5. ACHIEVING IMPROVEMENTS/SUSTAINING PROGRESS IN POLITICAL TRANSITIONS

The platform:

- The Right Honourable Mr Hage Geingob, The Prime Minister, Namibia
- Mr Richard Mottram, Permanent Secretary, Cabinet Office, UK
- Mr Robert Giroux, Secretary of the Treasury Board and Comptroller General of Canada (Chairperson)

The presentations from the Right Honourable Mr Hage Geingob and from Mr Richard Mottram approached the concept of political transitions from very different perspectives. The former described policies that were underpinned by a spirit of national reconciliation and which marked a determination to move away from the suspicions and mistrust, between communities and between citizens and government, engendered by the previous regime in Namibia. The latter explained how a consistent series of outcome-oriented reforms of the civil service, each building on its antecedents, had produced some radical moves towards a more responsive public service and had prepared the ground for further moves towards an organisationally diverse public service, structured to co-ordinate policy and to deliver services on the basis of efficiency rather than tradition. The nature of the political transition in Namibia is apparent. The politics of the transition in the UK described by Mr Mottram were rather more deeply buried, but the style of the changes he described were profoundly political in that they de-stabilise many existing assumptions and undermine public service traditions to a degree which requires a strong political lead.

It is this last point which provides the linkage. Political transitions happen dramatically, but they also happen over time. In either case, a continuous and public high-level political commitment to achieve change and to secure the support of those who must deliver the changes is a fundamental prerequisite for moving beyond rhetoric. That firm political commitment requires a longer term vision than might emerge from a one-dimensional concern for economy. This vision was well-expressed by Mr Geingob when he reported that:

> *"Our starting point for the public service rationalisation exercise was the realisation that our objective was not necessarily to trim the size of the public service but to enhance its efficiency and effectiveness by modifying public service structures and putting the right people in the right jobs. This approach was taken with a clear perception that the reasons for the very existence of the public service is to provide service to its customers".*

The recognition of the ultimate responsibilities of the public service informed the vision described by Mr Mottram when, in quoting from the Citizen's Charter First Report, he said:

> *"New management structures are being developed, competition is being introduced or extended; arrangements for pay are changing rapidly. All these changes are in pursuit of a single, worthwhile cause: the safeguarding and improvement of our public services, for the benefit of those who use them, at a cost which the nation can afford."*

The difficulties of maintaining that clarity of vision and political determination were explored in the discussion that the presentations provoked. There is an extended chain of uncertain connections between change at the political level and service improvements experienced by citizens. Many participants pointed out that the chain is somewhat too long for citizens to be convinced that change is coming, or for politicians to be convinced that they can deliver it.

Mr Mottram noted that he saw his presentation as concerning "second-order arrangements", indicating that "first-order" considerations concerning the constitution, acceptance of the rule of law, and the integrity and political neutrality of the civil service could, more or less, be taken for granted in the context of the UK. As participants from some developing countries emphasised, where that underpinning is uncertain, reform takes a particularly steady political nerve.

However, such concerns are unlikely to remain the monopoly of the developing countries. At a time of such rapid and fundamental change within the public administrations of many, and perhaps most, countries, the question of the "first-order arrangements", the stability of the foundations of the public service, may need to be re-opened. Existing ethical frameworks and constitutional balances may prove to be insufficiently robust to deal with a re-energised and re-engineered public sector – a public sector in which the balance between process and results has been deliberately and dramatically altered.

The professional agenda for CAPAM must combine the sharing of managerial success with a concern for ethical coherence within the public sector. The strength of "first-order arrangements", and the impact of the current government transitions in developed and developing countries, will form one of the core concerns of the Association.

From colonialism to freedom and democracy: the role of effectiveness-driven public service in political transition: the Namibian experience

Edited extracts from a presentation by the Right Honourable Hage Geingob, Prime Minister of Namibia

Independence and reconciliation

Namibia became independent at the beginning of a decade that has come to be known as "the decade of the people". This decade has already seen the tremendous impact with which democracy is gaining ground globally. In our region, this change in direction started with Namibia which continues to serve as a model democracy.

Now that political liberalisation is taking root in many countries, Namibia's experience in sustaining progress in political transition, partly because of its success and partly because of its timeliness, becomes relevant even though events leading to political transformation in the various countries have been quite diverse. For instance, Namibia's transformation was from colonialism to freedom and democracy, but in many other countries, recent transformation has been from one-party state to multi-party state or from command economies to market economies with accompanying political changes. All these changes have one thing in common – political and economic transition to democracy.

In Namibia, transition to independence was made possible through long years of struggle which, in its wake, left a great deal of hatred and mistrust between different racial and ethnic communities. Prior to independence, this hatred was promoted to protect the interests of the privileged minority through the policy of apartheid. Political and Civil Service structures in the country were intertwined, both dedicated to promoting this policy.

Our first task, therefore, was to create an environment that would be conducive to the new reality of freedom and democracy. It involved changing the political structures to reflect the new reality, a conscious effort to minimise hatred and mistrust built up over a century of colonialism, and restructuring the Public Service to remove the inequities of the past and to make it an instrument of change.

Of course, changing the political structures to reflect the new reality was not the problem because on independence with the departure of South Africans, we were able to start with a clean slate. We were in fact able to put new political structures in place on day one. On the other hand, to help people overcome the century-old hatred and mistrust required a concerted and long-term policy. To address this problem, we adopted a policy of reconciliation. We perceived reconciliation as the

only realistic policy for cultivating a national ethos in society that was, for over a century, racially and ethnically stratified. In retrospect, we have observed with enormous satisfaction that our past four and a half years' efforts at reconciliation have yielded enormous dividends – racial and ethnic hatred is fast disappearing and a unified nation of diverse societies is evolving.

I would not be wrong in saying that wherever racial, ethnic, or religious differences of the various communities in a country are exploited for political ends, civil strife invariably follows. We have seen evidence of this in many parts of the world at different times. Today, as many countries grapple to make political transition, they are finding it increasingly important to recognise that developing a national ethos, with all its weaknesses, is a far better option than playing one race against the other or one ethnic community against the other. Thus, reconciliation is no longer just a religious concept, it is as much a political concept. We ignore it at our peril.

A responsive public service

A further concept which is vital for sustaining progress in political transition involves making the public service responsive to the needs of the people. The Government of independent Namibia recognised at the very beginning that democracy must be more than just drawing up a constitution or holding elections, it must be a way of life and a mind-set. The Government's first action was therefore to redesign or replace the various institutions that had in the past served the interests of a colonial government and to make the new institutions responsive to the needs of new Namibia. This process had neither been speedy or painless, but it was peaceful and correctly focused because it was aimed at designing structures to serve the people.

In any dynamic society, and Namibia is one of them, change is the only constant. New structures therefore continue to be evolved. In Namibia, regional and local governments were created to bring the Government closer to the people. But, creating structures is only one component of the overall effort of making the Government more responsive to the needs of the people and to give them access to the ordinary opportunities of life. This need for responsiveness requires that the Government look at the Public Service in a new light, correct its focus, and rationalise it to make it an effective instrument of service to its customers, the people of Namibia. This approach is firmly entrenched in our belief that a civilised society functions effectively only when it has an effective public service. Our actions were also motivated by our firm belief in the need to create equal opportunity for all.

Of course, the exercise of making the Public Service responsive to the needs of new Namibia has not been easy for various reasons. First, we had inherited eleven colonial civil services, each working for an ethnic administration. Second, our

Constitution had made the provision that "any person holding office under any law in force on the date of independence shall continue to hold such office unless and until he or she resigns or is retired, transferred or removed from office in accordance with law". And third, some civil servants inherited from the colonial Civil Service were unwilling members of the new Civil Service.

In the first instance, we restructured the various civil services into one Public Service within the framework of the new political structures. The various Civil Service officials were assigned to new posts. The speed with which this exercise was carried out did not result in the best match between the new post and the existing Public Service official. In 1992, therefore, it was decided that we needed to carry out a review of the Public Service and restructure it to make it more efficient and effective.

Restructuring for results

Our starting point for the Public Service rationalisation exercise was the realisation that our objective was not necessarily to trim the size of the Public Service but to enhance its efficiency and effectiveness by modifying Public Service structures and putting the right people in the right jobs. This approach was taken with a clear perception that the reason for the very existence of the Public Service is to provide service to its customers. Thus, the Government's primary concern was to improve the quality of service being rendered by the Public Service to the public. Improvement in the rendering of service by public service employees requires that there is concomitant improvement in the way and manner in which the public service officials run their offices and ministries. The objective of rationalisation was, therefore, to achieve economies by increasing efficiencies and building rational structures with a view to enhancing the Government's effectiveness.

Of course, restructuring the Public Service by itself cannot increase effectiveness. Good management is important but is not an end in itself. In recognition of this fact, it was decided to introduce performance measurement mechanisms and to train Public Service personnel to recognise the elements of performance measurement which must be result-oriented, not just process-oriented, and effectiveness-oriented, not just efficiency-oriented.

As David Osborne, the chief architect of Al Gore's government re-engineering effort points out, "There is a vast difference between measuring process and measuring results. Outputs do not guarantee outcomes". For instance, our university may graduate large number of students, but if they cannot be placed satisfactorily, what good is the output? This principle of performance measurement requires that we see the results or outcomes of public service institutions' effort or output.

In line with this principle, we are now beginning to analyse police and court processes or output in terms of effectiveness of the processes in achieving results measured in reduced crime and not in how many people have been arrested or tried. Similarly, we are beginning to see the results of the processes prevailing in the Ministry of Trade and Industry in terms of new investments and new jobs created and not in terms of how many enquiries were addressed by its officials. We also hope to measure the outcome of the output of the Ministry of Labour and Human Resource Development in terms of Namibians trained by the Ministry who succeeded in getting jobs, in terms of qualitative improvement in the working conditions of the workers, and in terms of reduction in strikes and not just in terms of how many Namibians were trained and how many labour disputes were referred to labour courts.

Rationalisation and performance evaluation have also been aimed at ensuring that all government offices and ministries measure the effectiveness of their programmes and workers rather than just the amount of work public service employees do. This approach recognises that there is a vast difference between measuring efficiency and measuring effectiveness. Of course, both efficiency and effectiveness are important, but, as Osborne points out, when a public service organisation measures its performance, it tends to focus only on efficiency even if it means doing something more efficiently that should no longer be done.

At the practical level, it is important not only to state how many boreholes have been sunk by the Water Affairs Department, but also to measure their effectiveness in terms of the number of people who have access to potable water as a result of these boreholes. Similarly, our Ministry of Justice might have been happy just with making the courts accessible, fair, speedy, and free of political interference, but these measures do not deal with broader policy outcomes, viz., the need to reduce crime rates, public safety, justice for victims of crime, etc. The introduction of performance measurement mechanisms address these issues as well.

A market orientation

Rationalisation and performance review are just two pillars of government action to make it a results-oriented Government. To further enhance its effectiveness in delivering services to the people, we intend making the Government increasingly market-oriented by exploring other alternatives to service delivery. As Philip Kotler states, marketing is "finding needs and filling them. It produces positive value for both parties. The contrast between marketing and selling is whether you start with customers, or consumers, or groups you want to serve well – that's marketing. If you start with a set of products you have, and want to push them out into any market you can find, that's selling". Effectiveness requires that we take the marketing approach, not the selling approach, and we must not assume that the

need we serve is obvious. We must understand the needs from the perspective of the customer. Our aim is to make public service consumer-minded.

For instance, already the Government has taken certain actions to that effect: by changing the regulations, and establishing a Namibian Communications Commission, we were able to bring about significant changes in service delivery in the area of broadcasting. Similarly, by floating Posts and Telecom as a parastatal, the Government opened the way for its eventual privatisation and competition and therefore better service.

We have also critically examined different ministries' structures to integrate their activities. For instance, there are at least five ministries/departments which have been engaged in employment generation activities through small enterprises, viz., the Ministry of Labour and Human Resource Development, the Ministry of Youth and Sport, the Ministry of Regional and Local Government and Housing, the Ministry of Trade and Industry, and Department of Women's Affairs. To co-ordinate and integrate their effort, a Cabinet Committee on Social Issues was created.

Our next step is to review and redraft legal rules that inhibit initiative and entrepreneurship. For instance, we are working on simplifying the procedures for entrepreneurs to get liquor licences, trading licences, and manufacturing licences. Until now, many of these licences could not be obtained without the help of a lawyer who could charge up to N$4000 to facilitate the processing of the application. As a consequence of this cost, many people resort to what may be termed as illegal trading.

A Citizen's Charter

To bring about efficiency in the delivery of services, we also aim to introduce the concept of a citizen's charter, making it obligatory for the public service employees to provide service within a stipulated time. In other words, we aim to establish mechanisms to ensure that public service employees:

- work for better quality in the delivery of service;
- make sure that everyone is told what kind of service they can expect to receive; and
- make sure that people know what to do if something goes wrong.

Concurrently with the introduction of the Citizen's Charter, standards will be established to provide quality service with minimum delay. As a result of this effort, a citizen will know how long it will take him/her to get a telephone service,

or identification document, or passport, or income tax refund, and if any of these services are not provided within the stipulated time, the citizen would have the right to know the name of the person handling his request and a right to complain and the knowledge of who to complain to.

Financial management reforms

We are also re-examining our budgetary processes and are considering the implications for budgeting for a period longer than one year. At present, at the end of each year, many offices and ministries go on a spending spree to ensure that they spend the monies allocated to them because if they do not spend their allocations they lose them or, worse still, have their allocations for the next year reduced. We consider such an approach counter-productive. To overcome this problem, we are considering the possibility of the offices and ministries retaining the funds they save, for use in addition to the allocations in the next fiscal budget. Such an approach would certainly help counter the existing wasteful approach.

Budgeting for a period longer than one year also has particular relevance in the effective management of capital projects. For instance, before we undertake a project that is anticipated to last five years, it is imperative that we have at least some idea whether we will be able to see the project through financially. This requires that we attempt to make revenue and expenditure projections over a period much longer than just one year. Such information will also generally help in long-term planning. In fact, we are becoming increasingly convinced that one year budgets provide a very blinkered view of future plans.

The merit principle

We view the ultimate objective of rationalisation and restructuring to be the enhancement of the public service employees' commitment and dedication to serving the Namibians. As public servants are the key to the provision of public service, we believe that only those people who can meet the highest standards should be recruited in the public service. In other words, recruitment must be strictly on merit. Introduction of this concept, which is generally taken for granted, is vital because inefficiencies in many countries' public services often emanate from treating public service positions as jobs for friends and relatives. For instance, in Namibia, prior to independence, all high-level Public Service positions were reserved for the privileged community. There was little emphasis on the qualifications of a person. What mattered most was the colour of the skin. We have changed that situation and have emphasised educational background and training as a primary criteria for recruitment. Introduction of performance evaluation and measurements, and accountability at both individual and organisational levels will also ensure that the Public Service does not sanction mediocrity and dead wood.

The way ahead

Effective functioning of a government requires that the established political and public service structures are designed and redesigned to meet the challenges of development. In Namibia, we have succeeded in making the necessary political transition by establishing new political structures after the departure of the colonialists, restructuring the erstwhile eleven public services into one national Public Service, and establishing mechanisms to make the Public Service effective by making it more user-friendly. Of course, the process is by no means complete. We still have to establish the Citizen's Charter, develop better budgeting procedures, and evaluate and re-evaluate the effectiveness of the newly-created results-oriented Public Service.

Results of the transition over the past four and a half years gives us reason to believe that we are on the right track. I have no doubt that the restructured Public Service is effectively transforming itself from being a power-based to a responsibility-based organisation.

Improving Public Services in the United Kingdom

Edited extracts from a presentation by Richard Mottram, Permanent Secretary, Office of Public Service and Science, Cabinet Office, UK

In the United Kingdom, some five-and-a-half million people are employed in public service occupations, of whom around 500,000 are civil servants. Total numbers employed have fallen by more than 25 per cent since 1979 through transfers to the private sector and efficiency savings. The focus for change has been on bringing about more effective, responsive and efficient public services. What follows takes largely as read the crucial importance of: free and fair elections; the rule of law and its application to all including the servants of the State; and the equitable administration of the law by honest public servants. The absence of discussion of these issues should not be taken to imply that they are not of first-order and prior importance; rather the British Government has seen the priority in its context to raise public service performance in ways which sustain key public service values, rather than to bring about constitutional reform.

The agenda of change

What has prompted this agenda of change? First, there are the twin pressures on democratic governments throughout the world – a desire for improvement in the quality and delivery of services of increasing importance (whether health care, education, social security and so on), but coupled with resistance to higher taxes. In Britain, rising expectations of service delivery have been fuelled by experience of what the best of the private sector can offer in other areas, and, unsurprisingly, experience of the end product led to interest in how it came to be delivered in that way. It is not surprising too that the painful process through which private sector companies have gone to make themselves responsive to customers and more efficient in order to safeguard competitiveness should be seen to have wider implications and applications. Moreover, innovative parts of the public sector have been showing what could be done to make services more responsive and to reap the benefits of new technology. The tide turned against monolithic, big government and the belief that resources could be most effectively and efficiently allocated through central, top-down planning. Furthermore, the revolution in communications and information systems has speeded up the transfer of ideas and opened up new opportunities for the way in which work is performed and managed.

These are, of course, just fragments of the picture. But, in various combinations according to circumstances, they have had profound impact across the world. For example, in countries facing a big challenge over maintaining their standard of living and quality of life relative to international competitors – such as New

Zealand or the United Kingdom – radical changes in public services have taken place and are still underway. In the United States there was the major report – *Creating a Government that Works Better and Costs Less* published last September by the National Performance Review Team under Vice-President Al Gore. In contrast, in some European Union countries the pace of institutional reform is only now picking up.

The intertwining processes through which these ideas have developed – the combination of practitioners inside Government, practitioners in industry, gurus of various kinds and the academic community – are difficult to disentangle as is the way in which ideas spread internationally. In Britain, after introducing separately a number of important initiatives within individual parts of the public sector, the Government produced in 1991 a comprehensive agenda for change in two White Papers on the *Citizen's Charter*, and its companion *Competing for Quality*. Interestingly, much of the agenda is strikingly similar to that in Osborne and Gaebler's *Reinventing Government* who, I understand, handed their manuscript to the publishers on the same day that the Citizen's Charter White Paper was published.

This is in essence an agenda about:

- outcomes and outputs rather than inputs, and the needs of users and not the interests of producers;

- Government sticking to essentials and doing those well;

- using markets wherever possible to improve choice and, through the spur of competition, to achieve better value for money;

- addressing the particular task, designing the shape of the organisation which best meets it, and delegating responsibility for delivery to that organisation; and

- raising the performance of individual public servants (through effective recruitment, training, appraisal, and incentives).

In philosophical terms, the UK version recognises the need in modern societies for extensive public services, indeed it has the positive aim of high-quality service delivery and raising standards over time. But it does question the extent of the role of the state and the assumption that public services have in all circumstances to be delivered by state servants.

The purpose of change

In all "change programmes" there is a risk that the various means to achieve change come to be the whole focus of attention and that means come to be confused with ends. *The Citizen's Charter First Report* puts matters the right way round, and captures the key themes: improvement in standards, responsiveness, and affordability.

The increasing specification in output terms of standards of service delivery which are expected to rise over time is now being matched by a continuous tightening of the screw on resources, through tight controls over the costs of running Government. The British Government is moving away from the soft options: better at more cost or delivery driven by inputs and producer interest. Instead it is looking for further extremely-demanding improvements in efficiency.

The principles of public service

The Citizen's Charter is built round a set of broad principles:

- *Standards* – there should be published, explicit standards for the services that individual users can reasonably expect and publication of the actual performance achieved against them.

- *Information and openness* – there should be full and accurate information readily available in plain language about how public services are run, what they cost, how well they perform and who is in charge.

- *Choice and consultation* – the public sector should provide choice wherever practicable. There should be regular and systematic consultation with those who use its services. Users' views about services and their priorities for improving them should be taken into account in final decisions on standards.

- *Courtesy and helpfulness* – there should be courteous and helpful service from public servants. Services should be available equally to all who are entitled to them and run to suit their convenience.

- *Putting things right* – if things go wrong there should be an apology, a full explanation, and effective remedy for failure. There should be a well publicised and easy to use complaints procedures with independent review wherever possible.

- *Value for money* – efficient and economical delivery of public services within the resources the nation can afford. There should be independent validation of performance against standards.

The effective implementation of these principles depends upon the actions of managers and staff right across the public services, including the privatised utilities (water, gas, electricity, telephones) and is seen as a 10-year programme. Among the means through which the principles are being addressed are:

- the publication of Charters covering the main public services, setting out standards of service and what people can do if those standards are not met. The aim is that standards are set, published, met, then raised. There are 39 charters covering the main public services; some have been reissued, all with higher standards;

- the provision of comparative information on schools, the performance of hospitals and ambulance services against key indicators, and on local authorities' performance (forthcoming). A new code of practice on the release of Government information, policed by the Ombudsman, was introduced in April;

- regular surveys of the needs of users;

- reductions in response times for complaints, better compensation arrangements, complaints adjudicators, and a task force on complaints systems;

- strengthening of inspection of public services and the introduction of lay members in inspectorates;

- a free quarterly newspaper to spread best practice and an award (The Charter Mark) for recognising excellence in delivering services in line with Charter principles presented by the Prime Minister; and

- periodic white papers reporting progress against commitments.

New approaches to organisation and value for money

Reflecting its concerns to limit the activities of the state, widen choice and competition and improve value for money, the British Government has been subjecting all its activities to searching scrutiny by addressing a series of "prior options" questions.

They begin by asking *does the job need to be done at all?* The activity may simply not add any value in which case it should cease.

Secondly, *if the activity must be carried out, does the Government have to be responsible for it?* It may be that the activity belongs in the private sector without any direct involvement by Government. Forty-seven major businesses have been returned to private ownership, competition is being introduced into British Rail, and the Government is consulting on the future of the Post Office.

At the same time, the Government is looking for new ways of engaging private capital in the provision of economic infrastructure, under the private finance initiative.

Thirdly, *where the Government needs to remain responsible for an activity, does the Government have to carry out the task itself?* An increasingly sharp distinction is being drawn between the role of Government in policy-making, inspection and regulatory activities and the purchasing of services and the way in which those services are provided (the purchaser/provider split). The Government believes in injecting choice and competition into the service provision.

In some cases, this is within the framework of continued public sector provision, as in the separation of the purchasing of health care from its provision by National Health Service Trusts. In others there is competition between public and private sector providers or within the private sector itself.

For central Government activities which require some State involvement, the tests to be applied in judging between alternative public and private sector approaches to delivery are how central the activity is to the functions of the State and which approach represents best long-term value for money. The key is to define those areas where Government ownership is crucial – for example, for control and to guarantee supply, to provide a process of adjudication which is clearly free of bias and/or for other public acceptability reasons – and then to address on their merits the rest. Much of Government represents an accumulation of assets and responsibilities in particular forms for reasons which may have been overtaken by new policy, management or technological opportunities.

The Government's Competing for Quality Programme identifies activities which may be suitable for "strategic contracting out", which does not include the option of continuing in-house provision, and "market-testing", where an activity currently performed in-house is subjected to competition and an in-house bid is invited from those currently doing the work.

The "strategic contracting out" route may be chosen for policy or management reasons or, as often in practice, a mixture of both. There is a general presumption in favour of contracting out entirely new services. For existing services it may not

be possible within a Government framework to develop and retain the necessary management skills or to exploit cost-effectively fast-changing technology or to maximise economies of scale. It may therefore be appropriate strategically to contract out activities which are very important to a particular organisation – the contracting out of Inland Revenue Information Technology (IT) or the contractorisation of the Atomic Weapons Research Establishment are examples. At the other end of the scale, there may be activities which are peripheral to the core activities of the organisation and a distraction to scarce management resources, where strategic contracting-out again is the right answer.

The market-testing option gives existing staff the chance to compete, and if successful remain as, Crown Servants while asking them – in order to be or remain competitive – to deliver the service in innovative ways. It may therefore seem fairer to staff, though they can find it difficult to handle the inevitable uncertainty over the outcome and the Government's indifference – in policy terms – to whether the work continues to be performed by civil servants. From a management perspective, strategic contracting out and market-testing bring with them valuable benefits as well as potentially difficult problems of staff handling. The process involves clarifying the scope and nature of an activity and establishing the necessary level of service, how this will be defined, and performance measured and monitored against it. It can therefore help underpin effective service delivery rather than being a threat to it. It offers scope for innovative solutions. It requires management to put in place a contract, or service-level agreement in the case of a successful in-house bid, against which the contractor can be held to account. Provided there is transparency about the quality and performance standards to be expected and appropriate monitoring of performance, it can therefore strengthen accountability.

How does the Competing for Quality Programme stand? Typically in the past, central Government market-testing had involved about £25 million worth of activities a year. Between April 1992 and May 1994, activities worth around £1.3 billion were tested. Quality has been maintained or improved and savings from the winning bid are typically of the order of 20 per cent, and often more.

Finally, *where the job must be carried out within Government, is the organisation properly structured and focused on the job to be done?*

The Government's aim has been to make organisations more responsive to their users by ensuring they are outward facing and by pushing down the level at which operational decisions are taken. For example, efforts are being made to thin out the number of levels of National Health Service management and to create an internal market in which providers respond to the priorities of fund-holding general practitioners and other purchasers. The Government has offered schools the opportunity to opt out of local authority control, to be run by their governors and to be funded separately by a funding agency.

Over these and other changes, there is political debate within Britain on the appropriateness of internal markets, and whether these reforms represent decentralisation and more direct accountability to the citizen, or centralisation and a weakening of local democratically-elected accountability.

Within the Civil Service, there has been a drive since 1988 to place more responsibility in accountable units or agencies, with an individual chief executive in charge, operating against demanding performance targets, in an organisation matched to the particular task, underpinned by accruals-accounting systems. This followed an Efficiency Unit report – *Improving Management in Government: The Next Steps.* As a result, there are now 97 executive agencies within central Government. In the Home Civil Service, more than 340,000 civil servants, 64 per cent of the total, are now working on the lines of the Next Steps.

The future of the Civil Service

The Next Steps, the Citizen's Charter, Competing for Quality and other Government initiatives have had a considerable impact on the Civil Service. The Government published in July a White Paper – *The Civil Service : Continuity and Change* – assessing this impact and putting forward a framework for the future of the Civil Service.

The White Paper reaffirms the Governments' commitment to the key principles on which the British Civil Service is based: integrity; political impartiality; objectivity; selection and promotion on merit; and accountability through Ministers to Parliament; and looks to a further improvement in quality of service and in efficiency, building in an evolutionary way on what has been achieved. It sees the key to improved performance in the delegation of further management flexibility, based on better management information systems and, in the longer term, the introduction throughout central Government of resource accounting and budgeting.

Within this general approach and reflecting the theme of greater delegation:

- The Next Steps programme of agency creation is to be completed and Next Steps principles applied more widely in the centres of departments.

- Departments are to develop broader efficiency plans, embracing privatisation, Competing for Quality and other management techniques, with less detailed central oversight.

- Departments are to be responsible for their own management structures.

- Responsibility for pay and grading below senior levels is to be delegated to all departments and agencies by 1 April 1996, and central pay bargaining terminated.

Control is to be exercised through agreed performance standards and demanding running costs limits, rather than manpower targets. But the White Paper recognises that, as a result of transfers to the private sector and increased efficiency, Civil Service numbers are expected to fall significantly below 500,000 (from 533,000 at April 1994).

The White Paper identifies organisational changes and management techniques which should help improve performance, and recognises the crucial importance of departments and agencies developing all their staff and being led by a highly professional group of senior managers. It proposes as a basis for consultation:

- a new wider Senior Civil Service of around 3,000 people;

- each department is to review its senior management structure with a view to reducing layers of management;

- new arrangements for considering open competition in respect of each Senior Civil Service post which is to be adopted whenever necessary in the interests of providing a strong field or injecting new blood. The expectation is that most of the top posts will continue to be filled by those with substantial previous Civil Service experience; and

- written contracts, generally of indefinite term, and a new pay system for the Senior Civil Service.

The White Paper looks then towards a new structure for the Civil Service with:

- central departments (Treasury, Cabinet Office) focused on strategic issues, resource allocation and facilitating best practice;

- centres of departments which are smaller, concentrating on policy-making, essential finance and personnel functions, the strategic management of agencies and the much more common task of purchasing services from external providers; and

- perhaps 125 to 150 agencies with considerable management freedom operating within the framework of the Citizen's Charter.

Carrying forward change

This short paper can only touch on some elements of the UK reform process. Key elements – deregulation, performance management, equal opportunities, management development etc. – have been skated over or not mentioned. Another important dimension is the process of periodic review (whether of charters, or through fundamental expenditure reviews, efficiency scrutinies, 5-year reviews of agencies and non-departmental public bodies, and so on). The problem is to strike a reasonable and constructive balance between external challenges and initiatives to raise standards and efficiency and the needs of day-to-day delivery of existing tasks.

There is a growing literature and thriving consultancy business on change management. What are some of the ingredients of success and how far can they be seen in the UK experience? We might pick out:

- *Clear vision and objectives. Clear and simple priorities. Evolution rather than revolution.* As I hope I have shown, there is a clear vision. There have been difficulties in presenting a coherent picture, embracing initiatives with different launch dates and agendas, which have now largely been overcome. The emphasis is on building progressively on what has been achieved.

- *High-level commitment.* Clearly manifested by the Prime Minister, and by the regular involvement of cabinet ministers and their permanent secretaries in all the main initiatives.

- *Dedicated progress chasers.* Very high-level advisers and project managers have been appointed in every case.

- *Champions and successes, employee involvement.* Considerable effort has been expended on spreading best practice and identifying and praising successful organisations which really do deliver a better service at the "sharp end".

- *Gainers as well as losers from change* (and preferably more gainers than losers). For those working in the public services, the difficult areas include the perceived impact of the Government's support for competition, tight running cost controls and public sector pay policy on jobs and rewards. The opportunities and attractions are the emphasis on effective public service; the increasingly strong re-affirmation of public service values; the scope through greater delegation and better training for more demanding and fulfilling jobs; and, for more capable staff, the emphasis on performance and the creation of reward systems which recognise better performers.

The question of perceived gain versus loss of course applies at a much more fundamental and important level. Public services exist for the benefit of those who use and pay for them and not those who work in them (though their job satisfaction and motivation are obviously important). Successful public service reform poses a double challenge of bringing about real and sustained change in the end product, not just the intermediate processes, and communicating that to the voter. It is about better patient care, higher quality education, improved public transport, more responsive departments and agencies, of which there are many examples in the UK in recent years. But successful change of this kind is not easy to present, not least because expectations are regularly being raised and are intrinsically difficult to satisfy within finite resources, and because discomfited producer interests can be more vocal in opposing change than the broader constituency of users in supporting it. The interim verdict might be: much achieved, many challenges ahead!