministry of Defence, in the Home Office, in the Ministry of Housing and Local Government, in the Ministry of Technology and in the Board of Trade. They are a graduate class, requiring a first or second-class honours degree, or a post-graduate or research degree, in geography, economics, statistics, sociology or other appropriate subject. There is a brief account of the class, its duties, numbers, pay, structure and recruitment in Chapter 39 of the Introductory Factual Memorandum (Volume 4, no. 1).

Research Officers were investigated by the Management Consultancy Group; the findings are set out in paragraphs 136-147 of their report (Volume 2). Several serious criticisms were made of the present employment of the Research Officers and it was found that their status and prospects were unduly depressed. This latter point was also made by the Institution of Professional Civil Servants in their memorandum on a Social Scientist Group (Volume 5, no. 39).

Research is not the exclusive preserve of the Research Officer Class in the Civil Service. Apart from research in science and technology, which is of course carried out by appropriate specialists, research is from time to time part of the job of economists, statisticians, and other specialists. Much of this research has achieved a high reputation. Nevertheless, research on social and some economic matters has been relatively neglected; the Service has only recently and slowly begun to fill the gaps. The position of the Research Officer Class reflects this neglect.

The main features that illustrate the unsatisfactory position of Research Officers are as follows:

(a) They are often poorly used and confined to a back-room role too far removed from the main stream of policy decisions.
(b) The work they are asked to do is frequently of a quality below their capabilities.

(c) They are often without routine clerical assistance.

(d) Their career prospects in their class are inferior to those of the Economist Class for which the recruitment requirements are similar and also to those of the Administrative Class (fuller details on this point are given in paragraphs 145-146 of the report of the Management Consultancy Group).

We have recommended in Chapter 5 that the policy-planning function of departments should be considerably strengthened and that research should be recognised as an essential component of this work. Thus, we have suggested the creation of Planning Units headed by senior Policy Advisers. We have considered whether, when the research function is strengthened in the ways we have proposed, there will still be a need to recruit a special group of staff to do research work. It could be argued that this need would disappear in the social and economic areas of the Service. We are recommending that administrators should cease to be untrained "generalists" whose knowledge of the subject-matter of their jobs is limited to what they pick up in the course of a brief tenure. Under our proposals, administrators will be thoroughly trained in appropriate disciplines. Their careers will be planned to enable them to become really familiar with the subjects on which they are working. In the course of their training some of them will acquire an understanding of research methods and techniques. Some of the best will serve for substantial periods at a relatively early stage of their careers in the Planning Units. In short, administrators will have a much better appreciation and understanding of research, of its scope and limitations, its methods, its evaluation; many will have done it. In our view however, this does not mean that special research staff can be dispensed with. What it does mean is that their contribution can become more effective.
We think that there are three reasons why the Service should continue to recruit staff for the purpose of doing research work. First, knowledge and skills. While the trained, professional administrator will be more conversant with research matters, he will not normally have the same degree of skill in the conduct of research as a trained research worker. Secondly, the demands of day-to-day administration. This is the prime job for which administrators are recruited and its pressures must make it difficult for them to remain at the frontiers of new knowledge. Thirdly, qualities. As the Treasury pointed out in their paper on the question of a Social Scientist Group (Volume 5, no. 40), a man may be qualified to make a valuable contribution to research work, but he may not have the qualities required of an administrator. There are men and women who prefer to be researchers rather than administrators or managers. Some of them see their careers not primarily as civil servants but as researchers, moving between universities and research foundations, central government, local government and intergovernmental organisations, industry and so on; the Service should allow for a good deal of this in-and-out movement on the part of its research staff, which is indeed valuable because it refreshes ideas, skills and outlook and helps to maintain contacts with the outside world. For all these reasons, there is advantage in recruiting research staff to a group in which they can be sure of doing this kind of work.

Normally research officers should be employed within departments, and especially in Planning Units. We would also expect that some of the research projects of the Civil Service College would be carried out by research officers. Wherever they are employed, they should not be regarded as there just to serve up commissioned research with no further interest in the matter. They should take part in the process of considering what research should be done and its translation into policy.

The introduction of a unified grading structure should do much to provide better career opportunities both in research itself and in a wider administrative field; (age-bara to promotion, here as elsewhere, would disappear). It should also be recognised that their
experience in analysis, and in the evaluation and quantification
of the effects of policy, their familiarity with methods of
systematic research and with the progress of research outside the
Service gives them a highly suitable background for high-level
administrative posts in the Service. Departments should therefore
pay careful attention to the early identification of those with
prospective talents for these posts. Their progress into
administration, however, should not in most cases take the form
of an abrupt transition. We see it as a steady process of
moving into jobs of a more administrative character, but, initially
at least, into administration closely related to their specific
areas of research.
Selection for established posts in the Civil Service is the responsibility of the Civil Service Commission. The procedures the Commission uses vary for the different classes; they are set out in the following paragraphs, mainly taken from the Commission's evidence published in Volume 4, Section III.

PRESENT PROCEDURES

The Administrative Class

2. At Assistant Principal level candidates are selected either by:

   (a) a qualifying written examination in general subjects followed by an interview and then by written papers in optional academic subjects at honours-degree level (Method I);

   (b) a qualifying written examination in general subjects followed by tests and interviews at the Civil Service Selection Board lasting two days, and interview before a Final Board (Method II).

In Method I success is determined by the aggregate mark for interview and academic papers; in Method II by the mark awarded by the Final Selection Board. Method II is now the more important method of selection and produces about three-quarters of the successful candidates.

3. Selection for the Administrative Class at Principal level is similar to that described in 2(b) above, under Method II; but for one form of recruitment there is no written qualifying examination.

4. Selection for the Administrative Class at Assistant Secretary level (two or three posts a year) is by means of a preliminary interview of those who from their qualifications and experience seem most suitable, and, for those who in the light of these interviews merit further consideration, an interview before the Final Selection Board.

The Executive Class

5. Recruitment to the Executive Class is from among candidates between the ages of 17½ and 28 (recently raised from 25); it is by interview of those with prescribed G.C.E. qualifications including
passes at Advanced level, or with equivalent qualifications. Among candidates from Her Majesty’s Forces or Her Majesty’s Overseas Civil Service selection is by means of a qualifying written examination in general subjects (from which candidates with appropriate qualifications are exempt) together with an interview; success depends on the mark awarded by the selection board.

The Clerical Class

6. Over most of the clerical field, recruitment has been delegated to departments. Candidates for established posts must have an educational qualification based on the Ordinary level of the G.C.E. or an equivalent educational qualification. Where necessary, departments may engage temporary officers with less than the prescribed educational qualifications; these officers may have a later opportunity of establishment by taking a Civil Service Commission examination.

7. The Commission itself recruits Clerical Officers in various ways. It conducts examination on a country-wide basis for candidates from H.M. Forces and H.M. Overseas Civil Service, on the basis either of G.C.E. qualifications (or equivalent) and interview, or by written examination. It also supplements the efforts of departments by recruiting Clerical Officers for established posts in or near London. This recruitment is partly by interview of candidates with G.C.E. qualifications who are under 20, and partly by written examination of candidates who do not have the prescribed G.C.E. qualifications.

9. Recruitment to Clerical Assistant posts is on similar lines but lower educational qualifications are required.

The Specialist Classes

10. Candidates are usually required to have some particular scientific, professional, academic or technical qualification, and sometimes relevant practical experience. Selection is by interview. Scientists, engineers, architects, accountants, lawyers, doctors, psychologists, librarians, and a wide range of other specialists as well as their supporting staff (technicians, draughtsmen etc.) are selected in this way. Initial recruitment by departments in a temporary capacity, leading to permanent appointment later, is a common feature in these classes.
II. We have proposed (in Chapter 3) that the Civil Service Commission should be integrated with the Civil Service Department. We also made general proposals about the recruitment procedure for:—

(a) specialist staff (both graduate and non-graduate);
(b) graduates for the administrative groups;
(c) the non-specialist "A level" and "O level" entry.

Members of selection boards

II. First we recommend changes in the composition of interview boards that recruit staff at II(a) and (c) above. At present where the recruitment of these categories is done centrally, the interview boards normally comprise a chairman and at least two and not more than four members. In addition to members drawn from departments, the members are drawn from panels of interviewers maintained by the Commission: the chairman is either a senior member of the Commission or is drawn from one of the panels. For the appointments at II(a) above, the present panel of interviewers consists exclusively of scientists and professional men, most of whom are retired civil servants. For the appointments at II(c) above, the panel of interviewers consists in the main of retired administrative and senior executive civil servants, headmasters and Inspectors of Schools, and includes a few former members of the Overseas Civil Service and the Armed Forces. In addition to our recommendation that representatives of departments should be in a majority on the boards, we also consider that serious consideration should be given to the age structure of each board, both for central and departmental recruitment. We think it wrong that retired civil servants should play a large part in the selection of young people particularly at a time when the tasks of the Service are changing so rapidly. In our view all boards should be predominantly composed of men and women who are still on the active list with a good many years still to go before retirement. We realise that departments often find it hard to spare good people (and they must be good) for work on selection boards. But we regard it as essential that serving civil servants should play a large part in the recruitment of the next generation. This should be given high priority in allocating the time of those concerned.
A majority of us recommended in Chapter 3 that the recruitment of graduates for the administrative groups should be by modified forms of either the present Method I or Method II. A minority of us recommended recruitment to this category by a modified form of Method I only. We set out in the following paragraphs the general line of these suggested modifications.

Method I

In Method I at present papers are set and marked in a wide range of university subjects at honours degree standard. The numbers taking the academic papers in Method I have dwindled steadily in recent years. The reasons for the decline in its popularity must lie to a large extent in the natural reluctance of candidates to take another written examination so soon after final degree examinations, or if they have left university, to take an examination of this kind when they have been for some time away from academic study. Moreover, the wide variations in the content of first-degree courses, the growth of new specialisations, and the very wide choice of special subjects and optional subjects in university courses have made it increasingly difficult to devise syllabuses for the Commission's examination which adequately reflect all the main degree courses in the universities of the United Kingdom, and so cater fairly and attractively for all potential candidates. There are already over 160 papers in the examination (from which each candidate has to choose between five and seven). But the range of subjects and of papers is now unsatisfactory. A very large expansion in the number of papers would be required to make the examination fair to candidates from all universities by catering for all the options they can take. In fact this is virtually impracticable, and, in any event, hardly seems worth the effort when we consider that last year only 54 candidates sat the examination.

5. Though Method I is clearly unsatisfactory and unfair in its present form, the majority of us consider that it should be retained in a modified form. It should remain primarily as a written examination. The papers set, however, should be limited to those that have an obvious vocational link with the work of one or other of the

* See paragraph 82.
administrative groups or the further specialisms that may develop within them; the questions should be designed to test the candidate's ability to relate his knowledge to the problems of modern government. It will be for the Civil Service Department to settle the precise subjects a candidate may offer in the examination and also the number of papers a candidate will be required to take. We would expect the papers to offer candidates the opportunity of answering questions related to the problems of modern government in one or other of the following main fields: - economics and business studies, social and administrative studies, science and technology.

**Method II**

15. In Chapter 3 the Committee unanimously recommended changes in the procedures and staffing of the present Method II. We said that there should be a larger representation of employing departments among the selectors; that their age distribution should be changed to increase the proportion of younger men; and that the part played by the Final Selection Board should be revised. Further, those of us who recommend "preference for relevance" consider that the selectors should be required, in addition to their assessment of aptitude and ability, to give appropriate weight to the relevance of an individual's graduate or post-graduate qualifications to the administrative group in which he wishes to work and to the specific requirements of particular departments. We elaborate these proposals in further detail in the following paragraphs. They are best considered against the present form of Method II.

17. Method II at present is divided into three parts as follows:

(a) There is a written qualifying examination in which all candidates have to take the following three written papers:

(i) essay (which carries 100 marks),

(ii) English (which carries 200 marks),

(iii) general paper (which carries 150 marks).

(b) Those getting 230 marks or more out of the possible total of 450, together with borderline candidates selected for further consideration in the light of their records and reports, then attend the Civil Service Selection Board in groups of five for a series of tests and interviews extending
over two days. The tests for each group are conducted by a chairman, an observer and a psychologist. There are two groups of tests. The first group are each separately marked out of 300 as follows:

(iv) a written appreciation,
(v) a drafting test,
(vi) a committee exercise: performance as chairman,
(vii) a committee exercise: performance as member,
(viii) a group discussion,
(ix) an interview (40 minutes) with the chairman of the selection board who gives special attention to how a candidate has spent his time since leaving school, to his leisure pursuits and to his reasons for seeking a job in the public service,
(x) an interview (40 minutes) with the observer, mainly to assess the quality of the candidate's mind,
(xi) an interview (40 minutes) with the psychologist, to assess his temperament and personality.

The second group consists of psychological and cognitive tests designed to measure aspects of intellectual ability. They are each separately marked on a seven-point scale as follows:

(xii) two short intelligence tests which provide evidence of basic mental ability, though they assume a considerable educational sophistication and facility in the language,
(xiii) a statistical-inference test which gives an indication of ability to think numerically,
(xiv) a short exercise testing the range but not the depth of general information about current affairs, not too narrowly interpreted.

In addition, close attention is also paid to reports from school and university; and the assessors have to make their best estimate of potential for future development. The
marks given for the various tests are not added together to produce an aggregate score and, as at present devised, are not capable of being so added. The chairman and the observer arrive after discussion at an overall mark (out of 300) which is then put before the Final Selection Board at (c) below.

(c) Those reaching a certain minimum standard in the tests at (b) above then go before the Final Selection Board, whose composition is set out in paragraph 19(b) below. The interview before this board is decisive; it determines whether or not the candidate is offered an appointment in the Service.

18. We have serious doubts about the staffing and methods of work of the Civil Service Selection Board:

(a) The present age-distribution of the Chairmen and Observers who conduct the two-day test at 15(b) above is not properly balanced. Twelve out of the twenty chairmen are over the age of 60 (one of them over 65), and these twelve are those most regularly used. Sixteen of the twenty are over 55. Thus very few chairmen are between 35 and 55, and those who fall within this age-span are the least frequently used at present. On the other hand twenty-three of the forty-four observers are under the age of 35 (two of them under 30) and fifteen are between the ages of 36 and 44. The age-group between 35 and 55 is thus too little represented.

(b) When the tests at 15(b) have been completed the chairman, the observer and the psychologist together consider the candidate’s performance and agree on a final mark (out of 300) which is the one which then goes to the Final Selection Board. Naturally, in agreeing this mark they take into account the candidate's marks on each of the separate tests; but their overall mark is their impression of the candidate's general performance (much influenced by the interviews at 17(b) (ix), (x) and (xi) above) rather than the total of the candidate's marks in each of the component
parts. In a series of tests that seek to be as objective as possible, it is disturbing that the final assessment is made in a way in which subjective impressions inevitably play a large part in determining the candidate's final mark.

We also have serious doubts about the role, composition and method of work of the Final Selection Board:

(a) It makes the final choice of those to be offered an appointment in the Service. Though it naturally pays great attention to the mark given to a candidate by the Civil Service Selection Board (C.S.S.B.) and to the reports of the chairman, observer and psychologist, it is not bound by the C.S.S.B.'s findings. The effect of this seems to be to give too much weight to the general (and necessarily impressionistic) interview by the Final Selection Board which lasts less than forty minutes, and too little weight to the tests at C.S.S.B. which last two days and which, notwithstanding our doubts at 18(b) above, provide the basis for a searching and objective assessment.

(b) The composition of the Final Selection Board is in our view open to question. At present the Commission's aim is to assemble, whenever practicable, a board that consists of the First Civil Service Commissioner (as chairman), two university representatives, two serving civil servants (one of whom is a Principal Establishment Officer), one woman and one representative from industry or the trade unions. When one of these cannot be obtained, a retired civil servant is often called upon. If, as is frequently the case, one of the candidates being interviewed is also being considered for the Diplomatic Service or for a Clerkship in the House of Commons, then one of the serving civil servants will be from the Diplomatic Service or a Clerk of the House. Thus, on these occasions, apart from the First Civil Service Commissioner, there may be only one serving civil servant
from the Home Civil Service on the board making the final decision on a candidate's suitability for that Service.

(c) Although members of the Final Selection Board are expected to rely heavily on the reports on candidates from C.S.S.B., many members of the board have never seen any candidate put through the various C.S.S.B. tests or have any real knowledge of them.

20. The full solution of the problems to which we have drawn attention in paragraphs 18 and 19 above calls for a more searching inquiry than we have been able to undertake. We are clear that employing departments should play a larger part in the selection process than they do at present. We also believe that most, if not all, the chairmen of C.S.S.B. should be drawn from the 35-55 age-group; if there is to be an interview board in addition to the Civil Service Selection Board, the comments we have made on the age of members of selection boards in paragraph 12 also apply to it.

21. For the rest, while we make no detailed recommendations ourselves, our chief concern is that ways should be found of turning Method II into a process that is less subjective in character. This calls for further inquiry. We have considered three possible lines of approach:

(a) The assessment of a candidate should be based on the cumulative total of the marks he has gained at the various stages of the selection process. Methods of marking performance in the various types of test should be devised to make this aggregation possible.

(b) The Final Selection Board should be abolished, and the decision to take or reject a candidate should be taken at the end of the C.S.S.B. process. The argument for this would be that the Final Selection Board is bound to rely too much upon personal and social evaluation, and that a three-stage selection process is unnecessarily lengthy (no-one starting from scratch would devise a three-stage system today). The C.S.S.B. would probably need to be reinforced
for this purpose, e.g. by attaching representatives from universities, industry and government departments to the C.S.S.B. for the appropriate stage of the proceedings; but it would be important to avoid re-introducing an excessive element of subjective judgement.

(c) The final stage of the selection process should still be a subsequent interview by a separate Interview Board, but this board should be limited to giving its own mark for the interview it conducts (as in Method I); the candidate's place in the final list would then be determined by the aggregate of the marks given by the Interview Board (which would thus cease to be a Final Selection Board), by C.S.S.B. and by the examiners at the qualifying written examination.

The scope of the further inquiry

2. We proposed in Chapter 3 (paragraph 70) that a further inquiry should seek means of speeding up recruitment procedures. We think that it should also consider ways of reducing the subjective element in Method II, paying particular attention to the views we have discussed above. Its object would be to make recommendations, within the framework of our report, for as speedy and objective a selection process as possible.

3. The report of the sociological survey which we are publishing in Volume 3 also contains a great deal of material that is highly relevant to the problems of recruitment. For unavoidable reasons, this report could not be ready in time for us to give full consideration to its findings. We have drawn attention in Chapter 1 to Dr. Halsey's analysis of the trend of recruitment to the Administrative Class since the war; he finds an increasing social and educational uniformity. Dr. Halsey also finds evidence of a decline in the intellectual quality of successful candidates (as measured by class of degree). In our view, the inquiry we have proposed should include a thorough examination of this evidence and of the inferences that should be drawn from it for future methods of selection of all kinds.
We suggest that those who carry out this inquiry should include management consultants, who may be able to make a special contribution to the problem of reducing the time taken by the recruitment process, members drawn from the universities and those with expert knowledge of personnel selection both within the Service and outside.

The application of "preference for relevance"

Those of us who recommend "preference for relevance" have considered various possible ways to give effect to this principle. One possibility would be for C.S.S.B. to assess the relevance of the studies of the candidate by reference to the actual curricula of the courses he has pursued. Another would be to include in the C.S.S.B. procedure an interview designed to test the relevance of the candidate's studies. Another would be to give no preference in the selection procedure itself but to encourage self-selection by offering additional increments to those successful candidates whose studies had been most relevant to their future work, and who would thus be expected to make a valuable contribution to it more quickly.

On balance, however, most of us who recommend preference for relevance would prefer to give a small but definite advantage to relevance in the selection procedure itself by means of an objective test. One way of doing this might be to include such a test in the written qualifying examination. This is already done to some small extent by the inclusion of a statistical-inference section in the general paper. We suggest that this practice might well be extended to provide in each of the papers alternative sections in which one alternative specifically tests the candidate's ability to deal with modern social, political, economic and scientific problems - similar, in effect, to the questions now set in France for entry to the École Nationale d'Administration. These sections would carry rather higher marks than the "traditional" sections; a candidate who was able to make profitable use of this option would carry his advantage, under a cumulative marking system of the kind we have discussed, through to the final stage of the selection process. We leave the

*Sir Edward Boyle, Sir William Cook and Mr. Robert Sheldon think that this course should be adopted.*
size of the advantage in terms of numbers of marks for consideration by the Civil Service Department. It should be sufficiently large to indicate clearly the Service's special interest in recruiting those whose studies have already partially equipped them to handle the problems of modern government. At the same time however, it should not be so great as to discourage the candidature of outstandingly able men and women who have studied other, "irrelevant" disciplines.

27. It may well be that after consultation with the universities the Civil Service Department may propose a better way of introducing an element of "preference for relevance" in Method II. Our proposal at paragraph 26 is no more than an illustration of one possible way. We should be content with any detailed scheme the Civil Service Department might subsequently propose provided that it maintained the spirit of our intentions.
THE RECRUITMENT OF GRADUATES

In proposing the merger of the Administrative and Executive Classes (Volume 5, No. 1) the Treasury put forward two main reasons. One was that the character of Civil Service work had changed in the last 20 to 30 years; in consequence the existing division of this part of the Service into these two classes now hindered the most advantageous deployment of staff. We have dealt with this point in Chapter 6.

2. The second was that the pattern of recruitment to the Administrative and Executive Classes no longer fits the changing pattern of the country's educational system. Thus the good 18-year-old who before the war entered the Service after taking his Higher School Certificate now tends to go on to higher education and is thus lost to the Service for entry at that level. At the same time, at the graduate level only a tiny minority are potential recruits for the highly selective Administrative Class, while the Executive Class is not attractive to the rest. Therefore, the Treasury proposed the merger of the Administrative and Executive Classes with an enlarged graduate recruitment to the new combined class. All graduates in future, they suggested, should enter at the same grade; but, in order not to deter the graduate of outstanding ability, the Treasury recommended that he should be "starred" and after entry to the Service should be treated like the present Assistant Principal entry.

3. In our view this second argument and the proposals that flow from it are not well-founded. For one thing the projections of the future output of the educational system supplied to us by the Department of Education and Science which we reproduce in Volume 4, Section II, suggest that the supply of 18-year-olds with two or more "A levels" (the current requirement for entry to the Executive Class) will in fact continue to increase for the foreseeable future, though not steadily and at a slower rate than the output of graduates. With a steadily enlarging 18-year-old output on to the labour market there is no certain evidence that the quality of this output will be lower than it has been in the past; only
if the national pool of ability were both fully tapped by the universities and other institutions of higher education and static, would there be reason to suppose that the quality of the 18-year-old output would decline. Thus, in our view the case is not established that the graduate intake into the Civil Service ought to be increased on the sole grounds that the supply of good non-graduates is drying up.

1. Any proposal to increase the graduate intake must, therefore, be based on different grounds. In fact, we think that the Service is likely in the future to seek to employ a larger proportion of graduates than at present. The changing nature of the tasks of the Service and the development of more advanced and sophisticated management techniques increasingly require more highly qualified manpower. Further, the Service does not succeed now in recruiting all the graduates it needs. It manages to meet most of its requirements for graduates with the higher classes of degree, for example, those recruited to the Administrative and Scientific Officer Classes. It is not successful in recruiting enough graduates of less outstanding academic attainments. This is because under the existing system of classes these other graduates are recruited mainly to work in a class and grade deemed appropriate for the "A level" entry. In the light of these considerations and in view of the larger graduate output from the universities, it would be surprising if the Service did not in the future employ an increased proportion of graduates. In any event, our general proposals for recruitment and training must allow for this.

5. If there is a larger graduate entry, the problem arises of making clear that the Service is offering the outstandingly able graduate an attractive career. The Treasury proposal for this was that a proportion of graduates, roughly equivalent to the size of the present Assistant Principal intake, should be "starred" or otherwise identified on the strength of their academic records and their performance at the selection stage. It proposed that these graduates should enter one or two increments higher up the scale and should have a career in their first years close to that of the present Assistant
principal. The remainder of the graduate entry was expected to enter at the present Executive Officer grade (i.e. the grade and level of responsibility to which an "A level" school-leaver is posted at present), and remain there for five years before being promoted to the equivalent of Higher Executive Officer level (i.e. two ranks below the starred graduate after the same period). We recognise that the Service needs to attract graduates of the highest calibre, but we feel unable to accept "starring" on entry. Our reasons are:

(a) The proposal would to all intents and purposes involve the perpetuation of the present division between the Administrative and Executive Classes.

(b) Because the "starred" graduates were to have different, and better, training facilities immediately after entry as compared with the "unstarred", it would be clear to the latter that their prospects in the Service were likely to be inferior to those of the "starred" graduates. Thus able graduates of a kind greatly needed by the Service would be reluctant to come in on an "unstarred" basis.

(c) We do not consider that academic performance at university and performance at the selection stage are a reliable enough means of distinguishing between those graduates who from the start should be groomed for the Service's top jobs and those who should not. Actual performance on the job during the first few years in the Service should be the determining factor.

(d) We cannot believe that the majority of graduates would be content to do a job at the present Executive Officer level of responsibility for their first five years in the Service. If this were the extent of the initial offer, they would not come in.

6. The Treasury's "starring" proposals to attract outstandingly able graduates were concerned only with recruitment to the merged Administrative and Executive Classes. There was no similar proposal for the graduate intake into the specialist classes, where no merger was proposed. However, the short-term forecast by the Treasury which
publish in Volume 4 shows that the demand for graduates with certain kinds of specialist qualifications will increase over the next few years. Our recommendations for the reform of the Service will open a wider role for the specialists than they have had in the past. It is therefore, in our view just as important to make it clear to candidates for the various specialist groups as it is to the graduates covered by the Treasury's "starring" proposal, that the Service is offering the best of them an attractive career.

Accordingly, we have proposed in Chapter 3 that, though all graduates should enter the same training grade, those judged outstandingly able and well-qualified on entry should be offered a starting salary two or three increments above the basic for the grade. This should apply equally to those recruited for specialist work as to those brought in for the new administrative groups. The more detailed application of these proposals would in our view mean that:

(a) All graduates should initially be placed in posts thought appropriate to their ability and to the experience they need.
(b) The post-entry training given to graduates should be determined by an assessment of how they have performed and the aptitudes they have shown in one or more jobs, and not by whether they were judged worth extra increments at the selection stage.
(c) A graduate should be posted from the training grade to a job at the level of responsibility appropriate to his ability when:

(i) the Service is satisfied that it has assessed his ability and, as far as possible, his potential, on the basis of his actual performance in the Service.
(ii) his post-entry training is completed;

At this point (which would not be later than five years after entering the Service), graduates should leave the training grade and the extra increments which some of them had to start with should disappear. We think it important that the best graduates should be promoted to posts in the
new grade equivalent to the present Principal, Principal Scientific Officer or Senior Grade Engineer no less quickly than Assistant Principals are promoted to Principal today.

8. We cannot predict the size of the likely increase in the numbers of graduates recruited direct into the Service after the completion of their formal education. At present the Service recruits around 1,900 graduates and equivalents each year, including about 90 Assistant Principals, 100 Executive Officers and 50 Tax Inspectors and Ministry of Labour cadets; and about 350 scientists, 400 engineers and over 150 in other Works Group grades (mainly architects, valuers and surveyors) among a large variety of others from specialist disciplines. Information however is not available to show what proportion of the total enter at stages later than the completion of their formal education. It varies by class and is substantial in some specialist disciplines. The Treasury have estimated that this figure of 1,900 will rise to about 2,100 by 1970 (see Volume IV, Section II). Within this total, they foresee an increased demand for certain kinds of specialist graduates. Over a rather longer period they believe that a substantial addition will be needed to the graduate entry for administrative work. The rate of increase and the pattern of entry as between different disciplines will depend upon the extent to which new tasks are imposed upon the Service and the levels and kinds of skill they require. Our own proposals, if accepted, will also affect the pattern: a substantially larger late entry will reduce the demand for graduates direct from university; wider opportunities for specialists will affect the distribution between disciplines. We are not able to assess the probable quality (as opposed to quantity) of the 18-year-old entry into the Service in the years immediately ahead. The rate of increase in different categories must therefore be a matter for pragmatic decision over the years. We believe that our proposals for
Recruitment and training will enable the Service to handle whatever increase is likely to be required, and whatever pattern it may need to take. The Service should not however seek to employ more graduates than a rigorous analysis of the work shows to be necessary.
In Chapter 4 we recommended much more determined efforts to promote short-term interchanges of staff with other employments. We acknowledge the undoubted difficulties. But the value of interchange, both to the Service and the other employments concerned, is so great that energetic efforts should be made to overcome them. We think that a considerable expansion of interchange is feasible.

The evidence presented to us is nearly unanimous in supporting the desirability of such expansion. It comes from organisations in private industry and commerce, local government, nationalised industries and other public bodies, trades unions, professional associations and many individuals. The idea commands wide support within the Service from management, staff associations and individuals alike.

The idea is not new, but it has never got very far in the past. This has not been for lack of advocacy; but general goodwill has quickly run into the sands of practical difficulty. What has encouraged us on this occasion is the attitude of the Service's potential partners in a programme of interchange. They have expressed support in clear terms; some of them have made practical proposals. The Service should take them at their word.

Programmes of interchange involve certain risks for both sides. Some loaned staff may be drawn to stay with their temporary employer; there are risks of embarrassment, of the leakage of confidential information, of the wrong use of personal contacts. We believe that these are risks that should be taken; when the Service and the outside world are so deeply involved in each other's affairs, the dangers of isolation are much more serious than the risks we have referred to.

The difficulties are real enough but we believe that many of them can be overcome by concentrating on what will be most useful to both sides. We are particularly grateful here to the Confederation of British Industry whose supplementary evidence (Volume 5, no. 69) identifies many of the main problems and suggests how they might be solved.
Interchange is relatively easier to promote for specialists than for administrators. Their work in the Service is generally nearly akin to that of specialists outside. The value of interchange in their case lies in the fact that the Civil Service specialist cannot always acquire within the Service the knowledge and, still more, the practical experience that his work requires. The engineer whose work consists mainly of monitoring the work of other engineers outside the Service is an example. He needs a period of attachment to an outside employment in which he can practise and refresh his professional skill - a period, therefore, long enough to enable him to do a fully responsible job.

The case of the administrator is usually different. Sometimes he too needs a long attachment of, say, two years. This arises when the pattern of his career makes it especially important that he should acquire knowledge in depth of a kind that can come only from a working experience of another sphere of activity. One field which seems to offer considerable opportunities here is local government. Mutual involvement is increasing all the time: it is most desirable that these two branches of the public service should have a real knowledge and understanding of each other and should share their skills and experience. In the past this has been difficult to arrange: local government, with its large number of small units, has not employed administrators of the Civil Service kind. But as local government comes increasingly to recognise administration as a professional skill in its own right (and possibly moves to larger units of administration), and as the Civil Service for its part comes to produce administrators who have specialised in various fields that are of concern to local government, we hope that this situation will change.

We welcome the recommendation of the Committee on the Staffing of Local Government for a central staff organisation which could handle the mechanics of interchange; and the evidence submitted to us by the Association of Municipal Councils (Volume 5, no.56), the County Councils Association (Volume no.73) and the Greater London Council (Volume 5, no.79), all of whom are in favour of making a start.
More often however, the best arrangement where administrators are concerned is likely to be a shorter attachment or study-visit. Briefly this is because long attachments are often uneconomic: in many parts of industry, for example, the work is so different from that of the Civil Service administrator, and it therefore takes so long for him to become able to carry real responsibility, that the numbers of those who go for long attachments must be relatively small. But the main reason why we recommend greater emphasis on shorter attachments is that we wish as many administrators as possible to gain this experience. For example, the number of administrators who in the course of their work are involved with industry and commerce is very large. They need a direct knowledge they seldom acquire at present. We agree with the Confederation of British Industry that the right time for this is often early in a civil servant's career - hence our recommendation for outside attachments during the graduate's training period. But study-visits can also be valuable later, especially when a man moves into a new post and needs a direct insight into the field with which he will have to deal. We recommend that programmes of visits of this kind should be arranged with local government, the nationalised industries, private industry and commerce on the widest practicable scale.

Visits of this kind should be related as far as possible to a civil servant's future field of work. The Confederation of British Industry put this well in their supplementary evidence: "We regard systematic career-planning as essential if joint training experiences and secondments are to make a real contribution to a man’s career and not simply be a more or less interesting break from his normal work". Attachments will lose the greater part of their value if they are not carefully related to the development of the individual's career.  

So far we have discussed only one side of the coin - outward attachments and visits for civil servants. We believe that the traffic should be two-way. There is no need to insist that interchange should be on a head-for-head basis: this would be far too restrictive. But there should be a reasonable balance.
Experience shows that "outsiders" can settle down quickly in the service and make a real contribution: the 1965 scheme, discussed in the Treasury's paper published in Volume 4, Section IV, has been a success. We believe that such inward movement can be no less valuable to those who come into the Service and to their employers. We would point out also that the lack of knowledge and understanding of the outside world for which we have criticised the Service has its mirror-image in the outside world. The public interest requires that active steps should be taken to reduce it.

II. It is for the Service and its partners outside to devise ways and means of putting these proposals into effect. We believe however, that a systematic effort is needed and that co-ordinating machinery will be required to organize and give the necessary impetus to it. We suggest that joint working parties with local government and with industry, private and nationalised, should be set up to agree on a method of approach and organize the practical details of a programme of interchange.
In this appendix we develop a number of the recommendations on this subject made in Chapter 4:—

(a) the extension of the pension scheme to cover temporary staff,
(b) the preservation of pension rights on voluntarily leaving the Service for any other employment,
(c) improvements in the arrangements for compulsory early retirement,
(d) improved pensions for certain late entrants.

We also discuss three other topics:—

(e) the question of a contributory pension scheme,
(f) the age of retirement,
(g) the statutory basis of the pension scheme.

Pensions for temporary staff

The Civil Service pension scheme, as embodied in the Superannuation Act 1965, only provides pensions for established staff; temporary staff receive gratuities. Some temporary staff are nevertheless pensionable under other schemes. Certain categories, notably temporary members of the scientific classes, are in the Federated Superannuation System for Universities, and there are a number of other schemes covering small numbers of civil servants. But the majority of the 124,000 temporary civil servants are not pensionable.

The reason for this is the historical link between establishment (i.e. the granting of permanent status) and pensionability. This may well have been appropriate when the "fringe" of temporary staff was small and when few, if any, of them served for any length of time. We think however that this link between permanence and pensionability has now ceased to be appropriate.

While we accept the need to employ staff on a temporary basis, it seems to us that a man or woman who has served for five years or more in the Civil Service ought to earn a pension for his or her service. Steps have already been taken to deal with these temporary (and there are not a few) who give long service; those who are still serving at the age of 60 and have 20 years of service behind them are automatically nominated for
establishment and so made pensionable. We think, however, that this is not a satisfactory way of dealing with the problem and we have therefore recommended in Chapter 4 that all civil servants who have served for the necessary qualifying period should be equal in this respect. Extending the scheme to cover temporary staff would involve certain technical problems. It would presumably be necessary to make sure that their physical health at entry was not such as to impose an undue burden on the finances of the scheme. It would certainly be necessary to adjust the arrangements for redundancy, since it would be unreasonable to pay the generous redundancy terms that are now provided for members of the scheme to those who had expressly been engaged on a temporary basis. There is also the question of the reckoning of temporary service rendered before the date of the change. We are, however, satisfied that these problems can be solved, and that they are matters that it is right for us to leave for settlement by subsequent negotiation.

Preservation of pension rights on voluntary leaving

We recommended in Chapter 4 that all civil servants who have served for an appropriate qualifying period should be able to transfer or preserve their pension rights on voluntarily leaving the Civil Service.

There are already a number of arrangements permitting preservation in these circumstances. They include the following:

(a) There is a widespread system of transfer throughout the public sector. A civil servant who moves, for example, to local government may take with him a transfer value which ensures that his pensionable service in the Civil Service counts in full as pensionable service in local government.

(b) Any civil servant over 50 may retire prematurely and receive the pension and lump sum that he had earned prior to leaving when he reaches his official retiring age (this is generally known as a "frozen" pension).

(c) There is also a system of "approved employment", whereby a civil servant who leaves for such employment may similarly freeze his pension rights and receive them on retirement from that employment (or from a subsequent approved employment). Approval is generally limited to public or quasi-public employments at home or abroad, but since 1964
Civil servants of Assistant Secretary rank (or equivalent) and above have been allowed to leave on approved employment terms for any occupation they may choose. This amounts to quite a wide area of freedom. But it is far from complete. Most moves into private employment are not covered.

Civil servants under 50 and below the rank of Assistant Secretary cannot have their pension rights frozen on moving to industry or commerce, and there are no transfer arrangements at any level with the private sector.

The overwhelming weight of the evidence submitted to us was in favour of full freedom in respect of pension rights. Informed opinion generally in this country has come to regard a pension not as a reward for a life-time of faithful service, but as a kind of additional remuneration which should be attached to any period of employment of a reasonable length, whether it ends in retirement on the ground of age or not. The Minister of Labour's National Joint Advisory Council has recommended in favour of the general preservation of pension rights on voluntary leaving. The National Insurance retirement pension scheme has preservation built into it - a point which will have added importance when earnings-related benefits bring larger National Insurance pensions for higher-paid workers. We have no doubt that preservation is the right principle for the public service. This is partly in order to promote mobility.

More generally, we think that the idea of a tied pension nowadays reduces the attractiveness of the Civil Service for the potential recruit, not so much because he is actively concerned about his ultimate pension while still in his early twenties, as because it contributes to a more general feeling that to enter the Civil Service is to commit yourself to it for life. One of the findings of the survey of student attitudes which we reproduce in Volume 3 No. 9, was that transferability was regarded as the most important feature of pension schemes by 71% of the students who had accepted or intended to accept offers of employment. We recommend, therefore, that civil servants of all ranks should in future be able to preserve their pension rights on leaving for other employment of any kind.
have used two terms, "transferability" (meaning the transfer of pension rights to a new pension scheme) and "preservation" (meaning their storage towards an ultimate pension from the original pension scheme). The distinction involves a point of substance. The majority of pension schemes (and all public sector schemes) relate the level of the pension in one way or another to the salary earned immediately before retirement; the Civil Service pension for example is one-eighth of the average salary over the last three years of service for each year of reckonable service (with a lump sum calculated on a similar basis). If therefore a man's pension rights are transferred to a new scheme so that his separate periods of service are aggregated for the purpose of calculating his final pension, those rights will grow in accordance with his subsequent earnings in his new employment. The combined effects of promotion and inflation are such as to make these rights much more valuable than they would have been if they had simply been frozen in the old scheme.

We therefore recommend that the Civil Service should adopt the principle of making full transfer arrangements with private pension schemes wherever this is practicable. We also regard this as an important aid to movement into the Civil Service, for the reasons set out in Chapter 4 paragraph 134. We recognise, however, that this will be a slow business. Because pension schemes vary widely in their rates of benefit and accrual, no short cuts have yet been devised that might make it unnecessary to negotiate separate transfer arrangements with each individual pension scheme. In addition, therefore, we recommend that in general a frozen pension should be awarded on voluntary leaving in cases where a more satisfactory transfer arrangement had not yet been made.

There are two further aspects of preservation that need examination: the period of service necessary to qualify for a pension and whether preservation should be as of right. The present qualifying period in the Civil Service is ten years (though a transfer value may be paid after only one year). It would be cumbersome and absurd to have to provide for very large numbers of tiny frozen
pensions for one or two years' service, which in many cases would not amount to more than a few pounds, and we think that the concept of a qualifying period is sound. There is however a strong case for reducing it from ten years to five. We think that in a number of cases the optimum length of a man's employment in the Civil Service may well fall between five and ten years, and that if periods of this length remain unpensionable they will not be attractive. We recommend accordingly that five years should be substituted as the qualifying period both for a frozen pension and (because they are inseparable) for a pension on final retirement.

II. Preservation as of right is more difficult. Under the pension legislation as it stands, no civil servant has a legal right to his pension; he cannot sue the Crown for it. The legislation is therefore couched in discretionary rather than in mandatory terms, but it has long been the policy that pensions should not be stopped or reduced below the maximum payable unless there is specific provision for this. In this sense Civil Service pensions are paid automatically. "Approved employment" however is subject to the decision of management and transfer values are occasionally refused, e.g. where the civil servant transfer simply in order to avoid an uncongenial posting. Similarly, cases could arise under full preservation in which a civil servant left "voluntarily" in order to anticipate dismissal for culpable misconduct. We think therefore that the management should retain reserve powers to deal with such cases, though they should be used very sparingly and not, for example, as a penalty because resignation causes inconvenience to the department.

12. It has been represented to us that there are two risks. The first is that our proposals may lead to an exodus of scarce, skilled staff, especially perhaps of those who have acquired in the Service a professional skill that is readily marketable outside. The area of risk however is limited, because senior civil servants and all those over 50 can preserve their pension rights already. More important, we are clear that the staffing problems of the Civil Service should be overcome not by
posing restrictions upon pension rights but by positive steps but will make people willing to enter and remain in the Service. The second risk is that if the Civil Service runs too far ahead of commerce and industry in providing for preservation, it will handicap itself in the labour market: civil servants who can preserve their pension rights will go to business but businessmen who cannot will not come into the Civil Service. This argument does not apply to transfer arrangements, which have so far been and should remain reciprocal. There is something in it as regards frozen pensions. But it cannot be regarded as decisive. The general tide is running in the direction of preservation, and this is an area in which the government as employer should be prepared to give a lead. The terms I have suggested are what seem to us appropriate in the light of the practice of the best employers today. They should be kept up to date as conditions change.

Compulsory early retirement

We have recommended that there should be wider powers to retire a pension those who have ceased to give satisfactory performance and ought to leave before their time in the interests of the Service. In the Civil Service, as in all employments, occasions arise when it is necessary for management to cause to retire early those who are inefficient or otherwise not up to standard. When the inefficiency is culpable, for example when it arises from persistent laziness or misconduct meriting dismissal, no special problems arise. But those cases in which downright dismissal with the total or partial loss of pension rights is too severe a penalty, and still more those in which no particular blame attaches to the individual, e.g. if he has prematurely "run out of steam", produce notorious problems for management in all walks of life.

4. In the Civil Service the problem is made more acute by two factors. First, the permanent civil servant has in practice
a considerable security of tenure. We discussed this in Chapter 
8; in general, there are good reasons for it. But it makes it 
more difficult, because more conspicuous, to remove those whose 
performance is unsatisfactory. Secondly, as we have said in 
Chapter I, the pace of change in the work of the Civil Service 
has been fast in recent years and this is likely to continue. 
The pressure of work, especially on senior civil servants, has 
been and seems likely to continue to be very severe. Particularly 
at such a time, it must be expected that some will lose their 
"cutting edge" before they reach the age of 60. It is sometimes 
possible quite properly to find them another job within the Service 
were the demands for speed and adaptability are not so great. But 
there remain cases, where none of these expedients is open, in which it is necessary 
in the public interest to retire men and women before their time.

15. The Superannuation Act contains a number of powers to deal with 
this situation. Under Section 10 of the Act a civil servant over 
the age of 50 may be prematurely retired for inefficiency with the 
immediate payment of the pension earned by his service. Under 
section 9 an immediate pension may also be awarded if he is under the 
age of 50, but in that event the Treasury must lay a Minute before 
Parliament setting out the reasons for the award. Finally, section 
45, which applies only to the Diplomatic Service, provides that an 
officer may be retired prematurely with an immediate pension if this 
is considered desirable in the public interest, having regard to his 
qualifications and the conditions existing in the Service. Section 
45 permits early retirement whether or not the officer concerned 
is personally inefficient; it also empowers the Treasury to grant an 
enhanced pension in suitable cases. The numbers retired under 
sections 9, 10 and 45 over the last 15 years are shown in Volume 4.No
First, there is now in our view no good reason for the distinction between section 10 and section 9. We should like to see section 10 extended to all civil servants and section 9 abolished. If a Minute has to be laid before Parliament setting out the name of the person concerned and the reasons why, despite his shortcomings, the Treasury feel able to grant him a pension, this inevitably attaches a public stigma to the retirement, and we suspect that departments go to greater lengths than they should to keep inefficient employees rather than put them to this humiliation; the relatively small numbers of retirements in this category may bear this out. The procedures which have been established for the operation of section 10 seem to us perfectly adequate for the proper protection of individuals under 50 as well as those who have passed that age, and we recommend that the age limitation to section 10 should be removed. We note, incidentally, that this age limitation is the same as that which has hitherto limited the right to retire with a frozen pension, and it seems wholly appropriate that both should disappear together.

Secondly, however, we are not satisfied that section 10, as it is now operated, is adequate in modern conditions to deal with those officers who, though not technically "inefficient", have ceased to be able to give a satisfactory performance. As it is drafted, section 10 covers much the same ground as section 45 and implies the use of very similar criteria. If anything, the words "in the interests of efficiency" in section 10 are wider in scope than those in section 45 "desirable in the public interest, having regard to [an officer's] qualifications and the conditions existing in the Service". In practice, however, section 10 has not been used in the home Civil Service for the same purposes as section 45 in the Diplomatic Service. It was apparently never intended that it should be used except in cases of proved personal inefficiency, and assurances have been given to the National Staff Side to that effect. It seems to us that this interpretation is too narrow, and that as a result the Home Civil Service is in a worse position than the Diplomatic Service,
which is able to remove those who have failed to develop their potential or whose powers have fallen away unexpectedly early.

18. We do not think however that it is either necessary or practicable to apply section 45 to the whole of the Home Civil Service. It is unnecessary because these more extensive powers are not needed for management purposes at all levels of the Civil Service. At less senior levels there is enough variety of work for it to be possible to find useful employment for those of limited capacity without detriment to the efficiency of the Service as a whole. It is impracticable because the Service is too large to ensure a common standard of administration throughout all its many establishments. By the nature of the case, what is involved here is not a measure of personal inefficiency that is plainly recognisable as impairing the effective working of the department or branch. It is something a good deal more subtle, and those at the top of a department who are to take action upon it need to know the person concerned and his limitations well if they are to act both justly towards him and wisely in the public interest.

19. We recommend therefore that a procedure analogous to that provided for in section 45 should be introduced for the senior ranks of the Service only, i.e. for those whose pay is above the maximum of the Administrative Class Principal.

We leave the exact procedure to be settled later. We think however that there should be adequate safeguards against unfair treatment; it should not become possible to get rid of a man simply because he is an awkward colleague or subordinate. We suggest therefore that there should be provision for appeal to a board, on which the chairman and some of the members should be independent outsiders of standing. It is also important in our view that the person concerned should be given the maximum amount of warning. He should be told privately as far ahead as possible that he is being considered for retirement under this procedure, which will be invoked if his performance does not improve. As soon as it is decided to invoke it, he should be informed. When the decision to retire him is reached, he should except in cases of real urgency be given a long
period of notice (say nine months to a year) in which to make his arrangements and prepare the ground for his forthcoming retirement.

1. We have considered whether there should be provision for enhancing the pension or lump sum in these circumstances, as there is in the Diplomatic Service. There are arguments against it. Enhancement would mean providing a larger award than is granted in cases of ill health, and it is not clear that a person who ex hypothesi has not performed entirely satisfactorily should receive more than a person whose retirement owes nothing to this cause. On balance however, we have concluded that a measure of enhancement would be right. Unlike the retirement for ill health, this is a deliberate act of management. It may well be that no blame of any kind attaches to the individual; on the contrary he may have worn himself out in the work of the Service. It seems fair that if, as we propose, the most senior civil servants are to be more liable to removal than their juniors, there should be provision for compensation. The form and level of this compensation we leave to be settled later.

2. We draw attention to one other matter in this general field. Occasions may arise, perhaps especially at the lower levels of the Service, when it is preferable to demote a person rather than retire him, especially if he is nearing the end of his working life and unlikely to be able to get another job, but departments may be reluctant to do so because of the reduction of his pension that will follow. Similar considerations may arise if a man has to be moved down because he no longer satisfies the physical requirements of a specialist job e.g. in air traffic control. Such cases might be met more easily if the pensions were based not on the average salary over the last three years of service, but on the average salary over the last three years during which his salary was at its highest; (for convenience in record-keeping, this might be made the last three years in the last ten). Normally this will be the last three years, but where it is not, it seems reasonable that the retiring civil servant should have the benefit of his peak earnings. We recommend that this possibility should be examined.
The present Civil Service pension scheme is non-contributory, and we have considered whether it should be put on to a contributory basis. This was recommended by the Tomlin Commission, 1929-1931, but has never been proceeded with.

1. It would make a marginal contribution to mobility. The full preservation which we have recommended is practicable whether the pension scheme is contributory or not, and the importance of a contributory basis in this connection is therefore subsidiary. It could however produce two additional benefits:

   (a) the option of a return of contributions instead of transfer or preservation for those who left before reaching the retiring age but after serving long enough to qualify for a pension (five years, as we propose);

   (b) the return of their contributions to those who had not served long enough to qualify for a pension.

There is no strong reason to encourage (a). The object of pension schemes is to provide against final retirement, not to produce lump sums in mid-career; and the return of an employee's contributions, even with interest, is much less valuable than even a frozen pension, which includes the much larger contributions made by the employer. On the other hand we see no reason why the State should behave more paternally towards its employees than other good employers by maintaining a pension scheme that does not permit voluntary leavers to encash their pension rights if they wish; and we do not therefore wish to preserve the non-contributory basis as a means of protecting civil servants against their own wrong decisions. The main point however is that at (b) above. While we think that a minimum qualifying period of five years is reasonable, and necessary for the economical running of the pension scheme, it is undesirable that no provision at all should be made for those who serve for shorter periods. Some, perhaps a high proportion, of those who come into the Service for short periods may stay for less than five years. Not all of them will be able to transfer pension rights in and out or maintain their membership of previous schemes. This problem could be dealt with in a non-contributory scheme by a system of short-service gratuities on the lines of that which now applies to temporary staff. If this solution were adopted, we think that such
Gratuities should be paid to all staff (temporary or permanent), for whom other pension arrangements had not been made, leaving after two completed years of service. We are however inclined to think that this purpose could be better served by making the scheme contributory, and giving those who left without qualifying for a pension a right to the return of their own contributions. This is because we attach importance to the less tangible advantages of a contributory scheme. First, if a man pays contributions towards the cost of his pension, this helps him to feel that he is a partner in the process of providing for his retirement, and hence that he is more in control of his future. He may recognise that if he left the Service it would not pay him to take a return of his own contributions, but he may nevertheless feel a sense of satisfaction that this is his own decision and not that of a paternal employer. Secondly, a contributory scheme can help to build of the right relationship between management and staff over the rules and provisions of the scheme. We have no criticism to make of the consultation that now takes place on these matters. But we think it would be better if the position of the staff in these consultations were based on the fact that they were contributing to the cost, and might have to help to finance improvements. This is already true of the Civil Service Widows' and Children's Scheme, which is contributory. We note moreover that the majority of private sector schemes are contributory, and that the same is true of the nationalised industries and most other public services. It would in our view be surprising if the reasons for this general practice did not equally apply to the Civil Service.

26. We are therefore greatly in favour of a change-over to a contributory basis. We are not however in a position to examine the practical implications of such a change at the present time. It may be that the additional administrative effort involved in collecting and recording contributions would be heavy, especially if the forthcoming introduction of National Insurance pensions...
related to earnings necessitated new and more complicated arrangements to combine National Insurance and Civil Service pensions. We recommend that the feasibility of the change should be examined as quickly as possible, and that the scheme should be put on to a contributory basis unless the practical difficulties prove to be over-riding.

Improved pensions for short service

27. The Civil Service pension scheme, like many others, provides a full pension after 40 years service; the pension accrues in the way described in paragraph 8 above and shorter periods earn smaller pensions pro rata. We have no quarrel with this as a general principle; if a man, for example, serves two employers for 20 years each, it is right that each should make provision for his pension. As a nation-wide system of preservation and transfer of pensions develops, it should eventually be possible for a man who changes his job to accumulate as good a total income in retirement as he would have earned by remaining with one employer all his life. This situation however does not exist yet, and a man or woman who enters the Service in middle age and is unable to transfer his pension rights, or perhaps has none to transfer, may end up with an inadequate pension. Private employers have at their disposal a number of expedients for dealing with this problem. The Inland Revenue permit full pension to accrue after 20 years, many pension schemes permit an employee who enters late to purchase "added years" for pension, and "top-hat" schemes are increasingly used to improve the pensions of highly-placed individuals. In our view, the Civil Service is badly placed to compete for high talent in this regard. The Superannuation Act provides one method of granting "added years", but it is too inflexible and only rarely used.

28. We consider therefore that the existing "added years" provision should be replaced by a power that can be flexibly applied to provide late entrants with a pension that accrues at whatever rate is appropriate in each individual case (any existing pension provision from his previous employment being...
in the Inland Revenue. The appropriate arrangements should be made at the time the individual first enters the Service and should constitute part of the offer of employment made to him. It is not however, in view, necessary or desirable that arrangements of this kind, which can be expensive, should apply to all who enter the Service too late to do all 40 years' work; they should be restricted to those individuals of high quality whom the Service wishes to recruit directly to positions of responsibility and who could not be attracted unless special provisions for pensions were made.

Retiring age

Formally, the minimum age of retirement is 60 (exceptions are made to allow certain classes, e.g. prison officers, to retire on immediate pension at an earlier age). In practice the highest ranks normally retire at 60; but the majority of civil servants work on after reaching 60, many to 65 and a substantial number beyond that age. There are弹性 arrangements under which officers can retire formally at 60 and work on in a temporary capacity, often in a lower grade. We have not received evidence on this matter, and make no recommendation for change. We think however that determining the right retiring age is an important and complex problem to which the Service should pay continuing attention in the light of current research and national policies towards retirement.

Statutory basis of the pension scheme

The details of Civil Service superannuation are embodied in Acts of Parliament and in statutory regulations made under the Acts. This means that all changes in the scheme require legislation and that many quite small changes involve not subordinate legislation but a separate Bill. As a result, these changes have to wait for parliamentary time. In consequence, it may be several years before an agreed change can be introduced. We think this to be an unnecessary complication, besides wasting parliamentary time. We do not dispute that Parliament should exercise a proper control over this large element of staff expenditure. But it seems to us that ways could be found of ensuring this that would enable changes in the pension scheme to be made more promptly and with less fuss. We recommend that they should be looked for.
THE WORKING ENVIRONMENT

We mean by "working environment" first, the physical conditions in which civil servants work, and secondly, the office services on which they can draw to deal with their work quickly and efficiently. We have received a paper from the Ministry of Public Building and Works (Volume 4, Section VIII) on government office accommodation and a paper from the Treasury on the adequacy of the provision of office machines (Volume 4, Section VIII). The report of the Management Consultancy Group also commented on these things (Volume 2, paragraphs 277-279).

In our view, the Civil Service tends to under-estimate the importance of the working environment. Thrift in these matters is wholly creditable, but parsimony is damaging. We have formed the impression that the Civil Service makes too much of a virtue of austerity, and in some ways has allowed it to develop to the point at which the reputation and efficiency of the Service suffers from it.

Physical Conditions

Several outside witnesses have commented on the generally shabby impression given by many government offices. We agree with them that the effect is often dispiriting, and we find it hard to believe that it has no effect both on potential recruits to the Service and on those who do their daily work in these surroundings.

Clearly, there can be no early solution to the problem of old buildings, discussed in the paper submitted by the Ministry of Public Building and Works. A programme of replacing those that are no longer adequate is under way. We have not attempted to form a judgement on whether it is going ahead with the greatest justifiable speed. We do not however think that enough is done on the maintenance of the older buildings. More could be done by better cleaning and more frequent painting to make them reasonably pleasant to work in.

In particular, it is essential to provide better lavatories and washroom facilities. Some of those which we have used ourselves
In the course of the last two years have been below any tolerable standard, and we note without surprise that the same thing struck our Management Consultancy Group (paragraph 277 of their report). Lavatories and washrooms are frequently dirty and without towels and soap. This is unhygienic. It is also absurd to see officials (including sometimes Permanent Secretaries) keeping their personal towels and soap in a drawer of their desk and walking the corridors with them. Responsible management includes good housekeeping.

Secretarial services

6. Inadequate services waste skilled manpower higher up. If highly-paid staff have to spend time getting their own telephone calls or cannot get urgent work typed quickly, the Service incurs serious costs in frustration and inefficiency. The top levels of the Service are well served. But the secretarial and other services on which the middle ranks can call are often seriously inadequate. We realise that there is a serious shortage of typists in London and that it will probably continue to be necessary to send much typing work to typing pools in the provinces. But we think that the situation could be improved by the more systematic use of dictating machines and by experimenting with different systems for the pay of typists. The Civil Service puts itself at an unnecessary disadvantage in the competition for typists by basing their pay on long salary-scales, which are appropriate to a person who is starting a life-time’s career in the Civil Service, but much less so to people whose turnover is expected to be rapid. We are aware that efforts have been made to improve the position. But the basic typist Grade II, for example, is recruited on a pay-scale which is too long - no less than fourteen annual steps. The top rate is reasonable. But because the scale is so long, the starting rate is unattractive. We have not examined the problems involved in combining pay-scales that are suitable for girls who want a career in the Civil Service with scales appropriate for those who would prefer a short-term contract. But we are clear that something on these lines is needed.

7. Staff at the level of Assistant Secretary and above have
personal secretaries. But those below generally do not, and many, especially among the specialists, find that their work is seriously held up by the lack of clerical support and routine office help. This wastes their time. The provision of personal assistants is not necessarily the right solution; it can be very wasteful where they are not fully employed. But shared and central facilities could be extended with great advantage. Their availability should not necessarily be determined by reference to rank; the criterion should be the needs of the work at any level.

8. We have seen that the Service is by no means backward in trying out and providing the most modern office machines. It is however less good at making their existence and advantages known to those who could make good use of them. We think also that there is a good deal of scope for the wider use of the simpler aids such as ready-reckoners and adding machines. Too many calculations are still done in longhand. Our Management Consultancy Group also found that complicated procedures were needed to acquire such small items as pens and erasers. We hope that the expanded management services units which we have proposed in Chapter 5 will, as a minor by-product, ensure that such simple obstacles to efficiency are speedily removed.
APPENDIX J

THE SUPPORTING GRADES

The majority of civil servants are in the supporting grades which fall predominantly at the lower end of the pay structure. They are of the greatest importance to the efficient discharge of the tasks of the Service. There are about 112,000 in the general and departmental Clerical Classes, 67,000 in the Clerical Assistant Class, 26,000 in the Typing grades, 26,000 in the Officer Keeper, Messenger and analogous grades and 48,000 in the Ancillary Technical grades - a total of 280,000 which represents over 60% of the whole non-industrial Civil Service.

2. We recommended in Chapter 6 that all classes should be abolished and replaced by a single, unified grading structure covering the whole Service. In the course of the examination that led us to this conclusion, we considered whether the problems of the supporting grades were such that we ought to recommend for them a different and special solution. We concluded, however, that the case for a unified grading structure applied to these as well as to the other levels of the Service.

4. In these areas of the Service, as elsewhere, there are a great number of separate classes, again divided both horizontally and vertically. For example, there are upper and lower Reproduction Classes, 'A' comprising craftsmen and 'B'semi-skilled workers. There are separate classes side by side for reproduction (maps), photoprinters, duplicator operators (stencils, offset-litho etc.) and machine operators (calculating machines, punched cards etc.) There are separate classes again for office keepers, paperkeepers and messengers, and there are also separate classes for Clerical Officers and Clerical Assistants. The problems posed by this large number of separate classes, many with their own separate career structures, are as we have set out in Chapter 6.

5. We received evidence from the Treasury (Volume 5, No. 11) and from the Civil Service Union, the Civil Service Clerical Association,
he Society of Technical Civil Servants, the Association of
Government Supervisors and Radio Operators, the Inland Revenue Staff
Association, the Customs and Excise Launch Service Association and the
Ministry of Labour Staff Association on the classes they represent
within this area of the Service (Volume 5, nos.27, 22, 49, 19, 35,
32 and 146). Among the main points they severally put to us were: -

(a) Promotion prospects should be improved by: -

(i) the creation of higher posts within the fields now
covered by these classes (the C.S.U., the Society
In particular new supervisory grades for Tracers and Drawing
Offices Assistants should be created to provide a career for
those who are unlikely to rise above their present field;
higher supervisory grades should be introduced for the
specialised management of stores and reproduction work; and
a new grade of Employment Officer should be introduced in
the Ministry of Labour.

(ii) larger promotion outlets to higher classes.

(b) The Reproduction Classes should be merged and there should
also be a merger between the Radio Technicians (who are
represented by the C.S.U. and A.G.S.R.O.) and the
Telecommunications Technical Officers (who are represented
by the Institution of Professional Civil Servants).

(c) Many jobs at present graded as industrial should be regraded
as non-industrial: and a new class should be created to make
possible a continuous grading structure for those who work
in electronics.

(d) There should be a review of the structure of the Typing,
Duplicating and Machine Operator classes; as regards the
latter it was suggested that the Machine Assistant should
become a training grade, and Machine Operator the main
working grade, with pay geared to proficiency.

(e) Incremental scales should be shortened to enable the new
entrant to reach his maximum sooner, while long-service
increments at periodic intervals should be introduced for
unpromoted officers who have reached their salary maximum.
In our view the main problems exposed by this evidence spring from the rigidities and inflexibilities associated with the structure of classes which we have condemned in Chapter 6. They cannot therefore, be solved without the abolition of these separate classes and their incorporation within the unified grading structure we have recommended. This will provide the essential framework for the greater flexibility in organisation and deployment that is vital to managerial efficiency in this area of work; it will also provide better career opportunities; we believe these to be unduly restricted by the present arrangements.

At the same time, the supporting grades pose a special problem. We would expect the development of mechanisation and especially of computers greatly to change the nature of their work in the coming years. This change will not come suddenly. But its effect will be to make personnel management much more important at these levels. The main need, as the evidence shows, is that there should be an open route to promotion to work of higher responsibility.

Departments will accordingly need to give more attention to this. It is not only a question of selecting those men and women who are capable of filling posts of greater responsibility within their own fields; it also means that departments should make special efforts to select and train those who wish and have the aptitude to move to other types of work that offer new prospects and opportunities.

In paragraph 243 of Chapter 6 we recommend as a first priority that the Civil Service Department should mount a major study to work out the precise details of a unified grading structure to be applied throughout the Service. We would expect this study to pay particular attention to the likely impact of much more extensive mechanisation of the work at these levels in the Service.
APPENDIX K

MAIN EVIDENCE ON IMPORTANT TOPICS

We refer briefly in this Appendix to those pieces of written evidence, published in Volume 5, that made an especially positive contribution to our work. We have perforce been highly selective. On some questions, for example the structure of the service, a few papers have dealt thoroughly with the subject while others have referred to it much more briefly; here we refer to the former only. On others, there has been a great deal of evidence, no part of which however stands out as a full-scale treatment of the subject. An example of this is the need for greater mobility between the Service and the outside world, and the case for preserving pension rights on voluntary leaving - a point made very widely indeed. In these cases, we give a few examples, simply to illustrate the general scope and weight of the opinion put to us.

2. We have included no references to oral evidence. As we explain in Appendix I, we decided to take all oral evidence in confidence. A list of those who came to talk with us is at

/Annex II
Appendix II to that appendix.

We have also confined our references to those papers that contained proposals and comments, i.e. those published in Volume 5. We have also been greatly influenced by the reports of investigations and the factual material contained in Volumes 2, 3 and 4, but their scope is too wide for us to attempt to summarise them.

Structure of the Civil Service

H. M. Treasury (Volume 5, No. 1) proposed the merger of the administrative and Executive Classes and the formation of an integrated structure at the top of the Service down to the salary level of the maximum of the Assistant Secretary scale. The main paper on structure took this as their starting-point. As was not to be expected, the main evidence came from inside the Service; outside organizations and individuals for the most part made only brief references to it. The Civil Service Clerical Association (No. 22) proposed the addition of the Clerical Classes to the merger proposed by the Treasury; the Treasury (No. 2) agreed. The Institution of Professional Civil Servants (No. 38) proposed similar mergers of the Scientific and of the Professional (Works Group) and Technical Classes into a Science Group and a Technology Group respectively; and later (No. 39) the creation of a Social Scientist Group. The Treasury disagreed (Nos. 5 to 8 and 40). The I.P.C.S. also proposed that the integrated structure at the top of the Service should be extended downwards to the maximum of the Principal scale. The First Division Association (No. 15) supported the merger of the administrative and Executive Classes, but opposed the integrated top structure. Other staff associations made proposals relating to their particular parts of the Service. Those representing departmental classes were for the most part strongly in favour of their preservation. The Treasury, the Ministry of Public Building and Works and the Ministry of Technology exposed the problems that arise from the present groupings of scientists and engineers in separate
classes (No. 7).

Recruitment

5. The Treasury proposed a wider graduate entry to administrative work (Volume 5, No. 1). The Civil Service Commission described present procedures and suggested a method of selection for a wider graduate entry (Volume 4, Section III). Mr. J. H. T. Goldsmith proposed an alternative (Volume 5, No. 126). Other papers which discussed administrative recruitment at some length were submitted by the First Division Association (No. 15), the Society of Civil Servants (No. 47), Professor B. Crick and Mr. W. Thornhill (No. 120), Mr. N. Johnson (No. 133), Mr. J. H. Robertson (No. 143) and Mr. F. Stacey (No. 151). Problems of recruitment to the Clerical Classes were discussed by the Civil Service Clerical Association (No. 22).

6. Recruitment to the specialist classes was discussed by the Treasury in its papers about the Scientific Classes (No. 5), the Works Group (No. 6), the Economist, Statistician and Research Officer Classes (No. 8), Accountants (No. 9) and the Legal Class (No. 10). The Institution of Professional Civil Servants (No. 38), the First Division Association (No. 15), the Society of Technical Civil Servants (No. 49) and the Civil Service Legal Society (No. 26) commented on recruitment to the classes they represent. We were also assisted by papers contributed by the Council of Engineering Institutions (No. 72) and the Engineers Guild Ltd. (No. 77) about engineers; and by the Accountants Joint Parliamentary Committee (Nos. 51 and 52) and the Institute of Cost and Works Accountants about accountants (No. 89). General problems of recruitment were discussed in papers by schools (No. 110) and by Youth Employment Officers (No. 117).

Training

7. Detailed proposals on management training were made in the Report of a Working Party under the chairmanship of Mr. S. P. Osmond (Volume 5, No. 13). Vocational training for specialists was discussed by the Treasury (No. 5) and the Institution of Professional Civil Servants (No. 38). Professor P. J. O. Self (No. 147) discussed in some detail the idea of a Civil Service College. This was also
Management training for both administrators and specialists was also discussed by many staff associations and in a number of papers submitted by organisations and individuals outside the Service, notably by the Labour Party (No. 97), the Liberal Party (No. 98), the Council of Engineering Institutions (No. 72), the Royal Institute of Public Administration (No. 107), Professor B. Crick and Mr. W. Thornhill (No. 120), Mr. N. Johnson (No. 133), Mr. E. M'Ewen (No. 135), Professor Self (No. 147) and Mr. F. Stacey (No. 151).

Career management

The greater specialisation of administrative staff was discussed by the Labour Party (Volume 5, No. 97) the Royal Institute of Public Administration (No. 107), Mr. N. Johnson (No. 133), Professor Self (No. 147), Mr. Deakin, Mr. Mayall and Mr. Flowden (No. 139) and a group of members of the First Division Association (No. 128). The career management of staff in their early years occupied a substantial part of the evidence of several staff associations, notably the Society of Civil Servants (No. 47) and the Civil Service Clerical Association (No. 22). Many papers discussed movement between jobs and between departments, for example those of National Coal Board (No. 100), several hospital boards (Nos. 81-86), the British Railways Board (No. 63), the Confederation of British Industry (No. 67) and Dr. A. F. Earle (No. 123). The need for the better career management of specialists was discussed by the Institution of Professional Civil Servants (No. 38); many papers dealt with the need to give them experience of management work, for example those of the Council of Engineering Institutions (No. 72), the Royal Institute of British Architects (No. 104), the Royal Society (No. 108) and the British Institute of Management (No. 60). Several took the view that personnel work generally was in need of improvement and should be given a higher status within the Service. They included the Royal Institute of Public Administration (No. 107), the Confederation of British Industry (No. 67) and the Institute of Personnel Management (No. 92).
The need for clear allocation of responsibility and authority was discussed by the Society of British Aerospace Companies (Volume 5, No. 113), the Confederation of British Industry (No. 63) and the Association of Municipal Corporations (No. 56). Much of the evidence favoured the setting up of integrated hierarchies and fixed teams. Examples are the papers submitted by the First Division Association (No. 15), the Institution of Professional Civil Servants (No. 38), the Liberal Party (No. 98), the Council of Engineering Institutions (No. 72) and the Engineers Guild (No. 77). Stress was also laid on new management techniques, e.g. by the British Institute of Management (No. 60), the Electricity Council (No. 76), and on the need for internal efficiency audit, e.g. by Dr. A.F. Earle (No. 123). Problems of interdepartmental consultation were mentioned in a number of these papers, and also by Mr. P. Jay (No. 132), Mr. W. S. Ryrie (No. 144) and Mr. J. H. Robertson (No. 143).

Mr. Ryrie and Mr. Robertson also discussed the changing nature of Civil Service work. Mr. Robertson advocated the setting up of planning units, as did also Professor Self (No. 147) and Mr. D. Seers (No. 145). The role of the Permanent Secretary came in for a good deal of attention: the papers by the Institution of Professional Civil Servants (No. 38), the Greater London Council (No. 79), Sir Donald Gibson (No. 125) and Mr. N. Johnson (No. 133) are examples. Some discussed the question of hiving off executive functions to autonomous bodies; they included the Confederation of British Industry (No. 67), the Guardian (No. 80) and British European Airways (No. 59).

Career Service and mobility

There have been very few suggestions that the Civil Service should cease to be a career service; very many that there should be more mobility and better contacts between the Service and the outside world. Some, e.g. the Confederation of British Industry (Volume 5, No. 69), Sir Frank Turnbull (No. 152) and Sir Donald Gibson (No. 125), suggested that scientists and engineers in particular
would have more mobile careers. The importance of better contacts was stressed, for example, by the Trades Union Congress (No. 115), the Electricity Council (No. 76), I.C.T. Ltd. (No. 95) and the London Council (No. 79). More late entry was widely recommended: examples are the Confederation of British Industries (No. 67), the Royal Society (No. 108), the British Institute of Management (No. 60) and Professor B. Crick and Mr. W. Thornhill (No. 120). Interchange of staff is dealt with in Appendix G. This attracted very wide support from organisations and individuals in many different walks of life. Joint training courses (whether inside or outside the Service) were also favoured, e.g. by I.C.T. Ltd. (No. 95) the British Railways Board (No. 63) and the Trades Union Congress (No. 115). As regards pension arrangements, there was very wide support for, and no opposition to, preservation on voluntary leaving. Several staff associations, the Royal Institute of Public Administration (No. 107) and the Institute of Personnel Management (No. 92) suggested pensions for temporary staff.

Mineral management of the Civil Service

In Lord Helsby, the then Head of the Civil Service, put in a personal paper (Volume 5, No. 14). The general, but not unanimous, weight of opinion was in favour of a change, either to a Public Service Commission or to a new department. Examples are the papers by the Labour Party (No. 97), the Liberal Party (No. 98), the majority of staff associations (but not the Institution of Professional Civil Servants), the Royal Institute of Public Administration (No. 107) and the Trades Union Congress (No. 115). Some of these also proposed the closer association of the Civil Service Commission with the central management; so also, for example, did the Institute of Personnel Management (No. 92) and Mr. A. F. Earle (No. 123).

Relations with Ministers, Ministerial appointments and Civil Service anonymity

Relations with Ministers were not widely discussed, but were dealt with by the Labour Party (Volume 5, No. 97), Mr. D. Sears (No. 145) and Sir A. Percival (No. 137).
The Labour Party were also in favour of a Ministerial "cabinet" on the French model. A greater number preferred a looser system of ad hoc personal appointments. The fullest treatment of this was in the paper by the Fabian Society (No. 78). It was also discussed by the Liberal Party (No. 98), the Trades Union Congress (t. 115), the Institution of Professional Civil Servants (No. 38) and Mr. T. Smith (No. 150). Comment on the convention that civil servants should be anonymous has been wide-spread. Most thought it should be relaxed, for example the Liberal Party the Consumer Council (No. 71), Shell (No. 112), the First Division Association (No. 16), the Inland Revenue Staff Federation (No. 35), Mr. N. Johnson (No. 133), Mr. A. F. Earle (No. 123) and Professor Crick and Mr. Thornhill (No. 120). Some of these warned of the difficulties; so did Sir H. Poynton (No. 140).

General

1). On most points, there have been dissenting voices. But reviewing the evidence as a whole, we have been struck by a remarkable consensus of opinion. Many tributes have been paid to the strong qualities of the Civil Service. At the same time, there is a large measure of agreement on the major problems that now need to be solved and on some of the reforms that should be introduced for this purpose.
PROCEDURE AND ACKNOWLEDGEMENTS

Investigation and Research

We commissioned five investigations. We wish to record our deep debt of gratitude to those who conducted them, many of whom devoted a very great deal of time and trouble to this work, to those who assisted them in various ways and to the individuals who co-operated so willingly by taking part in interviews and replying to questionnaires. They have made a most important contribution to our work and, we believe, to a general understanding of the Civil Service.

(a) Management Consultancy Investigation

2. This was an investigation on the ground of a number of blocks of work in government departments, selected to provide as good a cross-section of the main kinds of work done by civil servants in the general service classes as could be examined by a small team in a reasonably short time. The investigation was carried out by a mixed group. It was headed by a member of the Committee, Dr. Norman Hunt. The other members of the team were Mr. John Garrett (in association successively with Mr. D. Morley-Fletcher and Dr. R. Ferguson) of Associated Industrial Consultants Limited, Mr. E.K. Ferguson of the British Petroleum Company Limited, whose services were made available to the Committee without charge over a long period, and Mr. S.D. Walker of the Organisation and Methods I Division of the Treasury. Twelve departments provided facilities for the examination of their work, the staff associations concerned encouraged their members to co-operate, and nearly 600 individual civil servants took part in interviews and helped in other ways. The report of the team is published simultaneously with our report in Volume 2.

(b) Sociological Survey

3. This was a survey by questionnaire designed to provide the outline of a sociological portrait of the main general service
classes of the Civil Service. It was conducted by Dr. A.H. Halsey, head of the Department of Social and Administrative Studies at the University of Oxford, and Mr. I. M. Crewe, Assistant Lecturer in Politics at the University of Lancaster. The time available was too short to allow for a pilot enquiry or any study by the interview method of opinions or attitude to work, and the survey had therefore to be confined to factual information about the social and educational background of the sample. It will be published later in Volume 3.

4. Others who took part in this survey were the Government Social Survey, especially Mr. Louis Moss and Miss H.B. Lewin, who devoted much time and labour to the preparation of the material; H.M. Treasury, which prepared the sample and gave other help; Dr. M. Knott of the London School of Economics who helped with the statistical side of the survey; Professor R.K. Kelsall of Sheffield University, who helped to design the shape of the survey; Professor Asa Briggs, Lord Heyworth, Professor W.J.M. Mackenzie, Sir Peter Runge, Sir Henry Wilson Smith, Dr. A.T.M. Wilson, Dr. E.G. Woodroofe and Mr. M. Zinkin, who read and commented on early drafts; and the individual civil servants who responded in overwhelming majority to the questionnaire.

(c) Entrants to the Administrative Class in 1956

5. Dr. R.A. Chapman of Liverpool University conducted a survey by questionnaire and interview of those men and women who entered the Administrative Class as Assistant Principals in 1956. His survey is also published in Volume 3 under the title "Profile of a Profession".

(d) Unsuccessful candidates for the Administrative Class in 1951

6. Dr. J.F. Pickering of Sussex University conducted a survey by questionnaire designed to examine the subsequent careers of candidates who had been unsuccessful in the open competitions for the Administrative Class fifteen years before our own inquiry. His report is also published under the title "The Civil Service Unsuccessfuls" in Volume 3.
(e) Administrative Class follow-up

7. The Civil Service Commission, assisted by departments, conducted a follow-up survey of members of the Administrative Class to compare the relative progress and performance of different types of entrant and to check the validity of the selection procedure. Their report also is published in Volume 3.

(f) Reports on the Civil Service since Northcote-Trevelyan

8. Mr. J.B. Bourn of the Ministry of Defence made a study of the work of the main Royal Commissions and committees that have examined the Civil Service. His account is also published in Volume 3.

9. We also publish in Volume 3 reports resulting from other enquiries which were not commissioned by us, and in the design of which we took little or no part, but the results of which were made available to us by their authors. They are the following:

(i) Recruitment of graduates to the Civil Service

The report of a survey conducted by the Psychological Research Centre

(ii) Executive Officers and Clerical Officers: a study of factors affecting ability, efficiency and job satisfaction

The report of a survey conducted by H.M. Treasury

(iii) Wastage of Executive and Clerical Officers

Interim report of a survey conducted by H.M. Treasury

(iv) Executive Class follow-up

Interim report of a survey conducted by the Civil Service Commission and departments

(v) Evidence submitted to the Public Schools Commission

Note by the Treasury Commission for the Commission comparing members of the Administrative Class by school background.

These reports have been of great assistance to us.

Factual and statistical material

10. We have received a great volume of factual and statistical material from the Treasury, the Civil Service Commission and other departments. This material has been an invaluable basis for our work. We are publishing much the greater part of it in Volume 4 simultaneously with our report, not only in order to show the
facts on which we have based our conclusions, but also in the belief that this information should be made public for its intrinsic interest and value. We wish to record our appreciation of the time and trouble that went into preparing it for us.

**Visits abroad**

1. Groups of us visited France (November, 1966) and Sweden (February, 1967). The Chairman and one other member also visited the United States (September, 1966). Our impressions of these visits are recorded in Appendix C. We cannot here record the names of all those who did so much to help us, but we are deeply grateful to each government which acted as our host and took great trouble to make our visit to their country interesting and profitable.

**Written evidence**

2. We have received a great deal of written evidence. It came from many sources: from H.M. Treasury and other departments, from the Civil Service staff associations, from organisations outside the Civil Service (political parties, professional and learned bodies, nationalised and private industry, local authority associations and others), and from individuals both inside and outside the Civil Service. We think it right to publish much the greater part of this evidence, and it is appearing simultaneously with our report in Volume 5. A list of the organisations and individuals whose evidence is being published is at Annex I to this appendix.

**Oral evidence**

3. Many of our 89 meetings were devoted to taking oral evidence. We took the decision to take it all in confidence. We did so in the belief that we should best discharge our duty if we based our report on exchanges of views that were as frank and informal as possible, and not upon open statements of formal positions, which must necessarily be more reserved. In consequence we are precluded from publishing this evidence. A list of the organisations and individuals who came to talk with us is at Annex II to this appendix.
We gratefully acknowledge the report of the Estimates Committee, which laid the foundations for our work in its Sixth Report to Parliament (1964-1965).

Other acknowledgements

Our thanks are also due:-

To the governing body of Exeter College, Oxford, who released Dr. Norman Hunt from his many college duties for over a year so that he could devote his whole time to our work.

To Shell International Petroleum Company Limited, Imperial Chemical Industries Limited, Unilever Limited and Marks and Spencer Limited for information on their personnel management practices;


We are also most grateful for the help of the typing and duplicating services of the Treasury. They met the heavy demands placed upon them with impressive speed and efficiency.

General

The reports, the material and the evidence we are publishing give some indication of the amount of help we have received in the course of our inquiry. We mention in Appendix K those contributions that influenced our thinking on particular topics. Here we wish to record our gratitude to those on whom we imposed the greatest labours, especially the Management Consultancy Group, and Dr. Halsey and Mr. Crewe.

We have also received a great deal of help, official and private, from many civil servants in many departments. We may perhaps most suitably thank them all, and particularly the Pay and Management Group of the Treasury, in the person of Lord Helsby. He put at our disposal all the knowledge, wisdom and experience gathered
In the course of his distinguished career in the Civil Service, particularly over the last five years as its Head. We are very conscious of the load that our work has placed on him and on his colleagues, and are most grateful for all they have done.
We are publishing written evidence submitted by the following:

Government Departments

H. M. Treasury*

Ministry of Agriculture, Fisheries and Food

Civil Service Commission*

Department of Education and Science

Home Office

Ministry of Housing and Local Government

Ministry of Labour*

Ministry of Power

Ministry of Public Building and Works

Ministry of Technology

Scottish Education Department

*Also gave oral evidence
staff Associations

Association of First Division Civil Servants
Association of Government Supervisors and Radio Officers
Association of Her Majesty's Inspectors of Taxes
Association of Officers of the Ministry of Labour

Civil Service Clerical Association
Civil Service Legal Society
Civil Service Union
County Court Officers Association
Customs and Excise Controlling Grade Association
Customs and Excise Federation
Customs and Excise Launch Service Association
Customs and Excise Preventive Staff Association
Customs and Excise Surveyors' Association

Inland Revenue Staff Federation
Institution of Professional Civil Servants

Ministry of Labour Staff Association

Society of Civil Servants
Society of Technical Civil Servants

*Also gave oral evidence
Accepting Houses Committee jointly with Issuing Houses Association

Accountants Joint Parliamentary Committee
Association of Child Care Officers
Association of Education Committees
Association of Family Caseworkers
Association of Municipal Corporations
Association of Unit Trust Managers

British Electrical and Allied Manufacturers Association
British European Airways
British Institute of Management
British Insurance Association
British National Export Council
British Railways Board
Building Societies Association

Chartered Land Societies Committee
Committee of Directors of Research Associations
Confederation of British Industry
Conference of the Electronics Industry
Consumer Council
Council of Engineering Institutions
County Councils Association

Educational Institute of Scotland (and comment by Scottish Education Department)
Electricity Council

Engineers Guild Limited

Fabian Society

Greater London Council

The Guardian
Eastern Regional Hospital Board (Scotland)
Manchester Regional Hospital Board
North East Metropolitan Regional Hospital Board
Oxford Regional Hospital Board
Sheffield Regional Hospital Board
Welsh Hospital Board

Incorporated Society of Auctioneers and Landed Property Agents
Institute of Biology
Institute of Cost and Works Accountants
Institute of Landscape Architects
Institute of Municipal Treasurers and Accountants
Institute of Personnel Management
Institute of Physics and the Physical Society
Institution of Heating and Ventilating Engineers
International Computers and Tabulators Limited
International Publishing Corporation

Labour Party
Liberal Party

National Citizens' Advice Bureaux Council
National Coal Board
National Council of Social Service
Operational Research Society
Rating and Valuation Association
Royal Institute of British Architects
Royal Institute of Chemistry
Royal Institute of Public Administration
Royal Society
Royal Statistical Society

Science Research Council
Shell International Petroleum Company Limited
Society of British Aerospace Companies Limited
Stock Exchange
Secretary B. Corker, jointly with Mr. W. Thornhill
In L. T. Cornwell
E. J. M. P. Chandle
R. G. S. Brown

Group of members of the Association of First Division Civil Servants

Watford Grammar School
Watton-at-Stone Grammar School
Wendover Grammar School
Three Hills School
Thomas Bennett School, Chelmsford
St. Albans Grammar School for Girls
Royal High School, Bath
Apsley Grammar School, Kent
Hempstead
Ardwyn Grammar School, Aberystwyth
Boroughmuir Secondary School, Edinburgh
Bradford Girls Grammar School
Cardiff High School for Boys
Cathays High School for Girls, Cardiff
Coombe Grammar School, Lee
The Grammar School, Llandysul
The High School, Kidderminster
Inverurie Academy, Aberdeenshire
Kingswood School, Wimpton
Kingswood VI Grammar School, Stourbridge
Kesteven and Grantham Grammar School
Kirkby Peterlee Academy, Peterlee
The High School, Kirkintilloch
The Grammar School, Linlithgow
College of Grammar School, Lee
Cardiff High School for Girls
Cardiff High School for Boys
Readwood Girls Grammar School
Boroughmuir Secondary School, Ayrshire
Apsley Grammar School, Kent

Societies and Colleges

Youth Employment Officers

United Kingdom Atomic Energy Authority

United Nations Conference
Mr. N. D. Deakin jointly with Mr. J. B. L. Mayall and Mr. W. J. L. Flowden

Sir George Dunnett, K.B.E., C.B.

Dr. A. F. Harle

Sir Donald Gibson, C.B.E.

Mr. J. H. T. Goldsmith, C.B.E.

Mr. L. J. Harris

Mr. C. E. Horton, C.B.E.

Sir Herbert Hutchinson, K.B.E., C.B.

Mr. P. Jay

Mr. N. Johnson

Mr. B. M'Wen

Mr. D. L. Munby

Sir Anthony Percival, K.C.B.

Sir Edward Playfair

Sir Hilton Poynton, G.C.M.G.

Dr. R. Pryce

Mr. J. H. Robertson

Mr. W. S. Ryrie

Mr. D. Seers

Professor P. J. O. Self

Mr. I. S. T. Senior jointly with Mr. E. A. French and Mr. A. Axon

A Senior Executive Officer

Mr. T. Smith on behalf of the Acton Society Trust

Mr. F. Stacey

Sir Frank Turnbull, K.B.E., C.B., C.I.E., jointly with Dr. A.V. Cohen and Dr. H. T. Hookway

Mr. R. Turvey

*Also gave oral evidence
The following gave oral evidence:

**Government Departments**

**H.M. Treasury**
- Dame Elsie Abbot, D.B.E.
- Mr. F. R. Barratt
- Mr. P. L. Burton (from the Civil Service Pay Research Unit)
- Mr. T. H. Caulcott
- Lord Holsby, G.C.B., K.B.E.
- Mr. M. E. Johnston
- Mr. C. D. E. Keeling
- Mr. S. L. Lees, M.V.O.
- Mr. N. G. Morrison
- Mr. S. P. Osmond, C.B.
- Sir Louis Petch, K.C.B.
- Mr. H. Pitchforth
- Mr. P. Rogers, C.B., C.M.G.
- Mr. P. S. Ross
- Mr. J. J. S. Shaw

**Civil Service Commission**
- Sir George Abell, K.C.I.E., O.B.E.
- Sir Frederick Brundrett, K.C.B., K.B.E.
- Mr. K. A. G. Murray
- Mr. K. M. Reader

**Customs and Excise Department**
- Sir Wilfred Morton, K.C.B.
- Mr. G. Imms, C.B.

**Diplomatic Service Administration Office**
- Sir Colin Crowe, K.C.M.G.
- Mr. J. Heath
- Mr. P. H. Laurence

**Ministry of Health**
- Sir Arnold France, K.C.B.
- Sir George Godber, K.C.B.
Inland Revenue Department

Sir Alexander Johnston, G.C.B., K.B.E.
Sir Leonard Barford

Ministry of Labour

Mr. C. H. Sisson

Staff Associations Etc.

Association of First Division Civil Servants

Mr. J. A. Battersby
Mr. R. B. M. King
Mr. T. S. Pilling
Mr. G. W. Watson

Association of Government Supervisors and Radio Officers

Mr. F. L. Avery
Mr. W. Penn
Mr. R. Hadlow
Mr. G. Keen

Association of Her Majesty's Inspectors of Taxes

Mr. A. D. M. Brown
Mr. E. Cropper
Mr. A. B. Scott

Association of Officers of the Ministry of Labour

Mr. M. J. Booth
Mr. J. J. Brennan
Mr. R. V. Powell

Civil Service Clerical Association

Mr. W. L. Kendall
Mr. L. A. Wines

Civil Service Legal Society

Mr. E. M. Cockburn
Mr. J. R. B. Hodgetts
Mr. B. M. F. O'Brien
Mr. R. F. N. Thoyts
Civil Service Union
Mr. L. H. Moody
Mr. E. Roberts
Mr. M. J. Rose
Mr. J. O. N. Vickers

County Court Officers Association
Mr. R. Hacham
Mr. F. Humphries
Mr. D. F. Martin

Customs and Excise Controlling Grade Association
Mr. E. F. Elfick
Mr. F. R. Frost

Customs and Excise Federation
Mr. H. E. Buckingham
Mr. S. Cramp

Customs and Excise Launch Service Association
Mr. L. J. Anderson
Mr. N. J. H. Canning

Customs and Excise Preventive Staff Association
Mr. J. F. Douglas
Mr. H. G. Farren
Mr. F. Gray
Mr. J. N. S. Moore
Mr. J. E. Morrish

Customs and Excise Surveyors' Association
Mr. E. J. Hoskin
Mr. J. R. Knipe

Inland Revenue Staff Federation
Mr. W. G. Lloyd
Mr. C. T. H. Plant
Mr. F. D. Swift

Institution of Professional Civil Servants
Mr. W. A. T. Dorey
Mr. R. G. Fall
Mr. W. McCall
Ministry of Labour Staff Association

Mr. C. Bocock
Mr. G. Pearce
Mr. J. L. Tindall

Society of Civil Servants

Mr. J. R. M. Dryden
Mr. V. T. Morgan
Mr. L. Williams
Mr. V. A. C. Willis

Society of Technical Civil Servants

Mr. H. W. Baldwin
Mr. A. C. Carter
Mr. C. Cooper

Civil Service National Whitley Council (Staff Side)

Lord Delacourt-Smith
Mr. J. R. M. Dryden
Mr. T. Jackson
Mr. P. D. Jones
Mr. W. Kendall
Mr. W. McCall
Mr. C. T. H. Plant
Mr. L. Williams
Organisations

Accountants Joint Parliamentary Committee
Sir Henry Benson, C.B.E., F.C.A.
Mr. R.G. Leach, C.B.E., F.C.A.
Mr. J.M. Renshall
Sir William Slimmings, C.B.E.

British Petroleum Company Limited
Mr. P.D. Ince
Mr. B.W. R. Mooring

Confederation of British Industry
Mr. A. Cadbury
Miss R. Clay
Mr. J. Whitehorn

Council of Engineering Institutions
Brigadier J.R.G. Pinch, O.B.E.
Lord Hinton of Bankside, K.B.E., F.R.S.
Mr. Ewen M'Ewen
Mr. H.N. Pemberton

 Trades Union Congress
Sir Harry Douglass
Mr. V. Feather, C.B.E.
Mr. D.E. Lea
Mr. L. Murray, O.B.E.
Mr. C.T.H. Plant, O.B.E.

National Citizens Advice Bureaux Council
Mr. M. Bowers
Mrs. C. Davis
Mr. C. Hemming
Miss J. Pridham

United Kingdom Atomic Energy Authority
Mr. J. Charles
Sir Charles Cunningham, K.C.B., K.B.E., C.V.O.
Lord Penney, K.B.E.
Individuals Outside the Civil Service (including ex-civil servants)

Sir Henry Benson, C.B.E., F.C.A.
Mr. M.H. Bernstein
Mr. F.A. Bishop, C.B., C.V.O.
Dr. J. Bray, M.P.
Mrs. E.M. Chilver
Sir Edmund Compton, K.C.B., K.B.E.
Rt. Hon. A. Crosland, M.P.
Rt. Hon. R.H.S. Crossman, O.B.E., M.P.
Professor A. Day
Professor D. Donnison
Professor Sir Ronald Edwards, K.B.E.

Rt. Hon. J. Grimond, M.P.
Rt. Hon. J. Grimond, M.P.
Sir Arnold Hall, F.R.S.
Sir Richard Hayward
Rt. Hon. D. Healey, M.P.
Rt. Hon. A. Jones
Lord Kings Norton
Professor M. J. Lighthill
Professor W. J. M. Mackenzie, C.B.E.
Sir George Mallaby, K.C.M.G., O.B.E.

Rt. Hon. R. Maudling, M.P.
Sir Philip Morris, K.C.M.G., C.B.E.
Mr. R. Morrison
Rt. Hon. Lord Normanbrooke, G.C.B.
Sir Leslie O'Brien
Lord Penney, K.B.E., F.R.S.
Rt. Hon. J.E. Powell, M.P.

Sir Gordon Radley
Lord Redcliffe-Maud, G.C.B., C.B.E.
Mr. J.H. Robertson
Mr. W. Rodgers, M.P.

Sir Leslie Rowan, K.C.B., C.V.O.
Professor P. J. O. Self
Baroness Sharp, G.B.E.
Professor M. Titmuss

Mrs. E. White, M.P.
Mr. W. Whitelaw, M.P.

Sir Henry Wilson Smith, K.C.B., K.B.E.
Individuals who are, or were at the time, civil servants

Sir George Abell, K.C.I.E., O.B.E.
Mr. J. Alcock

Sir Douglas Allen, K.C.B.

Sir Herbert Andrew, K.C.M.G., C.B.

Sir William Armstrong, K.C.B., M.V.O.

Dr. T. Balogh

Mr. H. R. Barnell

Mr. R. A. Bell

Mr. J. N. C. Benstead

Professor P.M.S. Blackett, C.H., P.R.S.

Mr. L. R. A. Bradshaw

Mr. A. R. Bunker, C.B.

Mr. D. B. Cahill

Sir Alec Cairncross, K.C.M.G.

Sir Harry Campion, C.B., C.B.E.

Mr. J. H. Cawthra

Mr. M. Clipsham

Sir Andrew Cohen, K.C.M.G., K.C.V.O., O.B.E.

Mr. E. C. Cornford

Sir Charles Cunningham, K.C.B., K.B.E., M.V.O.

Mr. D. Curtis

Mr. H. Davies, C.B.

Mr. P. Davies

Mr. R. Davy

Sir Maurice Dean, K.C.B., K.C.M.G.

Mr. I. A. Deane

Mr. F. J. Doggett, C.B.

Sir Harvey Druitt, K.C.B.

Mr. E. N. Eden

Mr. R. G. Elkington

Mr. J. D. Farmer

Mr. L. T. Foster, C.B.
Mr. L. G. Gale, C.B., O.B.E.,
Sir Paul Gore-Booth, G.C.M.G., K.C.V.O.
Mr. R. J. H. Grieves
Sir Douglas Haddow, K.C.B.,
Mr. W. G. Harris, C.B.
Lord Helstby, G.C.B., K.B.E.
Mr. P. D. Henderson
Mr. A. Hodgeson
Mr. A. C. Hopkinson
Mr. W. C. Inglis
Mr. J. R. James
Sir Alexander Johnston, G.C.B., K.B.E.
Mr. G. F. Jones
Professor N. Kaldor
Mr. M. Kogan
Mr. W. D. Lacey
Mr. F. J. M. Laver
Mr. I. Maddock
Mr. F. R. Martin
Mr. J. W. McKeever
Mr. M. B. Morgan, C.B.
Professor C. A. Moser
Mr. J. Newton
Sir Thomas Padmore, G.C.B.
Miss L. Parry
Sir Antony Part, K.C.B., M.B.E.
Mr. G. A. H. Pearce
Mr. J. Plastow
Mr. R. D. Potter
Sir Richard Powell, K.C.B., K.B.E., C.M.G.
Mr. C. J. Fulham
Mr. J. G. Quinton
Sir Eric Roll, K.C.M.G., C.B.
Mr. R. E. Sainsbury, C.B.E.
Mr. M. Shanks
Mr. A. H. Spengler
Mr. J. P. Spens
Mr. W. Spiers
Mr. R. S. C. Stewart
Mr. L. J. F. Stone
Sir Burke Trend, G.C.B., C.V.O.
Mr. E. W. Tucker
Mr. D. F. Weatherup
Mr. I. Young
Sir Solly Zuckerman, O.M., K.C.B., F.R.S.
LIST OF RECOMMENDATIONS

TASKS OF THE MODERN CIVIL SERVICE AND THE MEN AND WOMEN THEY ENGAGE (CHAPTER 2)

The Service should act more quickly to identify and recruit new specialist skills that are needed. It should allow specialists to carry more responsibility than they do at present; the obstacles preventing them from reaching top management should be removed; there should be a deliberate policy of training in administration and management for specialists who are to carry these greater responsibilities (paragraphs 36 and 39).

2. New principles should be applied to the selection, training and deployment of administrators; they must possess the basic concepts and knowledge relevant to their area of administration (paragraph 41).

3. The administrator should specialise, particularly in his early years, in an area of administration (paragraph 42).

4. Administrative specialisation should be based on categorisation by subject-matter rather than by departments or groups of departments (paragraph 44).

5. We propose as a starting-point two broad groups of administrative jobs which provide a field for specialisation on the basis of their subject-matter: economic and financial, and social, each with its own internal specialisms; this pattern should be reflected in the training and deployment of administrators (paragraphs 45-47).

6. Economic and financial administrators should, in addition to their skill in administration, have appropriate qualifications, experience and training in such subjects as economics, finance, business administration and statistics, especially as applied to government work; to their basic knowledge of their field they should add any further specialisation that particular areas of government work require (paragraph 49).

7. The deployment of economic and financial administrators should not be limited to the main economic departments; they should be employed in any department in posts that are mainly financial or concerned with economic administration and management (paragraph 49).

8. There will be a continuing need in some departments for economic and financial administrators who have been specially trained to apply
Skills to work of a high scientific and technological content (paragraph 50).

Social administrators should have training and experience, in addition to their administrative skills, in the social studies relevant to modern government; the emphasis should vary depending on the social area of government concerned (paragraph 51).

Most social administrators should be concentrated in the main social departments, but many should be employed throughout the service; there will be jobs in the economic departments for which social administrators are needed (paragraph 51).

Administrators should not replace those specialists whose primary concern is the practice of their specialism (paragraph 52).

It should be the task of the Civil Service Department to develop and refine these groups and keep them up to date (paragraph 55).

Some, both administrators and specialists, should be encouraged to specialise and make their careers in the kinds of work for which different kinds of background and experience can be appropriate, for example, contracts, computers, Q & M, personnel (paragraph 56).

Recruitment, training and career management should be as closely integrated as possible; recruitment should be in the hands of those who also share a direct responsibility for the individual's subsequent training, deployment and development (paragraph 62).

The Civil Service Commission should cease to be a separate and dependent organisation; it should become part of a new Civil Service Department and its staff should be integrated with it; some of its functions should be shared with the employing departments (paragraph 63).

The selection of recruits should be, and should be seen to be, independent of any form of patronage (paragraph 64).

Recruitment should be for specific ranges of jobs (paragraph 66).

Departments should have a greater influence on the selection of individuals; a higher proportion of staff should be recruited direct
by departments; the employing departments should be better represented in the central recruitment of staff (paragraph 67).

**Recruitment procedures and the problems of delay**

19. The procedures of formal competition should be restricted to posts for which there are many well-qualified candidates for a small number of posts and even then it should be made possible to offer outstanding candidates rapid appointment; where it is in practice certain that there will be posts for all suitable candidates they should be brought in without delay once it is clear that they are up to the required standard (paragraph 69).

**The principles and methods of recruitment**

20. Specialist staff should normally be recruited direct by the department or establishment that is to employ them; recruitment should be by interview before a board, consisting of a majority from the employing department or establishment but including a kindred specialist from outside the Service and a representative of the Civil Service Department (paragraph 73).

21. Non-graduate specialists should be recruited by similar procedures to those recommended for graduate specialists (paragraph 85).

22. Of the non-specialist entry:

(a) School-leavers with 'A levels' should continue for the most part to be recruited by the Civil Service Department, but departments should be associated closely with the process.

(b) School-leavers with 'O levels' should continue to be recruited by individual departments (paragraph 88).

23. Representatives of departments should be in a majority on election boards, both central and departmental, they should be primarily composed of men and women with a good many years to go before retirement; (Appendix E, paragraph 12).

24. In the recruitment of graduates etc. for administrative work the Service should aim to recruit those with the best qualifications, studies, qualities and experience for the jobs falling into one of a broad categories of administration. In the view of a majority
of the Committee this means that the relevance of graduates' university studies to their future work should be an important qualification for recruitment to administrative posts (paragraphs 71 and 75). Those appointed without relevant qualifications should be required to take either a special, additional training course at the Civil Service College or a relevant post-graduate degree or course of study at a university (paragraph 79).

25. Over the years an increasing importance should be attached to the requirement that undergraduates seeking appointment to administrative posts should understand the use of numerical techniques and be able to apply quantitative methods to the solution of their problems (paragraph 21).

26. Non-specialist graduates should be recruited centrally by the Civil Service Department (paragraph 82).

27. There should be two main methods of entry for non-specialist graduates: -

(a) In the view of the majority, Method I should be retained in a modified form on a trial basis only. The papers should be restricted entirely to those with a direct relevance to the problems of modern government.

(b) Method II should involve a procedure based on that of the present Civil Service Selection Board, but with changes in the procedure and staffing of the selection process (paragraph 82).

28. There should be an inquiry into the methods of selection to consider ways of making the process of selection more objective in character, the problem of reducing the time taken by the selection process, and the evidence of trends in recruitment (paragraphs 70 and 8, Appendix B, paragraphs 21-24).

29. Separate entry competitions should continue to be held for such groups as Tax Inspectors and Ministry of Labour Cadets, wherever they are found to be appropriate (paragraph 83).

30. Graduate recruits to both administrative and specialist posts who
are judged outstandingly able and well-qualified an entry should be
offered a starting salary two or three increments above the basic
for the entry grade (paragraph 86).

1. The Service should not seek to employ more graduates than a
rigorous analysis of the work shows to be necessary (appendix F,
paragraph 8).

32. Recruits with such qualifications as the H.N.C. or with 'A
levels' in scientific or technical subjects should normally be
posted to jobs for which their qualifications are relevant. For
administrative staff recruited at this level their 'A-level'
qualifications may be pointers to the direction in which they should
specialise (paragraph 87).

35. School-leaver recruits should be regarded as under training
for the first three or four years; they should receive substantial
induction training; they all should be carefully watched by personnel
management; more specialised training should be provided as aptitudes
and potential begin to emerge (paragraph 94).

36. A training grade should be introduced for the graduate entry and
for those of the non-graduates who have shown the highest ability
(paragraph 95).

37. When they leave the training grade trainees should go straight
to the level justified by their performance, without regard to the
claims of seniority (paragraph 96).
38. A Civil Service College should be created (paragraph 99).

39. The College should provide major training courses in administration and management:

(a) courses for specialists who need training in administration and management;
(b) post-entry training for graduates recruited for administrative work;
(c) additional courses in management for those in their thirties and forties moving into top management;
(d) refresher courses in the latest management techniques;
(e) courses for the best of the school-leaver entry.

Some of these courses should be wholly or partly residential (paragraph 100).

40. The College should provide a wide range of shorter courses in both general management and vocational subjects, for all levels of staff and particularly for the more junior; there should be a review of the balance between central and departmental training (paragraph 101).

41. The College should have research functions (paragraph 102).

42. Major courses should be concentrated in a single establishment close to London; a non-residential centre in London will also be needed (paragraph 104).

43. Graduate trainees in the administrative groups should, after an induction course, spend up to two years in their departments in jobs selected to test their ability and aptitudes and develop their capacity to take responsibility. As many as possible should get the experience of working at the places and at the levels at which the Service meets and deals with individual members of the public (paragraph 105).

44. Their main formal training should last up to one year, and should consist mainly of:

(a) further training in the subject-matter of the various administrative groups;
(b) the techniques of modern management;
(c) advanced and specialised training in the application of an individual's specialism to his field of activity.
(d) the machinery and practice of government and administration

The trainee should spend some further time in his department undertaking more responsible work. As many as possible should gain experience of work outside the Service. All should have some practical experience in the supervision and control of staff. The whole process should take up to five years (paragraph 106).

5. Many specialist graduates should go to management courses at the Civil Service College after a few years in the Service. Many should also be selected to return to the College at an appropriate stage for longer and more general courses in administration and management (paragraph 108).

6. The 18-year-old entry should be encouraged to take additional qualifications appropriate to their work; training and further education facilities outside the Service should be supplemented as necessary within the Service itself; bursaries and paid leave should be made available. Those going into management work will require training; the best should be picked out to join the graduates on major training courses (paragraph 109).

7. The College should put in hand a rapid and large-scale programme for the further training of the present generation of civil servants (paragraph 110).

8. Courses at the Civil Service College should not be restricted to civil servants; on many courses a proportion should be set aside for men and women from other spheres (paragraph 111).

9. The Civil Service College should not attempt to provide the total amount of training required by civil servants; departments should continue to run their own courses; more civil servants should attend courses at universities and business schools (paragraph 112).

10. The College will need its own full-time staff but should also employ on a part-time or ad hoc basis civil servants and teachers and instructors drawn from universities, business schools, industry and commerce, nationalised industry and local government (paragraph 113).
51. The Civil Service College should be under the general direction of the Civil Service Department, but it should have its own governing body consisting of civil servants and men and women from outside (paragraph 114).

Career management

52. During the early years of a man's career he should remain within the specialism or group for which he is trained; he should move between jobs and perhaps between departments, but usually within the area of his specialism, and, in the case of the administrator, at much less frequent intervals than now; the basic principle of career management should be a progressive development within a specialism and between related fields of activity; the personal interests and wishes of the individual should be taken into account more positively (paragraph 115).

53. Increased attention to personnel management and industrial career planning should apply to specialists no less than to administrative staff (paragraph 115).

54. Personnel and organisation branches should be expanded to meet much greater demands (paragraph 115).

55. Seniority should count for promotion when it reflects experience of value for higher posts; but there should be more opportunity for the really able to move fairly rapidly up. In the assessment of staff more weight should be given to performance on the job measured against set objectives (paragraph 117).

56. It should be evident to all that a man's performance before a promotion board is not the decisive factor in determining fitness for promotion; the primary job of the board should be to produce a fair and uniform judgement of individuals' promise and potentiality based primarily on their superiors' assessment of their performance in their present job (paragraph 119).

57. For promotions to posts at the level of Assistant Secretary, Under Secretary, etc. the Permanent Secretary should be assisted by a small committee (a 'paper board'); there should be specialists on the committee, and, for promotion to Under Secretary level, a representative of the Civil Service Department (paragraph 120).
58. The terms 'establishments division' and 'establishments work' should be used no longer (paragraph 121).

59. Personnel management and organisation work will call for higher expertise and greater specialisation. Those specialising in it should from time to time get experience in work in the field outside the Service; they should have had experience of working in an operating division (paragraph 122).

MOBILITY PENSIONS AND A CAREER SERVICE (CHAPTER 4: APPENDIX G AND APPENDIX H)

Late Entry

60. Late entry should be considerably expanded; there should be no restriction on the levels to which suitably qualified and experienced people from outside the Service can be directly appointed (paragraph 124).

Temporary appointments

61. There should be more temporary appointments on short-term contracts, particularly of specialists (paragraph 3).

62. The Service should find means of reducing the proportion of other temporary staff and should examine ways of ensuring that civil servants do not continue to serve on a temporary basis for unduly long periods (paragraph 127).

Interchange of staff with other employments

63. Determined efforts should be made to bring about, as a two-way process, the temporary interchange of staff, both administrative and specialist, with other employments on a much larger scale; the Service should set up joint working parties with local government and with industry to agree on a method and organise the practical details of a programme (paragraph 6, Appendix G, paragraph 11).

Personal appointments by Ministers

64. A Minister should be able to employ on a temporary basis such small numbers of professional experts as he personally considers he needs to help and advise him; this practice should be put on to a regular and clearly understood basis (paragraph 129).

Movement out of the Service

65. All civil servants who have served for an appropriate qualifying period should be able to transfer or preserve their
pension rights on voluntarily leaving the Service (paragraph 136).

66. The Service should take the system of probation much more seriously (paragraph 132).

67. The Service should have wider powers to retire on pension those who have ceased to earn their keep, and should use them with more determination (paragraph 133).

The Civil Service as a career

68. The Civil Service should remain a career service in the sense that most civil servants should enter at young ages with the expectation, but not the guarantee, of a life-time's employment; and that the great majority of those who come to occupy top jobs will be career civil servants (paragraph 134).

Pension arrangements

69. Full transfer arrangements should be made with private pension schemes wherever this is practicable; a frozen pension should be awarded on voluntary leaving in cases where a more satisfactory transfer arrangement has not yet been made (paragraph 136, Appendix H, paragraph 9).

70. Every civil servant - subject to having served for the appropriate qualifying period - should be entitled to a pension related to the length of his service; the pension scheme should be extended to cover temporary staff (paragraph 137).

71. Five years should be substituted as the qualifying period both for a frozen pension and for a pension on final retirement (Appendix H, paragraph 10).

72. The management should retain reserve powers to withhold the preservation of pension rights, but they should be used very sparingly (Appendix H, paragraph 11).

73. The possibility of basing retirement pensions not on the average salary over the last three years of service, but on the average salary over the best three years, should be considered (Appendix H, paragraph 22).
74. The feasibility of a change to a contributory pension scheme should be examined as quickly as possible (Appendix H, paragraph 26).

75. The existing "added years" provision should be replaced by a wider power that can be more flexibly applied (Appendix H, paragraph 28).

76. The need to legislate in order to make changes in the pension scheme is an unnecessary implication; another method should be looked for (Appendix H, paragraph 30).

Terms of employment

77. "Establishment" should be abolished (paragraph 142). The new terms of employment should be:

(a) For all appointments except temporary staff, there should be a two-year period of probation.

(b) On successful completion of probation, an individual should be informed and offered indefinite employment subject to a reasonably long period of notice; we suggest up to six months on each side. The Service should be able to end the employment only on one of the following grounds:

(i) redundancy,

(ii) ill-health,

(iii) disciplinary reasons,

(iv) culpable inefficiency,

(v) early retirement in the interests of the Service.

In each case there should be appropriate safeguards for the person concerned.

(c) Temporary staff should whenever possible be offered short-term appointments for a specified number of years (paragraph 143).

78. The process of confirming a civil servant in his appointment should be handled in a way that reduces the administrative complications involved in the process. It should be deferred until successful completion of probation. There should be considerable delegation of authority, subject to appropriate checks by the Civil Service Department (paragraph 144).
Compulsory Early Retirement

79. Section 9 of the Superannuation Act should be abolished and section 10 should be extended to all civil servants so that a civil servant over the age of 50 may be prematurely retired for inefficiency with the immediate payment of a pension earned by his service (Appendix H, paragraphs 15-16).

80. A new procedure should be introduced for the senior ranks of the Home Civil Service to deal with those officers whose retirement is "desirable in the public interest"; the procedure should include provision for an appeal to an independent board; the person concerned should be given the maximum amount of warning at all stages of the procedure. There should be some enhancement of pension in the case of officers retired prematurely under this procedure (Appendix H, paragraph 17-21).

Retiring age

81. The Service should pay continuing attention to the problem of determining the right retiring age in the light of current research and national policies towards retirement. (Appendix H, paragraph 29.)

THE STRUCTURE OF DEPARTMENTS AND THE PROMOTION OF EFFICIENCY ACCOUNTABLE AND EFFICIENT MANAGEMENT (CHAPTER 5, APPENDIX I)

82. The principles of accountable management should be applied to the work of departments. Where measures of achievement can be established in quantitative or financial terms and individuals held responsible for output and costs, accountable units should be set up; work of this kind should be organised into separate "commands"; the manager of each command should be given clear-cut responsibilities and commensurate authority and should be held accountable for performance against budgets, standards of achievement and other tests; within his unit he should set up sub-systems of responsibility and delegated authority (paragraphs 153-154).

83. In much administrative work, measurable output cannot always be made the criterion for assessing performance; the principle to be
applied is management by objective; the objectives and priorities of the branch should be clearly established; individuals at all levels should know what they are responsible for and what authority they have (paragraph 155-156).

84. The establishment of accountable units must involve an addition to the Service's traditional accounting to supplement the formal parliamentary accounts with cost data (paragraph 151).

85. When several departments, or several branches within a department, have a substantial interest in the same problem, methods should be devised of concentrating in one man or group the responsibility for organising the material and putting forward a solution; departments should make opportunities of adopting the problem-solving approach whenever they can. (paragraph 158.)

86. The Service should make experiments in reducing the number of working levels in the organisation of the flow of business (paragraph 159).

87. Where administrators and specialists are jointly engaged on a common task, there should be a single integrated structure under a single head, who should be the man with the most appropriate qualifications for the job. Below him administrators and specialists should be integrated in teams or unified hierarchies, in which the individual posts are filled by administrators or specialists according to the requirements of the task (paragraphs 160-162).

The departmental management services unit

88. Each major department should contain a management services unit with wider responsibilities and functions than are given to O. and M. divisions at present and, in particular, with the following changes:-

(a) There should be efficiency audits involving all aspects of the department's work at all levels, with special attention to studies designed to improve organisational efficiency.
(b) The management services unit should be made responsible for promoting the use of the best management techniques.

(c) O. and M. should be equipped to operate effectively at all levels in a department.

(d) The functions of O. and M. and staff inspection should be combined in the same unit, which would mount operations of varying scale and depth according to the problem (paragraph 165).

89. The staff of the management services unit should be drawn from administrators, appropriate specialists, including accountants, and those with experience of similar work outside the Service; many should spend long periods in this type of work; many should have a relevant degree or professional qualification and experience as a manager or administrator in an operating division, followed by more specialised training in management techniques and subsequent refresher training (paragraphs 166-167).

90. Departments should continue to bring in outside consultants for special assignments (paragraph 168).

91. Management services units themselves should be periodically subjected to external efficiency audit (paragraph 170).

The working environment

92. Much more needs to be done to improve the physical surroundings in which civil servants work (paragraph 171). In particular, lavatories and washroom facilities should be improved (Appendix I, paragraph 5).

93. The pay of typists should be examined in order to combine scales suitable for girls who want a career in the Civil Service with scales appropriate for those who would prefer a short-term contract. (Appendix I, paragraph 6.)

94. Shared and central secretarial assistance should be extended; the criterion should be the needs of the work at any level (Appendix I, paragraph 7).
Policy Planning Work

95. A department's responsibility for major long-term policy planning should be clearly allocated to a planning and research unit (paragraph 173).

96. Planning Units should be staffed by comparatively young men and women who should not normally remain in them beyond their mid-forties, (paragraphs 175-176).

The Overall Direction of Departments

97. There should be a Senior Policy Adviser or Advisers in most, if not all, departments to assist the Minister; he should be the head of the Planning Unit; his prime job would be to look to, and prepare for, the future and to ensure that day-to-day policy decisions are taken with a full recognition of likely future developments; he should have direct and unrestricted access to the Minister and should be free to determine, after consultation with the Permanent Secretary but subject only to the approval of the Minister, what problems his planning unit should tackle; he should not have responsibility for the day-to-day operations of the department; his rank should not normally be below that of Deputy Secretary (paragraphs 182-184).

98. In some big technical departments, it may be right to appoint a chief scientist, engineer etc., to take charge of the department's technical work (paragraph 185).

99. One man, the Permanent Secretary, should continue to have overall responsibility for all the affairs of the department; he should be head of the office under the Minister (paragraph 186).

The Delegation of Responsibility to Autonomous Public Boards

100. We recommend an early and thorough review of the question of "hiving off" (paragraph 180).

The Structure of the Civil Service (Chapter 6 and Appendix J)

101. The structure of the Service should be based on the following principles:-
(a) Both the grading of a post and the selection of the man to fill it should be based on an evaluation of the job.

(b) Management should appoint to each post the person it considers best fitted to fill it.

(c) No posts should be the preserve of any group except in so far as the individuals comprising the group may be uniquely qualified for them.

(d) It should be the right and duty of management to determine the new qualifications and experience required for particular posts from time to time.

(e) In filling individual posts, management should promote the right man even if he is not the next in the order of seniority, or bring him in from outside the Service if he cannot be found within it or if it believes that an appointment from outside would bring a valuable reinforcement of skill and experience.

(f) The pay for posts should continue to reflect the rate for the job on the basis of fair comparison with market rates for jobs of comparable responsibility and authority outside the Service.

(g) The structure should permit work to be organised in such a way that chains of command reflect the demands of the task and, where necessary, cut across any groupings by discipline or type of skill (paragraph 214).

102. To give full effect to our proposals, the present multitude of classes and their separate career structures should be replaced by a classless, uniformly graded structure, (paragraph 218).

103. The salary range or scale for each grade should be relatively broad and there should be overlapping of salaries between grades (paragraph 219).
104. All the jobs now performed by the many different classes should be fitted into the appropriate grade by a process of job evaluation (paragraph 220).

105. The structure proposed is essentially a pay structure; it should not be used to determine the actual organisation of work (paragraph 221).

106. At all levels where the work requires civil servants to specialise, occupational groups will be needed and civil servants should generally be recruited and trained as members of them; they should include the administrative groups, the present specialist disciplines and the supporting grades (paragraph 223).

107. Occupational groups will tend to develop their own career patterns, and it should be established that it is normal to skip grades on promotion (paragraph 225).

108. The principle of "fair comparison with the current remuneration of outside staffs employed on broadly comparable work", established by the Royal Commission on the Civil Service 1953-55, remains valid. Outside comparisons should be made as part of the process of job evaluation, assessing the importance of the job to the work of the Service and establishing the rate for jobs of similar responsibility outside the Service. (paragraph 226.)

109. Negotiation and arbitration in the settling of pay claims should be preserved (paragraph 227).

110. Each grade should carry a range of pay except (in the view of a majority) the grade equivalent to that of Permanent Secretary, which should be paid at a flat rate (paragraph 228).

111. Progression through the pay-scale of each grade should be more flexible; annual increments should continue up to the level of Under Secretary, but -

(a) additional increments should be granted for especially good work and for success in gaining relevant qualifications,

(b) increments should be withheld when they have not been earned.
Above this level the range of pay for each grade should become a "band" of pay; the progress of each officer through the band should not be on a regular incremental basis but determined by an annual review of his performance (paragraph 229).

Supporting Grades

112. The case for a unified grading structure applies to the supporting grades as well as to the other levels of the Service (Appendix J, paragraph 2).

113. Departments should make special efforts to select and train those in the supporting grades who wish and have the aptitude to move to other types of work (Appendix K, paragraph 8).

Priorities in the establishment of a unified grading structure

114. The Civil Service Department should mount a major study to work out the details (including the number of grades and the system of job evaluation appropriate to the Service) of a scheme for a unified grading structure together with the time-scale for its application (paragraph 243).

THE CENTRAL MANAGEMENT OF THE CIVIL SERVICE AND RELATIONS WITH STAFF ASSOCIATIONS (CHAPTER 7)

115. The role of central management should be changed and enlarged; its primary role should be to ensure that the Service is continuously governed by the principle outlined in Chapter 1. (paragraphs 247 and 248.)

116. Central management should have the appropriate degree of ultimate authority in those questions that affect the interests of the public service as a whole (paragraph 248).

117. The expanded and unified central management of the Service should be made the responsibility of a new department created specifically for that purpose; the first main step to be taken in the reform of the service should be the setting up of a new Civil Service Department which should absorb the functions of the Civil Service Commission, and carry the responsibilities for central management. (paragraphs 248 and 254).
118. The new department should be staffed by a mixture of long-term and short-term appointments; departments should release some of their best men for a period of service in it, and some should be appointed from outside the Service (paragraph 255).

119. The department should include specialists; there should be an appropriate measure of central management for all the major occupational groups (paragraph 256).

120. The new department should include a Planning Unit (paragraph 257).

121. The official head of the Civil Service Department should be designated Head of the Home Civil Service; he should receive a lead in pay over the other official heads of departments in the Home Civil Service (paragraph 258).

122. We hope that the Prime Minister will remain directly responsible for senior appointments as well as for the machinery of government and security (paragraph 259). In putting forward names for top appointments to the Prime Minister, the Head of the Civil Service should be assisted by a Committee of variable composition drawn from a panel with a rotating membership consisting of Permanent Secretaries, scientists and other specialists and one or two eminent people from outside the Service (paragraph 260).

123. The Prime Minister may wish to delegate day-to-day responsibility, outside the area for which he is directly responsible, to a non-departmental Minister of appropriate seniority who is also a member of the Cabinet (paragraph 261).

Relations between the Civil Service Department and other departments

124. The principle should be to delegate to individual departments the maximum authority in staff and organisation matters compatible with the requirements of the Service as a whole (paragraph 263).
125. On questions of departmental efficiency and organisation, the main role of the Civil Service Department should be to encourage the use of the most modern techniques; it may have a special part to play in assisting reorganisation at the higher levels of other departments; in the last analysis it should be in a position to call departments to account for failure to use the recommended techniques, to carry out investigations of departmental organisation and to recommend improvements (paragraph 263 (c)).

126. In the management of staff, especially the planning of careers, the main responsibility must remain with the employing departments; but the Civil Service Department should play a larger part than the Treasury does today and should have more ultimate authority; it should be responsible for informing itself about those civil servants who are identified as capable of filling the highest posts, should consult with the employing departments about their training and development and should take the initiative in proposing appropriate moves; it should have a voice, especially during the early years of the new system, in promotions to the Senior Policy and Management Group and should be represented on all the departmental boards for promotions within the group (paragraph 263 (d)).

Relations with the Treasury

127. The functions now exercised by the "Pay and Management" group of the Treasury should be transferred to the Civil Service Department, including:

(a) responsibility for advising the Prime Minister on machinery of government questions;
(b) general supervision of departmental organisation;
(c) the development and dissemination of administrative and managerial techniques
- in addition to the broad responsibility for the management of the Civil Service; the division should be based on the principle that all the functions that belong to the Treasury in its role as "employer" should be transferred (paragraphs 265-266).
128. The Civil Service Departments should be solely responsible for applying the Government's incomes policy to the public service; within the normal rules of collective Cabinet responsibility, it should have the final authority on any given pay settlement (paragraph 267(a)).

129. The central responsibility for ensuring that departments are efficiently and economically staffed should rest solely with the Civil Service Department; it should be its task to determine the scales of the staffs necessary for the efficient discharge of the tasks of departments (paragraph 267(b)).

130. Working procedures between spending departments and the two central departments, and between the central departments themselves, should be devised in order to reduce administrative complications to the minimum; arrangements should be based upon the clearest possible distinction between the functions and responsibilities of the two departments (paragraph 268).

Whitley Council Machinery in the role of staff associations

131. The staff associations and the Civil Service Department should jointly take part in a review to determine the new pattern of joint consultation appropriate in the light of the Government's decisions on our report; the pattern of joint consultation should reflect, not determine, the results of the changes we propose (paragraphs 273-274).

THE CIVIL SERVICE AND THE COMMUNITY (CHAPTER 8)

Consultation and secrecy

132. Consultation with the interests concerned should be as wide as possible and should form part of the normal processes of decision making (paragraph 278).

133. The government should set up an inquiry to make recommendations for getting rid of unnecessary secrecy; the Official Secrets Act should be included in such a review (paragraph 280).
The Anonymity of Civil Servants

134. The convention of anonymity should be modified and civil servants, as professional administrators, should be able to go further than now in explaining what their departments are doing, at any rate so far as concerns managing existing policies and implementing legislation (paragraph 283).

Ministers and civil servants

135. There should be no obstacle in the way of the Minister’s selecting within the department, or on occasion more widely within the Service, as his Private Secretary the individual best suited to his ways of working, and no stigma should attach to a person who is moved out of this job (paragraph 286).

136. We expect that Ministers will not normally wish to replace their Senior Policy Advisers; this must however be possible when a new Minister finds the current holder of this office too closely identified with, or wedded to, policies that he wishes to change (paragraph 286).

137. It should be more exceptional for a Minister to change his Permanent Secretary, but Ministers should not be stuck with Permanent Secretaries who are too rigid or tired (paragraph 286).

Manpower

138. We attach considerable importance to the developing practice whereby new policy proposals are accompanied by detailed estimates of manpower costs; these, no less than other costs, should be the subject of parliamentary and public debate (paragraph 301).

The implementation of our proposals

139. We hope that the government will take steps to review the progress made in implementing our proposals (paragraph 304).

PROBLEMS OF THREE SPECIALIST GROUPS:

Accountants, Research Officers and Lawyers (Appendix D)

Accountants

140. The practice of bringing in accountants from outside for major jobs outside the normal routine should continue (paragraph 9).
A strong force of highly-qualified professional accountants within the Service is also needed; more qualified accountants are needed:—

(a) in the senior policy management group;
(b) in purchasing;
(c) in developing accountable and responsible management;
(d) in management services (paragraphs 9-10).

Trainee accountants should be articled to members of the profession within government departments; some entrants with A levels should be encouraged to take professional qualifications in accounting for which they should be rewarded with additional increases of pay (paragraph 11).

The work now done by qualified accountants already in the Service should be examined to see whether some of it could not be devolved upon less qualified staff (paragraph 11).

Accountants should continue to be an identifiable occupational group within the Service; the group should include cost and works accountants (paragraph 12).

The accountant needs broader training in his early years and also at intervals during his career (paragraph 14).

Late entry and temporary appointments should be encouraged (paragraph 14).

There should be adequate central management of accountants by the Civil Service Department (paragraph 15).

Lawyers

The role of the Treasury Solicitor should be expanded and put on to a formal basis as Head of the Legal Service; the management committee should continue to function; consideration should be given to including a representative of the legal service in the staff of the Civil Service Department (paragraph 19).
149. Departments should have normal control over their legal branches; but the central management of the legal service should have a general concern for all questions of staff, and should be responsible for thinking constructively about improvements in organisation and methods of work (paragraph 20).

150. Certain kinds of legal work, such as conveyancing and litigation, should be centralised; legal branches in other departments should consist largely of lawyers engaged in giving legal advice on the policy of the department (paragraph 21).

151. Scotland should have a separate legal service organised on similar lines (paragraph 22).

152. Civil servants with the right aptitudes and interests should be given the opportunity to acquire professional qualifications in order to join the legal service (paragraph 24).

153. Legal executive work should be recognised as a specialism and administrative staff encouraged to take it up, (paragraph 25).

154. Lawyers should play their full part in the consideration and formulation of policy. Senior lawyers, as members of the senior policy and management group, should be regarded as being concerned with the affairs of the department at large (paragraph 26).

155. Lawyers with the desire and aptitude should be considered for jobs of a more general administrative or managerial character (paragraph 27).

Research Officers

156. The Service should continue to recruit staff for doing research work (paragraph 33).

157. Research Officers should normally be employed within departments, and especially in Planning Units. We would also expect them to be employed by the Civil Service College. They should take part in the process of considering what research should be done and its translation into policy (paragraph 34).
158. Departments should pay careful attention to the early identification of those Research Officers capable of filling administrative posts (paragraph 35).
14th June, 1968

CABINET

SPECIAL DRAWING RIGHTS IN THE INTERNATIONAL MONETARY FUND: DRAFT WHITE PAPER

Note by the Secretary of the Cabinet

The next meeting of the Cabinet has been arranged for Thursday, 20th June, 1968 at 10.00 a.m. The Cabinet are therefore invited to approve without discussion the memorandum by the Chancellor of the Exchequer on Special Drawing Rights in the International Monetary Fund (C(68) 78) so that the White Paper may be published, as proposed, on Wednesday, 19th June. If no comment is received by the Chancellor of the Exchequer's Private Office by 6.00 p.m. on Monday, 17th June, approval will be assumed.

(Signed) BURKE TREND

Cabinet Office, S.W.1.

14th June, 1968