

SECTION 5: MAKING MANAGEMENT MORE EFFECTIVE

- 5.1 A particular initiative in enhancing management skills: The Department of Trade and Industry
- 5.2 Improving management information systems
- 5.3 Improving information technology support
- 5.4 Management development
- 5.5 Improving internal management advisory capacity
- 5.6 Improving the management of external consultants

5.1 A particular initiative in enhancing management skills: The Department of Trade and Industry

The 1988 White Paper entitled "Improving Management in Government: The Next Steps" recommended that all departments should undertake a review of training and development.

This entry focuses on the developments which flowed from that in one U.K. Ministry, the Department of Trade and Industry (DTI). An outside consultancy which specialised in industrial training carried out the review in DTI and recommended that training and development should be competence-based.

The context for change

In 1991 the Permanent Secretary launched the Managing and Developing People Initiative. This emphasised that the main responsibility for development lay with the individual, helped and encouraged by line management. The changes were designed to bring about an improvement in management skills across the Department, together with a recognition that, to manage better, good management needs to be given higher priority.

Essentially, the Department has concentrated on two main strands of policy in enhancing management skills:

- introducing competence-based personal development schemes; and
- improving management training.

Both of these areas are inter-related and are equally important. The moves towards the use of the competence approach to personal development and the greater delegation to line management or functions formerly carried out at the centre are mirrored in other departments and are in line with best practice in the private sector.

Implementing change

The DTI has introduced competence-based development schemes for staff at AA/AO, EO-G7 (including Scientific and Technical grades), Secretarial/Typing grades and G5/6. (AA and AO are clerical grades, EO-G7 represent junior/middle/senior management grades and G5/6 cover senior managers, though not the most senior.)

The development schemes are aimed at helping staff to identify their work-related skills needs and, with line management help, to identify the most effective ways of meeting them. There are also proposals, being pursued by the Office of Public Service and Science, to extend the competence approach to the Senior Open Structure (the most senior grades). Departmental training provision has been tailored to reflect these competence frameworks. A job advertising scheme, covering EO, HEO and SEO vacancies has also been introduced. This places the responsibility on line management for recruitment and selection of staff and emphasises the importance of good interviewing and decision-making skills. Responsibility for decisions on probation, poor performance and inefficiency, formerly held within the central personnel function, has been delegated to line managers.

Until 1991, the DTI's training budget was held centrally and the in-house training provider offered a range of personal development and management courses. These courses were listed in the Department's training prospectus and staff were encouraged to apply for those that they felt would best meet their training needs. The Staff Appraisal system helped with the process of identifying needs, as it focused the line manager's mind on staff development.

Since 1991, budgets for training have been devolved to individual management units. Personnel Training Services (PTS), as the in-house training provider, have designed and tailored events to complement the competence-based schemes now operating in the Department. In addition to these trainer-led courses, PTS also provide:

- a training and management consultancy service;
- an open learning unit, which provides a range of technology-based training aids, including computer-based training.

DTI managers are, of course free to spend their budgets with other training providers, for example the Civil Service College and many independent firms and colleges who offer specialised training in particular areas.

The changes taking place in the DTI that have implications for management training include:

- market-testing;
- the Citizen's Charter and the increased importance of providing a quality service;
- the restructuring of HQ Divisions, as a result of recent changes in

government policy.

The basic requirements for success are:

- a demonstrable commitment from the top levels of management;
- a willingness on the part of senior/middle management to manage and implement change;
- training, organisational and individual learning needs to be correctly identified, with management units developing training strategies, setting out their training priorities, the options available for meeting them and the roles and responsibilities of the staff concerned.

Identifying the necessary skills hinges crucially on consultation and discussion about people's actual job-related requirements. This is now increasingly the subject of dialogue between job-holder and line manager, with the initiative coming from the former.

The key stakeholders will normally be identified as those charged with managing the change and those affected by it.

The potential obstacles and risks to success stem from resistance to change, and from the difficulties of planning medium to long-term in an unsettled and uncertain environment. It is generally agreed that change of the kind represented by these types of initiative can take upwards of five years, given favourable conditions, to become embedded in the culture of the organisation. Management units are encouraged to evaluate training so that they can prove that the money and time invested has been instrumental in improving performance.

Typical steps or stages in implementing a competence-based system are:

- identify the need for change;
- field research and consultation to highlight the nature of the desired outcome;
- draw up draft material;
- pilot this material with selected staff;
- further consultation/validation;
- introduce material/scheme/initiative;

- monitor effectiveness;
- review.

In all management development training, the following steps are vital:

- identify the learning needs for the specific target group;
- decide upon the most effective method of meeting the needs, e.g. work-based training, formal training course, open learning etc.;
- carry out the training;
- evaluate the effectiveness of the training.

5.2 Improving management information systems

Information systems are the information technology paper-based systems which support business needs.

Government departments have established information systems in the principal areas of their business, for example:

- personnel records;
- finance;
- physical resources (including accommodation);
- procurement (purchasing).

The context for change

Information is a vital resource, and requires careful planning to ensure it is best applied to meet business aims and objectives. This makes it the concern of senior management. The use of information technology (IT) in almost all areas of government business means that adequate support must be in place to ensure smooth, continuous development and/or operations of the various systems.

A fundamental question that concerns the introduction of any new system, or the upgrading of an existing one, is whether it should be paper-based or computer-based. Available finance, the number of people who need to have access to the new or improved system, and the need for easy interrogation are important factors when making a decision.

Various management information systems must be able to interface with one another, i.e. the information they contain brought together and produced on a common basis. This need for information to be used flexibly, with other in-house or out-house systems, is a major consideration when considering introducing or upgrading an IT-based information system.

Implementing change

U.K. experience indicates that a strategic approach benefits the customer in terms of identifying and prioritising requirements for information systems, and ensuring compatibility with other existing and planned systems. It also benefits the approving authority (whether elsewhere within the organisation, or, for larger

expenditure, the Treasury) in providing a backcloth against which to consider each proposal for expenditure.

The alternative of ad hoc acquisition of individual machines and systems leaves management with less flexibility to change working practices, and thereby reduces the overall return on investment in information systems and IT.

Strategic planning for information systems is concerned with:

- understanding the aims and objectives of the business;
- establishing the information requirements of the business;
- outlining the systems to provide the information;
- determining the role of technology in supporting the information systems;
- agreeing policies and plans to develop and implement the information systems;
- determining the role and use of resources to achieve the information systems required;
- managing, reviewing and evolving the strategy.

Departments have long recognised the importance of management information systems and, drawing on both private and public sector experience, have developed systems to meet their own specific needs. The Government believes that such systems are not being used to their full advantage and the Efficiency Unit is conducting a scrutiny to determine departmental and Agency needs, to consider best practice in both the public and private sectors and to make recommendations for future development. The results of the scrutiny should assist managers in the efficient and effective allocation of resources and in planning to achieve the required efficiency savings.

A particular initiative in improving management information systems: The Department of Trade and Industry

Amongst the principal DTI systems are:

- FINMIS (Financial Management Information System)
- PERMIS (Personnel Management Information System)
- PREMIS (Physical Resources Management Information System)

- SAMIS (Selective Assistance Management Information System)
- FINMIS (Financial Management Information System)

FINMIS (Financial Management Information System)

Functions

The principal objective of FINMIS is to provide an integrated accounting, budgeting and financial reporting system.

FINMIS:

- provides senior departmental management and "cost centre" managers with comprehensive financial information on both a regular and an ad hoc basis;
- maintains details of running costs and capital income of the Department by "cost type" within cost centre, and also provides budgeting, forecasting and estimating facilities;
- receives data through interfaces with various other systems (e.g. RESULTS, PERMIS, HM TREASURY PAYROLL, PREMIS AND RECHARGING STATIONERY, TYPING, REPROGRAPHICS, COMPUTER SERVICES).

Data can be input through on-line terminals.

System profile

This is a very high-profile system which is used by up to 150 senior and cost centre managers within the Department. The system is essential for the efficient monitoring and control of the Department's costs and 'Programme Spend'.

In addition, some 2,000 users have potential access to the system.

PERMIS (Personnel Management Information System)

Functions

PERMIS's requirement is to provide assistance in the management of the Department's personnel records.

PERMIS:

- provides a central register of all permanent staff currently working in the Department, and those who have left since 1 April 1985 (it does not include Ministers and consultants);
- records information about staff's academic qualifications, skills, job history, staff reports, seniority, age, grade etc.;
- caters for the provision of manpower statistics and forecasting;
- maintains promotion boarding and training records and an accurate record of staff cost centres, via the Data Input Routes (DIR) module;
- interfaces with various other systems (including FINMIS and PREMIS);
- must be able to supply additional facilities as users identify needs.

System profile

This is a high-profile system which is used by about 400 Personnel Management users and about 240 DIR users. The majority of users consider the system essential for them to carry out their duties.

PREMIS(Physical ResourcesManagement Information System)

Functions

PREMIS helps the Department manage its physical resources.

PREMIS:

- provides senior Departmental management, cost centre managers and other line managers with comprehensive information, allowing them to manage the utilisation of accommodation, space and equipment resources within the Department;
- provides local accommodation staff and other system-users with an effective tool to assist them with the efficient performance of their duties;
- maintains details of premises, rooms, occupancy and telephone numbers, together with the relevant cost centre details;

- interfaces with various other systems (e.g. FINMIS, PREMIS);
- must be able to supply additional facilities as users identify needs.

System profile

This is a high-profile system which is used by about 90 Accommodation officers and managers and about 240 DIR users. The majority of users consider the system essential for them to carry out their duties.

SAMIS (Selective Assistance Management Information System)

Functions

SAMIS's principal objective is to provide a system for collecting, aggregating and analysing all information required for the sponsorship of U.K. industry by the Department. It is a computerised case recording system which is used more for management information purposes than for case administration.

SAMIS:

- records key information for cases under a variety of different assistance schemes, and information on manufacturing units in the U.K. employing ten or more people;
- provides an integrated system holding the information needed to control all financial assistance schemes and projects for industry administered by the DTI (and now expanded to include Consultancy Assistance from the DTI's Enterprise Initiative Scheme);
- provides management information for:
 - the administration of individual schemes;
 - forecasting future resource requirements and case loads for future operations;
 - briefing Ministers and senior officials;
 - preparing answers to Parliamentary Questions (PQs);
 - evaluating the effectiveness of the schemes in operation.

- specifically holds information for the following functions:
 - Records of Serious Enquiries: details of companies which have expressed an interest which is expected to materialise into a full application;
 - Records of Application: details of all full applications made;
 - Records of Application Results: details of the result of an application once a decision has been reached;
 - Records of Claims: details of claims received and forecasted payments;
 - Records of Payments: details of payments made;
 - Changes to Company/Project Details: company or project details where necessary.
- receives and passes data through interfaces with other systems.

System Profile

This is a comparatively low-profile system which does not run to any tight schedule. It has an estimated 200 users within the Department. The Department has been actively assessing the feasibility of a replacement for SAMIS.

5.3 Improving information technology support

Information technology (IT) is a term commonly used to encompass the methods and techniques used in information handling and retrieval by automatic means, including computing, telecommunications and office systems. Information systems (IS) are the IT and non-IT based systems which support business needs.

IT support can be defined in two ways:

- the support which IT can provide to information systems; or
- the support which is needed for IT-based systems which have been, or are to be introduced.

In terms of the second, narrower definition, IT support can take a number of forms: from the strategic (the assessment of a system's needs and the subsequent system-development and implementation) to the entirely practical (e.g. maintenance of a local computer network or individual machines).

The context for change

Central government in the U.K. invests more than £2 billion a year in information systems (IS) and employs 20,000 staff to install and operate the information and telecommunications systems that support internal administration and help to deliver services to the public. Before very long, virtually every civil servant will have some access to information technology.

As government's needs for IS become more demanding and complex, the IT industry's range of products and services is also increasing. The increasing use of IT equipment in all areas of business activity has brought the need for adequate support to be in place to ensure smooth, continuous development and/or operation of any system.

Implementing change

CCTA: The Government Centre for Information Systems

Within the U.K. Civil Service, a body called CCTA, the Government Centre for Information Systems (part of the Office of Public Service and Science, itself part of the Cabinet Office) is responsible for promoting business effectiveness and efficiency in government through the use of information systems. While CCTA's

customers are government departments and executive agencies, HM Treasury Expenditure Divisions, and certain public bodies sponsored by Departments, its business environment is wider, and includes European and other national governments, European Community institutions, international standards bodies, the academic world and the IS supply and service industry. It provides specific services to government departments and agencies, helps them plan their spending on information systems, and advises them on the best use of their information technology, e.g. through help in evaluating the various systems available, against needs and value for money. It both publishes advice and guidance on best practice throughout IS/IT and makes available direct support to individual customers, where such services add greater value for money or where the private sector is unable or unwilling to meet the service requirement. CCTA encourages customers to take a forward-looking strategic approach to the use of IS/IT, in relation to those systems which underpin business activity and support management. CCTA does not differentiate between these two systems, but promotes incorporation of both into an effective IT strategy from which plans for individual systems and projects may be produced.

CCTA is keen to see business managers, rather than technologists, set the future direction for the use of IS in support of business objectives. Increasingly, business managers are seen as "owning" IS, whereas formerly technologists owned IT.

Management information systems (MIS) are just one of many applications that underpin the business of government. Therefore, CCTA does not seek to develop expertise on individual types of system. Some MIS needs are shared by all organisations; others are unique and require bespoke software. Either way, the costs can be considerable; and there is sometimes a tendency for management to attach a lower priority to MIS than other business applications.

The technological complexity of IT equipment and systems, in comparison with paper-based information systems, means that specialist knowledge must be available, either in-house or through private firms providing services on the basis of a business contract (or, sometimes, on a combined basis, i.e. an in-house team working between system-users and the outside contractors).

IT support will not come necessarily from equipment or systems specialists alone. It is, after all, business managers who are instrumental in determining the reasons behind any strategy and, by implication, what a system should be capable of producing. In general terms, the technology which is introduced should be subservient to system needs. So, any group of persons, which acts in an advisory or support capacity, may well be formed of strategists (perhaps senior management), system users, and customers (where different from system users), as well as IT specialists.

The need for a strategic approach to the development of new IS/IT systems is discussed in the paper on management information systems. Most departments will have several of these; they may, for example, cover such areas as personnel records, finance, physical resources (including accommodation), and procurement (purchasing). Within a particular department, there is usually a need for the various management information systems to "interface" with one another. They may even need to interface with a system in another department.

Any government, which is considering introducing IT, and the necessary support should assess the need for its information to be used flexibly with other information systems, either in-house or out-house, and the extent to which information on different areas needs to be brought together and produced on a common basis.

Strategic planning for information systems is concerned with:

- understanding the aims and objectives of the business;
- establishing the information requirements of the business;
- outlining the systems to provide the information;
- determining the role of technology in supporting the information systems;
- agreeing policies and plans to develop and implement the information systems;
- determining the role and use of resources to achieve the information systems required;
- managing, reviewing and evolving the strategy.

Behind strategic planning is a series of fundamental questions:

- What is the scope?
- Where are we now?
- Where do we want to be?
- How do we get there?

The following stages are fundamental to the determination of IT support for IT-based activities, and its implementation at project level. They are adjusted according to local circumstances:

- Ensure that, in principle, the necessary *finance and staff resources* for any system, and support services, are in place or can be made available when

needed (though more accurate figures may not be apparent until a later stage);

- Establish a *project board* comprised of persons who have the greatest interest in ensuring that any IT-based system(s) succeeds;
- Decide, through the project board, what the *objective* of the IT system is, i.e. what will be its uses and products, and whether it should be based on a "strategic" approach;
- Devise an *action plan* that encompasses what is to be achieved, at what time, and by whom (this stage will include decisions on whether IT can be sourced 'off the shelf', and the support service bought in, or whether IT will have to be specially developed and a wholly or partly in-house support team formed);
- Start *pre-implementation actions*, e.g. decisions on the need to issue tenders; devising any tender specifications; issuing tender documents or advertising their availability; evaluating bids, and choosing supplier(s); establishing contract(s);
- Put *implementation-review procedures* in place (these will have been foreseen in the action plan);
- Start *project implementation*.

Since no two government businesses are the same, there are no common answers to questions of costs and timescales etc. These vary considerably from department to department.

5.4 Management development

The context for change

It is now a well-established principle that individual departments and Executive Agencies are responsible for training and developing their own staff. The role of the Cabinet Office, Office of Public Service and Science (OPSS) is to encourage them to make progressive improvements in staff management, development and training in support of their own operational requirements or specific business needs. They do this by:

- identifying and promoting good practice;
- providing information and advice, either on a one-to-one basis or through a range of networks;
- developing training and other approaches in support of central initiatives;
- co-ordinating consortium projects to help departments and agencies tackle new issues, thus identifying good practice for wider dissemination; and
- running conferences and workshops on topical issues.

The main development programmes in operation throughout the Civil Service are:

- The Top Management Programme (TMP);
- Development of Senior Managers (DSM);
- The Senior Professional Administrative Training Scheme (SPATS);
- Management Development Programmes (MDP);
- The Fast Stream (AT/HEOD) Scheme.

Implementing change

OPSS have a general co-ordinating role in relation to these schemes and hold regular meetings with the relevant personnel/training managers from departments and agencies. Among topics studied on the MDP Co-ordinators' Group, for example, are:

- the use of computer-based needs analysis systems in MDPs;

- developing standards for competence frameworks;
- the use of assessment centres for the selection of participants; and
- how best to review MDPs.

The ***Top Management Programme*** is an intensive residential programme for senior managers run by the Cabinet Office (OPSS). Its participants come in equal numbers from the public and private sectors. Four programmes are run each year. Each lasts four weeks, followed by an additional two weeks, primarily for civil servants.

The objectives of the first four weeks focus on:

- understanding the changing context of management;
- understanding and working with others;
- formulating and implementing strategies to meet the challenge of change;
- improving performance;
- leading and motivating people.

The two additional weeks of the programme are to enable civil servants, or others who are interested, to apply the experience of the first four weeks specifically to work in government, and to improve certain essential skills.

There are two key themes: *change* and *top management*. Sessions on change aim to broaden understanding of changes in the environment (economic, social, international, political), which participants must know about to lead their organisations successfully. Sessions on top management examine key elements essential to good leadership, including strategic thinking and managing people and money effectively.

The participants are high fliers from the public and private sectors. Typically they:

- are aged 35-50 (though this is not a rigid rule);
- have significant further potential which could take them to the highest positions in their organisations;
- have a proven record of success and breadth of experience which the programme will complement and extend;
- are able to hold their own with other participants of high quality and diverse backgrounds.

Civil Servants reaching Grade 3 (Under Secretary) level are normally nominated by their departments.

From 1985 to 1991, there was a centrally driven programme for the development of senior managers (the Senior Management Development Programme - SMDP). In 1991, it was decided that departments and agencies should take more direct responsibility for making their own arrangements for senior management development in line with their business needs.

The aims of senior management development remain as before:

- better preparation for future top managers (i.e. those with potential to reach Grade 3);
- greater effectiveness in the Senior Management Grades (Grades 4-7) for all participants, whether or not they are likely to reach more senior levels.

Departments' and Agencies' systems will continue to develop senior managers through integrated programmes involving a series of relevant jobs, formal and less structured methods of training and other methods such as projects, secondments and open and distance learning.

Progress relies on individual responsibility and self-help. Line managers have a supporting but important role in agreeing objectives, helping to meet them and ensuring that they fit in with the priorities and business needs of the department.

To assist with the identification of development needs, several departments and agencies are now working on development frameworks for senior managers at Grades 4-7. In the meantime, many departmental schemes still make use of the original SMDP competence framework.

The ***Senior Professional Administrative Training Scheme*** (SPATs) aims to give specialists with senior management potential the opportunity to broaden their experience of management reasonably early in their careers.

The scheme is open to staff at Grade 7 and equivalent levels and, exceptionally, to staff one grade above and one grade below, subject to their possessing the recognised potential to rise to at least Grade 5.

The scheme has two main elements: a three-week course at the Civil Service College and an administrative posting.

- *A three-week course at the Civil Service College*

The course aims to equip specialists with the additional administrative skills needed in their experience postings (see below), and covers subjects such as constitutional law; the relationship between ministers and officials; drafting replies to parliamentary questions and briefing ministers for parliamentary debates and appearances before select committees.

Before each course begins, the College contacts participants to identify their particular training needs (for example, some may wish to improve their written communication skills). Before attending the SPATS course, members are also asked to undertake in their own time a policy studies exercise, spread over several months and guided by tutors, in which they select, with departmental agreement, a particular policy decision and then examine how that decision was reached. This is designed to place course members in a better position to draw practical benefits from the course.

- *An administrative posting*

The administrative posting of about two years is an integral part of the scheme, although a programme of short attachments and project work will also be acceptable where departments regard this as appropriate. The sole criterion is that the posting or postings should be of a quality and duration both to provide candidates with challenging work and to broaden their experience.

Management Development Programmes (MDPs) began to be set up in 1985 to ensure a steady supply of good quality staff to fill posts at Grade 7 through a more systematic approach to staff development at EO, HEO and SEO levels.

It is for each department to devise a development programme to meet its needs. For example, selection procedures vary between departments. There are, however, certain key components to each programme.

- *A planned postings policy:* this enables staff on a programme to obtain experience in a range of posts which make managerial and intellectual demands and develop the qualities required for the future. Postings are tailored carefully to the individual's needs and build up a balanced profile of experience.
- *Development within jobs:* whilst movement between jobs is important in cultivating flexibility and a range of experience, participants are constantly given the opportunity to show initiative, to make decisions and to take responsibility for human and financial resources.

- *Integrated training:* this need not be confined to formal training but may consist of other learning opportunities such as open learning and self-instruction. The Civil Service College publishes a guide to those training courses which are especially suitable for MDP participants.
- *Project work, special postings, secondments and short-term attachments* provide other development opportunities. Project work presents the challenge of managing a piece of work and pacing progress as well as demonstrating creative and intellectual flair. Special postings, secondments and short-term attachments, which need not involve a change of location, can offer exposure to unfamiliar environments and problems which may broaden the perspective of staff.

The AT/HEO(D) Scheme is designed for the intensive development of a small cadre of high quality staff who will, if they meet the demanding standard required, achieve early promotion to Grade 7.

A majority of ATs and HEO(D)s typically find themselves employed in the headquarters of departments, often working in policy divisions, although an increasing number are directly employed on operational delivery in Agencies. They move fairly quickly through a carefully selected pattern of demanding postings lasting about one year each, designed to give them a feel for the range of work carried out in their department and develop the talents and skills needed at senior levels. ATs and HEO(D)s are expected to make an effective contribution to the work of the department and show the potential which justifies early promotion. Some of the work, particularly that connected with Parliament, Ministers' private offices or senior officials, means regular long hours, often under pressure. Although training is mainly on the job, formal training is provided on a modular basis by the Civil Service College.

ATs and HEO(D)s are expected to be able to:

- deal effectively with people at all levels (including staff);
- defend a case lucidly and persuasively;
- make sound judgements;
- accept responsibility;
- manage resources efficiently (both financial and human);
- work hard and quickly.

Entrants to the Fast Stream under the age of 26 are graded AT until they reach the age of 26 or have served two years in the grade, after which they become HEO(D).

Entrants over the age of 26 and HEOs are graded HEO(D) from the outset.

The two methods of entry are:

- i) As an internal candidate, for serving staff who are in a grade below SEO level; and whose department can provide an annual report or good equivalent; and who are nominated by their department.

This method of entry is not confined to graduates, and Civil Service departments encourage suitable candidates from any background to come forward.

- ii) As an external candidate, for graduates who have a degree with at least second class honours. Serving EOs and HEOs may be exempt from this provision if they have passed probation. External candidates are required to sit a qualifying test.

Successful internal and external candidates are invited to the Civil Service Selection Board (CSSB), which comprises two days of written and group exercises, tests and interview.

Following CSSB, all candidates who are considered to have a chance of being successful are interviewed by the Final Selection Board, which is chaired by the First Civil Service Commissioner or her deputy, sitting with two civil servants and two outside members.

A review of Fast Stream recruitment has recently been completed and the Government is considering the recommendations.

The Civil Service College exists to provide a centre of excellence for developing managerial and professional skills amongst civil servants, and promoting best practice throughout government, both in management and key professional areas. It operates as an Agency and provides:

- management training for both civil servants and the private sector at, or aspiring to, relatively senior positions;
- specialist training in key areas or at advanced levels;
- related consultancy and research.

It aims to:

- reflect in its work the particular needs of government;

- support the initiatives and policies of government, in particular those affecting the management of the Civil Service in departments and Agencies within government;
- develop professionalism and to provide training leading to externally validated qualifications.

The College's close understanding of the working context and problems of its customers in government give it a unique position. In teaching the best of today's management approaches and skills, as tasks and disciplines of government become more business-like, the College can offer unrivalled practicality and relevance to their needs. Most courses are short and intensive: the average length is under four days. They offer the opportunity to work with counterparts from elsewhere in the Civil Service and provide a forum for the interchange of ideas and best practices.

The primary task is to identify clearly areas and groups where management potential exists and to have a system for harnessing it effectively. It is important to note that managers are not drawn exclusively from generalist or administrative fields, hence the importance of the SPATS scheme in the U.K. which is aimed at Scientific and Professional grade staff.

The costs of investing in people are significant. The scale can be illustrated by considering AT/HEO(D) training in the U.K. Although training is mainly on the job, there is a target of 20 days of formal training per year in the first two years of service, diminishing in subsequent years to give an overall average of 15 days per year. This is a substantial commitment in terms of staff costs, given that officers are unable during the training period to fulfil their normal duties. The investment is repaid in future potential.

Supporting material

Management and Development Programmes in the Civil Service, ISBN 0-7115-0156-4 1988

5.5 Improving internal management advisory capacity

In the U.K., departments have flexibility to adopt their own management advisory systems, provided that they ensure value for money by controlling the use of resources. There are inter-departmental links to encourage the sharing of good practice in which the Treasury exercises a central role.

All major departments have access to internal expertise to provide assurance about the use of resources, especially staff. These are normally known as Staff Inspection or Manpower Audit teams. Most departments also have in-house management consultancies, upon whose services line managers can draw (sometimes on a repayment basis, in competition with outside suppliers). In some departments, Ministers have decided to abolish the internal advisory function and to buy all such services from external suppliers, and in others the function has been market-tested.

There is increasing movement among internal advisory teams towards accreditation under BS 5750/ISO 9000, together with an emphasis on quality systems and customer service.

There has been extended debate about whether advice to management should be imposed by the department centrally or whether managers should be free to select services on a consultancy basis. Several departments have decided to split the two functions to avoid conflict of interests.

Training standards for Staff Inspection teams are set by the Treasury, in consultation with departments. Staff on these teams are trained centrally, with a view to applying consistent standards across the Civil Service.

The context for change

There are links with quality management, market-testing, continued ministerial pressure to reduce staff numbers, and continued and growing pressures to reduce overall expenditure. The Citizen's Charter is encouraging departments to ensure that their systems are adequate.

Consistent with government policies for optimal devolution and delegation, responsibility for these services lies with departments, not the centre. However, the centre has a role to bring some elements together and to undertake such aspects as standard setting, which individual departments could not themselves do. There is growing awareness at the centre of departments that delegation must be accompanied by carefully determined control and assurance mechanisms.

The policies on exposing services to competition (especially market-testing) have increased awareness of the need to be efficient and to meet management requirements.

Implementing change

This depends on whether an organisation is setting up internal management advice services where none previously existed or whether the aim is to improve the services that are currently available. In both cases clear roles and responsibilities need to be established, in particular whether the service is to be imposed or offered on a consultancy basis (or perhaps a combination of the two). In general, U.K. experience indicates that the two need to be kept quite separate if conflicts of interest are to be avoided and managers are free to use the consultancy role to the full, without fear of imposed solutions or recriminations.

Staff need to be chosen carefully. A certain type of officer is best for assignment and consultancy work: one with tact and presentational skills, willingness to challenge the status quo, vision to see how things can be improved, ability to express themselves clearly, both orally and on paper. Essentially, these are practical people, not those with their heads in policy clouds.

Costs should not be an issue. Good advice teams will make proposals that will save their costs many times over. Extensive use of external consultants may be expensive, especially if they are not familiar with the public service environment. Market-testing can also be expensive in management and staff time and quality system accreditation costs are likely to be up to £20,000 per department.

Stakeholders are senior managers (those who should use the services), managers of in-house consultancies (those who deliver) and any central authority, such as the Treasury in the U.K., who have an interest in value for money and overall departmental systems.

Six months to a year should see good progress in improving standards, but it is an ongoing process and the optimal point is always just out of reach.

Improving any advisory system involves project management with a "Management of Change" flavour. It will involve identifying where the organisation wants to go, identifying the stakeholders, establishing action plans and monitoring progress. It is important in the consultancy field to carry out research among customers to judge their perception of the service provided. Regular customer satisfaction questionnaires and appropriate corrective action where necessary are vital factors in improving performance.

5.6 Improving the management of external consultants

U.K. Government departments use consultants from the private sector and from academic institutions in a variety of ways. They provide expert advice, either in disciplines or from a full and comprehensive understanding of how a specialist area operates. The decision to engage the services of consultants is therefore usually taken because in-house resources either are not available when needed or do not yet exist. Ideally, the use of consultants should mean a transfer of expertise to in-house resources.

It is important to follow the right procedures when commissioning consultants – to secure value for money, to avoid exposing departments to unforeseen contractual commitments and to set up a visible, auditable trail of public sector expenditure.

Divisions which wish to engage external consultants should bear in mind that a considerable amount of management time must be set aside from the decision to undertake the project to the receipt of the final report. It is also important to remember that consultants should not be taken on to fill permanent staff posts. No consultancy team, irrespective of size, and no individual consultant will work full-time on your project. They will spend some days each week, the number fluctuating according to the stage reached in the life of the project. Consultants should not be regarded as employees and salaried. Their fees and the reimbursement of expenses should be paid for out of programme spend, not running costs.

Individual departments have a small group of staff carrying out tendering and contractual procedures and guidance is available centrally from HM Treasury's Accountancy Policy Division. HM Treasury issue to all departments and agencies an index of management consultants who are willing to work in the public sector. Most individual departments supplement this with their own databases of potential consultants.

The context for change

The primary objective of departmental policy on tendering and contracting must be to ensure value for money. Funds have been voted by Parliament, to whom the department is accountable.

Best practice is generally set out by HM Treasury and much of it is contained in their booklet entitled "Seeking Help from Management Consultants", addressed to line managers in government departments. Individual departments also set out guidance to line managers.

In other respects, best practice has evolved with experience, as tendering units have developed improvements to the system. In general, these are embodied in local rules and procedures and are set out in revisions to the notices to line managers.

Several consistent dimensions have emerged in the U.K. regarding best practice:

- There must be propriety in tendering matters, to make competitive tendering the standard and single tender action the exception. There may of course be low-value contracts where competitive tendering is not cost-effective, either for the department or the consultants themselves.
- Strenuous efforts are needed to ensure freedom from bias and collusion. A central, stand-alone unit handling the tendering procedures can ensure that all tenders received are properly recorded and held securely. It is regarded as unsatisfactory for the commissioning division to be involved in this procedure.
- It is important that procedures are clearly documented, as is the action taken by individual officers of the department. The reasons for decisions being taken and courses of action adopted must be clearly recorded and must be auditable.
- In order to avoid complacency, cosiness and lack of competition creeping in, it is wise to spread the base of those invited to bid. This is achieved by competitive bidding. The introduction of new consultants to the bidding process can produce unexpected winners who introduce fresh, new, creative thinking on possible solutions to problems.

Most departments use selection meetings. These are useful because they involve meeting the people who will do the job, providing an opportunity to question the consultancy team who will actually be delivering the written word; to question and probe on past similar experience; and to explore the proposed allocation of human and financial resources through the life of the project. It also gives the opportunity to indicate that proposed fees may be too high and perhaps that the very good, rather than the exceptionally thorough, is actually what is wanted.

The procedures for engaging external consultants are closely linked to procedures on purchasing goods, works and other services. There are also links with market-testing and contracting out; and with meeting the demands of the EC Directives on goods, works and services (which require that many large public contracts are made available for tendering by firms from all member states).

Implementing change

In the U.K., the following are prerequisites for establishing/improving mechanisms for managing external consultants:

- selection of responsible officials, skilled in negotiation with consultants and judgement of their proposals;
- carefully worked out procedures to ensure consistency and fairness of treatment and avoidance of errors;
- carefully maintained record of correspondence with consultants.

Commissioning/Client Divisions are required to address the following questions:

- Have they set aside enough management time?
- Are they able to manage and criticise constructively?
- Will they check that invoices represent fully the services delivered, according to the terms of the signed contract?
- Are they available to answer consultants' queries fully?
- Is there clear understanding as to where the project fits into the overall work of the Division?
- How are the results of what the consultants have done measured? Project managers should be asked to feed back their experience and record any resulting savings etc.

Tendering/contracting units are required to:

- understand the commissioning Division's needs, so that they are fully covered in the contract;
- be flexible in applying the tendering and contracting rules (i.e. they can be bent on the odd occasion, but never broken!);
- understand the intention behind each of the clauses in the contract, to be able to answer questions from the commissioning Division and the consultants;
- develop a good working relationship with the departmental lawyers, so that

there is quick access if difficult problems arise.

The main potential risks are:

with Line Managers:

- over-emphasising independence and authority, at the expense of a reasonable level of central control.

with Consultants:

- taking the Client Division for granted;
- second-guessing and getting it wrong;
- incurring expenditure over and above the level in the signed contract;
- doing extra work without having got agreement in advance, but still expecting the Division to pay;
- changing the team members during the life of the project without informing the client;
- failing to keep to deadlines;
- late delivery of the report;
- poor written work;
- failure to follow up and build on the success of one contract.

Some of the typical stages in improving the management of external consultants include the following:

- Identify what is lacking in the existing programme. Should external consultants prepare a report?
- Use a customer survey to judge the effectiveness of the existing programme;
- Ask a selection of consultants how the department can improve its act;
- Consider what consultancy skills the department will need in the future;

- Careful consideration of the aims and objectives of the proposed improved programme;
- Check whether the standard contract clauses are still legally correct? Can they be put in plainer language?
- Are there any acts or laws now in force that bear on regularly used contract clauses, which therefore require amendment?
- Does the organisation use standard forms which could do with modernisation?
- What process, if any, exists to vet new consultants?
- Should the existing list of consultants be weeded out?

Supporting material

HM Treasury's booklet "Seeking Help from Management Consultants", HMSO, ISBN 0 11 560030-2, 1990, 2.50