SECTION 1: MAKING THE MOST OF STAFF

1.1 Ensuring non-discrimination in employment practices

1.2 Enhancing staff training and development

1.3 Improving human resource management, including performance management and performance appraisal

1.4 Performance incentives in the public sector, including delegated pay bargaining

1.5 Mission orientation

1.6 Recruitment and retention

1.7 Anti-corruption measures

1.8 Developing a Public Service Code of Conduct

1.9 Contractual employment

1.10 Workforce size control

1.11 Redundancy management

1.12 Human resource information systems

1.1 Ensuring non-discrimination in employment practices

This entry covers all types of discrimination – by gender, race, disability, and community background.

Gender and Race: The U.K. has a Programme for Action to achieve equality of opportunity for women and for people of ethnic minority origin in the Civil Service. The programme aims to help the Service to recruit, retain and promote the best available people, regardless of gender, marital status, domestic responsibilities, race or colour. It enables the best possible use of the abilities of all staff through career development, training and the operation of flexible working practices.

Disability: The U.K. Civil Service is committed to ensuring that there is no discrimination on the grounds of disability and that access to employment and advancement in the Civil Service is based on ability, qualifications and suitability for the work. There is currently a code of practice for this and the Office of Public Service and Science (OPSS) is preparing a Programme for Action on disability to complement the programmes on gender and race.

Community background: This applies in Northern Ireland only, not in the rest of the United Kingdom. A policy statement on religious equality of opportunity and a code of practice on monitoring reaffirm the commitment of the Civil Service to equality of opportunity for members of both the Protestant and Catholic communities. This operates in the framework of the law which protects individuals from unfair discrimination on the grounds of their religious affiliation or political opinion, and requires employers to ensure that their employment practices are fair.

The context for change

Gender: The Sex Discrimination Act 1975 (SDA) as amended makes direct and indirect discrimination between men and women in employment unlawful, except in very limited circumstances. It also makes it unlawful to discriminate against people who are married. It applies to government departments and Agencies as to any other employer. In addition, the Equal Pay Act 1970 as amended applies to government departments and agencies as to other employers, although the Civil Service has for many years had an equal pay policy. Government departments and agencies are expected to comply with the Code of Practice of the Equal Opportunities Commission. This provides guidance on the equal opportunity responsibilities of employers, individual employees, trades unions and employment agencies. The SDA also makes it unlawful to victimise an individual for making a complaint about discrimination or for giving evidence about such a complaint.

The objectives of U.K. Government policy in this field include:

- an equal opportunity strategy to operate in every department;
- regular reviews to ensure that issues of most relevance are being given appropriate priority;
- regular review of resources allocated to the work to ensure implementation of the programme;
- all managers and staff to be made aware of their responsibilities and rights in this field.

Race: The aim is to ensure that all staff have equality of opportunity to benefit from employment, training and advancement appropriate to their abilities, and to enjoy a working environment free from discrimination and harassment. There are statutory provisions in the Race Relations Act 1976.

The objectives are again to develop an equal opportunity strategy in all departments. Staff have been made responsible for implementing the policy and are accountable for doing so. There should also be regular reviews of progress and the resources allocated to the work.

Disability: Disabled people possess the same range of skills and abilities as non-disabled people. Furthermore, most people with disabilities are fully effective employees without special help. Many others have as much to offer as non-disabled people, given the help and equipment which is readily available. Among the objectives of the Code of Practice are:

- the development of a departmental strategy for implementing the Code;
- monitoring the effectiveness of policies in each department;
- making available advice to senior management, personnel managers and staff on disability matters;
- publicising disability policies and good employment practice to all staff;
- encouraging departments to liaise with the Disablement Advisory Service and other specialist organisations;
- promoting the availability of advice and guidance on disability in individual cases;

- requiring that a record is made of all staff who are registered under the Disabled Persons (Employment) Act 1944.

Community Background (Northern Ireland): The 1976 Fair Employment Act made direct discrimination on the grounds of religious belief or political opinion unlawful in the field of employment. A Fair Employment Commission has extensive powers to promote both equality of opportunity and affirmative action and to work to eliminate discrimination. It monitors the situation carefully, requiring a return showing the religious composition of the workforce and of applicants for employment. The Government was already well advanced in this field, and had for some time been monitoring whether the Civil Service was providing equal opportunities to both sections of the community in Northern Ireland. This led to the establishment of a Code of Practice.

The objectives are that each department and agency should monitor its own staff in accordance with the Code of Practice. They will also examine their own employment practices on a regular basis, using monitoring and labour availability statistics to check whether equality of opportunity appears to be being enjoyed by members of both communities in respect of recruitment, training and promotion.

Implementing change

Requirements for implementation of a programme to ensure non-discrimination are:

- a framework of anti-discrimination employment law, on which the public service as an employer can build its own policy;

- a network of administrative staff to collect data on the workforce, so that the extent of employment of any group (e.g. by gender, race or disability) can be measured;

- the enforcement of service-wide personnel procedures.

The U.K. has the various Acts of Parliament specified above and personnel units in each public service body who collect data on the gender, ethnic origin and disabilities of all staff, and teams in central departments who check, collate and publish the information. There are also rules issued by the Minister for the Civil Service about recruitment and advice from HM Treasury.

Key stakeholders include middle managers, because they have the most day-to-day effect on personnel practice. It is necessary to train them and to raise their awareness of non-discrimination practices. Permanent Secretaries of each Civil

Service department need to show commitment to the policy in order to motivate and convince staff at all levels in their department.

As far as costs are concerned, the Equal Opportunities Division of the Office of Public Service and Science in the U.K. has about 15 staff in post and an annual budget of about £600,000. The costs of non-discrimination in public service employment practices in the U.K. are not generally separated from the overhead cost of general personnel management.

On gender and race, progress reports show some demonstrable progress has been made in the several years that the programmes have been running. There is a target of fifteen per cent by the year 2000 for the number of women promoted on merit to the top three Civil Service grades. As far as race is concerned, a timescale was set for achieving a ninety per cent coverage in monitoring the workforce. It has taken several years to reach eighty two per cent and could take a few more to reach the ninety per cent target.

The recent White Paper "The Civil Service: Continuity and Change" affirmed the need to improve the representation of women, ethnic minority staff and disabled staff in senior positions. It announced that an Advisory Panel is being appointed to advise the Head of the Home Civil Service on the steps to be taken to improve representation in senior management positions of people from an ethnic minority background and people with disabilities.

Supporting material

(i) Equal Opportunities for Women in the Civil Service, Progress Report 1992-93, ISBN 0-11-430094-1, £4.50, 1993

(ii) Equal Opportunities in the Civil Service for People of Ethnic Minority Origin, Progress Report 1992-93, ISBN 0-11-430090-9, £5.75, 1993

(iii) The Civil Service: Continuity and Change, Cm 2627 HMSO, ISBN 0-10-126272-8, £7.10

1.2 Enhancing staff training and development

At the last count (1989/90) the U.K. Civil Service spent around £400 million on training during the year. Most training and development takes place within organisations and some is supplied by the Civil Service College, which now operates as a government agency and provides a wide variety of training courses for staff. Departments are free to spend their training budgets in any way they wish, and can and do often use external suppliers and consultants for training purposes.

Training itself should always be seen as a means to an end, rather than end in itself. Plans for training must therefore always stem from the needs of the business and be measured by the increased business performance that they have brought about. Much of the current activity in the public sector in the training and development area concentrates on how to identify the training need and measure the effect. It is less on the content of training or the method of delivery, which is already quite well understood.

The context for change

Government organisations in the U.K. are becoming increasingly oriented towards achieving results and so, particularly in Agencies, much effort is devoted to developing business skills. Even in traditional policy areas, the disciplines of the Financial Management Initiative and Market-Testing are altering the face of the Civil Service – and hence the training required for staff. In the U.K. there is if anything an over-abundance of training available in most disciplines and one of the difficulties is choosing the best from a selection of training suppliers.

In order to maintain and improve the service to Ministers and the management and delivery of public services whilst further improving efficiency, the Civil Service needs:

- to continue to develop a managerial, performance-based approach;

- to make better use of its most important resource – the staff of departments and Agencies – by providing the prospects of a career with a good employer; by developing their managerial and technical skills and by ensuring equality of opportunity for all members of staff, irrespective of backgrounds, gender, race and disability.

Implementing change

As a result of the fundamental reforms described in the Introduction, the centres of departments have delegated more and more discretion for action and responsibility for results to operational managers. Responsibility for training and development has followed a similar path. This has led to a much greater diversity of training needs, and training solutions to those needs.

There is also a growing awareness that government organisations, like any others, can only achieve success through their people, and that particularly in times of change an even greater flexibility is required in terms of the skills, knowledge and attributes that an individual contributes. This has tended to raise the status of the training and development function in organisations.

Departments and Agencies discharge their responsibility for the training and development of staff in different ways. The best approaches are characterised by:

- a firm grounding in the tasks of the organisation – both strategic and operational;

- acceptance that good staff development involves more than just good training courses. It includes on-the-job development, job moves and other opportunities to widen experience. it is planned through a close partnership between individuals, their line managers and the relevant specialist functions; and

- high quality training.

Training is obtained from a wide variety of sources, often including tailor-made programmes or individual courses designed either in-house or provided by external suppliers. In recent years, such training has focused much more clearly on the changing skills needed, including those of customer service.

Much is being done across the Civil Service to ensure that civil servants are equipped with the skills, experience and capabilities they need now and in the future. Many departments and Agencies have formal management development programmes in place at various levels. In particular these programmes are playing an increasingly important part in the development of staff with potential for early promotion. External qualifications feature in a number of the programmes.

There are important external standards which can help organisations adapt to the new climate of change, in particular "Investors in People" and National Vocational Qualifications.

All government departments are now carrying forward their plans to become "Investors in People". Agencies have been at the forefront in making their commitment and in introducing vocational qualifications programmes for their staff.

"Investors in People" in particular captures the current approach to training and development very well. It is a new National Standard in Britain to help businesses and services to get the best out of its people. It is based on the practical experience of businesses that have improved their performance through investing in people. An "Investor in People":

Makes public commitment from the top to develop all employees to achieve business objectives

- The employer should have a written but flexible plan which sets out business goals and targets, considers how employees will contribute to achieving the plan and specifies how development needs in particular will be assessed and met.

- Management should develop and communicate to all employees a vision of where the organisation is going and the contribution that employees will make to its success, involving employee representatives as appropriate.

Regularly reviews training and development needs of all employees

- The resources for training and developing employees should be clearly identified in the Business Plan.

- Managers should be responsible for regularly agreeing training and development needs with each employee in the context of business objectives, setting targets and standards linked, where appropriate, to the achievement of recognised qualifications.

Trains and develops individuals on recruitment and throughout their employment

- Action should focus on the training needs of all new recruits and continually developing and improving the skills of existing employees.

- All employees should be encouraged to contribute to identifying and meeting their own job-related development needs.

Evaluates the investment in training and development to assess achievement and improve future effectiveness

- The investment, the competence and commitment of employees, and the use made of skills learned should be reviewed at all levels against business goals and targets.

- The effectiveness of training and development should be reviewed at the top level and lead to renewed commitment and target-setting.

Most organisations have a lot of work to do to reach the standard.

The Vocational Qualification programme is built around the competence that staff in the two lowest grades in the Civil Service need to do their jobs based on national standards on administration and linked to a scheme which provides "National Vocational Qualifications".

There are direct links between this type of activity and setting criteria for recruitment and selection. There are also links with performance management and appraisal. Training is increasingly seen as an investment, rather than a cost, but is subject to all the usual business controls that govern investment decisions (i.e. what the return is likely to be).

For the public sector, as for all organisations, today's climate is bringing new challenges and an increasingly competitive environment, for example:

- higher quality expectations from customers;
- the need to respond to more rapid technological change;
- pressure to compete effectively with other organisations and to be seen to give good value for money in the market place;

- difficulties in recruiting young people or those older workers with the right skills.

1.3 Improving human resource management, including performance management and performance appraisal

This entry addresses three closely related aspects of human resource management. There are, also references to another closely-related subject – performance incentives – which is covered by a separate entry.

Personal Review (formerly staff appraisal) has taken on a broader management role in recent years. Hitherto, the appraisal system was primarily driven by personnel functions, and focused on efficiency checks, training needs and promotability assessments. Since the increased emphasis on rewarding for achievement (i.e. performance-related pay), the system has looked more to objective-setting, measurable outcomes, and the continuous dialogue between managers and staff. The development of core competence profiles and frameworks by which to assess outcomes, development needs and potential has also made an impact on how the appraisal system works.

The context for change

The centre of the U.K. Civil Service has been seeking to delegate ownership and autonomy as far as possible on this and many other areas of personnel/human resource management. The belief is that individual departments and Agencies have their own specific business needs, to which their management systems should be tailored. At the heart of performance management (which encompasses appraisal) is the integration of business goals with the most effective use of people.

Personnel functions are evolving such that they can enable managers to take on this wider role, and integrate the competencies of their staff with their organisational productivity.

For all but the top three grades in the Civil Service to which different arrangements apply, the centre sets out some rules which must be complied with and the principles which individual Departments and Agencies are expected to take into account when establishing their own appraisal and promotion arrangements. For appraisal there are two rules that must be complied with. These are:

i) The arrangements must include a means of rating overall performance which is unsatisfactory or unacceptable; and

ii) must underpin the organisation's arrangements for performance-related pay.

The principles to be taken into account are:

i) A system for regular appraisal is a key element in the delivery of results and improving the performance of people;

ii) The system should be appropriate to particular management and operational needs and should be reviewed regularly to ensure they are cost-effective;

iii) Staff should know in advance what is expected of them, how their performance will be assessed, and should get effective feedback: if assessment of fitness for promotion is made they should be informed;

iv) Those responsible for appraising people should be competent to do so and have received training;

v) Training and development needs should be identified where not established separately;

vi) There should be arrangements for recording and handling any disputes and management and staff should be aware of them.

Promotions must follow from a considered decision as to the fitness of individuals, on merit, to undertake the higher duties concerned. The principles that should be taken into account are:

i) The promotion arrangements should be appropriate to particular management and operational needs, and decisions on promotion should, unless unavoidable, take account of the judgement of more than one person;

ii) Promotion arrangements should be made known to staff, including the grounds for appeal and their right to do so;

iii) Common standards should be applied to all those who are being considered together in the same promotion exercise.

A range of other trends dovetail with the changes in the role of appraisal:

- competence-based human resource development (HRD), including the use of National Vocational Qualifications (NVQs);

- performance-related pay: the objective assessment of achievements on which to base rewards;

- delegation of human resource development (HRD) responsibilities to line managers;

- emphasis of Total Quality Management (TQM)/customer-focused management approaches. This is particularly important in Agencies with clear performance targets to meet. The Citizen's Charter and Next Steps initiatives each underline the importance of managing performance, which means managing all resources, including people, in clear and measurable ways.

A precursor of culture change in the U.K. was the Financial Management Initiative, which showed that managers were capable of taking authority for their budgeting decisions, and could control these effectively within clear parameters. This principle is now being extended to the HRD area.

Implementing change

If a complex, centralised public service bureaucracy is intending to delegate authority and empower individual organisations to deliver results to more specific standards, a clear policy steer from the top is needed. The building blocks of such change are:

- communication;
- systematic review;
- development of management capability (particularly in change and people-management areas).

Costs will depend on how far managers understand the costs of present levels of utilisation of people and whether hard performance targets are seriously negotiated and managed at senior level.

The "key stakeholders" include top managers and personnel functions. Each has to promote delegation, whilst at the same time empowering line managers in becoming the key stakeholder. To take people along, participative change management is required, i.e wide consultation, pilot work, flexible formats and a regular feedback on the progress of change.

Identification of risks/obstacles, as with any change programme, will involve an assessment of current climate, culture, attitudes, "champions", and levers on which to hinge the change. In any department or Agency, these will vary – at a central level, the change can be steered by a high-profile initiative manager, but this is not essential. In this area, management by results is itself a good route to demonstrating the benefit of change – it will only work where all other systems play to those rules.

Another key factor is the timing vis a vis other initiatives, e.g. market-testing or its equivalents. When major change is under way, performance management can be a helpful tool to reinforce it.

Appraisal system review, reform or creation can take a matter of months; much will depend on how far current systems fail to meet their stated purposes, and on the level of credibility that HRD Management has within the organisation(s). To effect real culture and behavioural changes, in whatever context, is recognised as being a much longer-term goal, and requires sustained vision and leadership.

In reviewing appraisal, typical steps involve:

- clarifying the purposes of the system;

- identifying the management processes which are in support of it or which it supports in turn (i.e management information systems, training and development programmes, planning cycles, grading structures and reward strategies etc);

- then a review of any existing forms, guidance and training. The extent to which the system drives or relates to other parts of the business will affect the length and depth of reform and resourcing in these area;

- wide consultation and involvement in design, implementation, evaluation and improvements is ideal: this may appear to be the slower and more costly route, but the end products are more cost-beneficial than an imposed system which fails to get better results from people.

1.4 Performance incentives in the public sector, including delegated pay bargaining

The U.K. Civil Service has been moving towards performance-related pay (PRP) as a performance incentive for several years. This was because it was thought important to recognise individuals' performance and encourage them to greater efforts by clarifying the direct link with pay increases. Pay increases irrespective of performance were wasteful and unproductive. Staff performing less than effectively had no incentive to change and indeed their lack of performance might not be exposed and dealt with at all.

All the new pay agreements have performance pay as their basis, to provide an annual link between pay and performance so that, each year, individuals' rewards reflect their performance. The schemes are dynamic and some involve more local discretion than others.

Under the new offers, all new money is to be put into the PRP budget, with departments having freedom over how to distribute the new element, and to negotiate this with the unions as necessary. Range maxima are to be increased significantly, so that the best performers will, over time, have significantly more scope to increase their earnings.

In the past, annual pay increases had largely been made irrespective of performance. The new agreements also include provision for flexibility to adjust pay bands for non-performance purposes, e.g. where there are recruitment/retention difficulties. There is also provision for delegating pay bargaining to individual departments and Agencies.

The context for change

The context of performance-related pay is provided by wider management developments currently under way in many parts of the public sector, such as the "Next Steps" initiative, the Citizen's Charter, contracting out and market-testing of services.

Pay delegation is also relevant and is described below.

Implementing change

U.K. experience shows that the really basic requirements or preconditions for successful action in this field include the following:

- determination to challenge the perceived right to automatic annual pay increases, irrespective of performance;
- careful, and probably lengthy, negotiations with the unions involved;
- careful explanation of the new system to the staff involved;
- a reliable and bias-free system of staff reporting, to assess performance accurately and fairly.

The costs of introducing a PRP system depend very much on what sort of system is wanted. A PRP system radically different from the pay system it replaced could in theory involve large new costs, both to set it up and then to run it. On the other hand, PRP could be introduced cost-neutrally: a scheme which linked rewards to achievements well would tend to offset its costs by its effects and so be justified in value for money terms.

The skills necessary to introduce a system include the following:

- negotiation with unions and staff;
- ability to set out clearly the staff reporting requirements and to train managers in their use;
- understanding the structure and dynamics of the organisation;
- ability to evaluate initial and long-term cost implications of proposals.

The key stakeholders, whose commitment is necessary for success, include:

- senior management;
- personnel managers with responsibility for performance-appraisal systems;
- personnel managers with responsibility for pay policy and systems;
- line managers.

Potential obstacles and risks include:

- failure to apply fair and consistent performance marking;

- inadequately trained managers do not apply a uniform standard across all the staff involved;

- annual pay increases may still be considered the norm and so there will be pressure to assess performance reasonably generously in order to achieve it;

- staff may feel that they are locked into a performance-related pay system and are not therefore free to move to new posts for fear of a drop in performance marking and so also of pay;

- staff may lose confidence in a pay system if it is not entirely transparent.

Progress in the U.K. has been achieved in stages, both in terms of the extent to which pay is related to performance, and the groups of staff to which it applies.

Accordingly, current systems have evolved since the mid-1980s. The latest substantial changes to systems where pay increases are fully related to performance were announced in principle by Ministers in mid-1991, embodied in new pay agreements during 1992, and implemented in 1992 or 1993, depending on the particular group of staff.

A particular initiative in introducing performance incentives: delegated pay bargaining

The U.K. Government is committed to delegate to departments and Agencies responsibility for the pay and grading of their own staff. This was announced by the Chancellor of the Exchequer in July 1991, and reflects Citizen's Charter initiatives. Pay delegation should:

- make pay more responsive to the market, and enable departments and Agencies to have greater control over their paybills whilst avoiding pay increases for the Civil Service or the public sector generally which are incompatible with the Government's policies for the economy and public spending;

- ensure that value for money is obtained from the Civil Service paybill, by promoting the delivery of high quality but affordable public services, and by rewarding good and penalising bad performance, within the framework of the Government's responsibilities as an employer and for the control of public expenditure; and

- increase transparency about pay costs.

The Civil Service (Management Functions) Act 1992 enables the Treasury to transfer its responsibility for setting terms and conditions to another Crown servant. Accordingly delegations of authority to negotiate pay and pay-related conditions of service ("pay delegations") will be made to the Minister (or in some cases the office-holder) in charge of a department or Agency: the larger Agencies, and some smaller ones, will assume responsibility for their own pay bargaining by April 1994. More pay delegations will follow in future years.

The general conditions attached to pay delegations are outlined in documentation agreed between the department or Agency and the Treasury at the time of the pay delegation (each individual Agency's "delegation instrument"). The conditions include adherence to a framework of controls ("the strategic control framework") within which delegated responsibility is to be managed. Details of each individual Agency's or department's particular control arrangements will be set out in a business case sent to the Treasury before delegation occurs. The operation of the control framework will require a continuing dialogue between the Agency or department in receipt of the delegation and the Treasury; it is the successful continuation of this which should achieve the Government's aims for pay delegation.

The strategic control framework is intended to ensure that delegated decisions do not increase upward pressure on public expenditure. Its main elements are:

- *the paybill control*: at the end of running costs negotiations, the planned paybill component of running costs is now identified more formally than in the past: it is used for monitoring purposes and to build up a track record; and

- *the negotiating remit*: this consists of the agreed limits and factors which define a department's or agency's authority to negotiate pay and pay-related conditions of service: it is agreed between the department or Agency and the Treasury shortly before pay negotiations begin.

The recently published White Paper "The Civil Service: Continuity and Change" reaffirmed the policy of increased delegation and disaggregation and of reduced central control. This is based on the view that comprehensive systems are no longer best suited to a Civil Service which carries out a hugh number of different tasks and delivers a wide range of services. Delegated pay and grading systems can be more flexible and more closely tailored to the needs of the organisation. In particular there should be a clear link between the individual's pay and their contribution to the achievement of the organisation's objectives. It is proposed that by April 1996 responsibility for the pay and grading of staff below senior levels should be delegated to all departments and the existing national pay arrangements replaced. the government would also like each Agency, within a department, to be responsible for its own pay and grading. For senior staff (grade 5 and above) it is proposed that pay should be individually determined on the basis of a number of overlapping pay ranges broadly linked to levels of responsibility. Individual Permanent Secretaries would control the pay progression of their staff taking account of performance, level of responsibility and marketability of their skills and experience. The operation of the system would be monitored centrally and adjusted as necessary to ensure coherence between departments. Control of cost would be exercised through the overall departmental paybill.

1.5 Mission orientation

Mission orientation seeks to provide clear and understandable goals which are accepted by operational staff and are fully owned by senior managers. Mission-oriented culture (engendering energy and creativity), results in an achieving and pro-active, rather than controlling and re-active, public service.

The context for change

The purpose in establishing mission orientation is to:

- clarify the purpose of the business in the minds of management, so that resources are accurately channelled towards achieving the precise goals;
- clarify for staff the purpose of their jobs in meeting organisational goals;
- make clear the policy of the government of the day to ensure that it is interpreted accurately by staff;
- to engender pride in the department and a sense of belonging to an organisation with a purpose;
- within individual businesses, provide a target to aim for and against which to assess actions and results.

Each individual in the organisation needs to know and understand clear goals. Managers must aim to ensure that all are working in the same direction to achieve the organisation's goals.

Implementing change

The U.K. Civil Service has over recent years made considerable efforts in the area of customer service and in trying to bring to staff the mission orientation of clear goals and purposes. A number of departments and Agencies have produced Mission Statements and Core Values, based on organisational needs. At an individual level, individual businesses within the department have prepared their own mission statements, to provide a focus for staff efforts at local level.

This topic is inevitably linked with quality management and indeed mission orientation is a critical part of achieving a successful quality programme. Quality programmes require managers to behave differently in managing the process and it follows also that staff need to be carefully led into and trained in mission concepts.

The U.K. experience suggests that the basic requirements or pre-conditions for successful action in this field include the following:

- understanding customer needs;

- top management commitment to goals expressed in the mission statement, based on meeting the requirements of the customers;

- clear understanding by management and staff of mission concepts;

- full explanations and training available to staff to supplement the mission statements.

Costs will depend on the size and extent of the mission orientation project and the methods used to involve staff. They will include the cost of compiling and drafting the mission statement and circulating material to staff. Videos are sometimes used and can be quite expensive.

The skills required for achieving a mission orientation would include the following:

- top management modelling the behaviour required by the staff - action, not just words;

- far-sighted management, able to convey aims and objectives in a way which will be meaningful to staff at all levels;

- close co-operation with trade unions and staff;

- clear, plain language material which conveys the mission concepts clearly and powerfully to staff;

- an ability to convey corporate pride and image as part of achieving the sense of mission among staff.

Key stakeholders include, primarily, senior managers in the organisation concerned. However, publicity staff also need to be active in preparing display material and easily understood text.
Potential obstacles include the following:

- staff believing that the mission concept is "just another initiative";

- management and staff failing to take the mission concept seriously;
- allowing the statement of objectives or mission statement to become outdated or irrelevant, by failing to review and redraft it regularly;
- trade union opposition;
- resources to carry it through.

Drafting a mission statement for a small business or department within government is rarely achieved in less than one to two months, because of the need to consult quite extensively among management and staff and to check and reconsider the draft several times to ensure that it is right and to get it agreed by Ministers. Printing and disseminating material will of course also take a few weeks. Revising the objectives each year (or for changes of government) will probably also take a month or so, while drafts are agreed.

A summary of the typical steps or stages in introducing mission orientation is:

- top management participation in a facilitated workshop to contemplate the aims and purposes of the department;
- vision established where the department is now and where it wants to be in three or five years' time;
- aims set out in understandable and meaningful words;
- material tested with Ministers and staff;
- material refined and publicised (handout/staff newspaper/poster in building foyers/video);
- vision and objectives explained very fully to staff and participation invited.

1.6 Recruitment and retention

Recruitment to the Civil Service must be conducted in accordance with Treasury requirements and the Minister for the Civil Service's rules on selection on merit on the basis of fair and open competition (unless one of the permitted exceptions applies). The Civil Service Commissioners advise the Minister on the content of the rules and monitor their application by departments and Agencies.

Since 1991 departments and Agencies have had responsibility for recruiting over ninety five per cent of their staff within the framework laid down by the Civil Service Order in Council 1991. On other appointments in senior and fast-stream grades which are specified in Schedule I of the Order and any ungraded posts regarded as "special appointments", departments must consult the independent Civil Service Commissioners. The Commissioners must in general give their written approval before such an appointment can be made from outside the Service. Where a post at Grade 3 level or above is to be filled by open competition this must be reported in advance to the Cabinet Office.

Treasury approval is required for the creation of any new grade or grading structure. In addition, the Civil Service Commissioners must be notified of any newly approved departmental grades above the level of Senior Executive Officer, of any new fast stream feeder grades and of any changes in the titles of departmental grades at these levels.

There are six Civil Service Commissioners. At present two are full-time civil servants. Since 1978 other Commissioners have been drawn from outside the Civil Service in order to provide experience of good personnel management practice in the private sector; they serve part-time, normally for periods of three or four years each. The Commissioners are appointed under the Royal Prerogative, not under Statute, as part of the Executive. They derive their powers from the Civil Service, and Diplomatic Service, Orders in Council, 1991. The Orders promulgate the Government's general policy in respect of entry to the two Services – no appointments may be made unless selection has been carried out "on merit on the basis of fair and open competition". All appointments are made by Ministers or on their behalf. In respect of certain defined grades the Orders provide that the Commissioners' approval is a precondition of appointment; the Commissioners base their approval on the knowledge that in each case selection has been conducted in accordance with the policy. The Commissioners act independently of Ministers when giving or withholding approval in individual cases, and are personally answerable for the decisions they reach. The Commissioners report annually on their work to the Queen, not to Parliament, and their report is published.

The Orders set out the scope of the Commissioners' responsibilities broadly as follows:

- approval of candidates before senior appointments (Grade 7 level and above) and appointments to the fast-stream feeder entries can be made;

- rules in respect of selection to those appointments;

- advice to the Minister for the Civil Service and the Foreign Secretary on the formal Rules, made by the two Ministers, to govern the selection procedures to be followed by departments and Agencies when making appointments at grade levels below those controlled by the Commissioners;

- monitoring the way departments and Agencies apply the Minister's Rules.

The Commissioners' powers do not extend beyond the Home Civil Service and Diplomatic Service to the Northern Ireland Civil Service or to any other part of the public service, and involve no Service-wide personnel management functions other than selection for first appointment.

The First Commissioner, as a senior official in the Cabinet Office (Office of Public Service and Science) also has administrative responsibility for central liaison with the careers services of schools and universities, and for advising the Minister for the Civil Service on nationality rules and character standards for entry to the Civil Service.

The context for change

The policy and practice of selection on merit by fair and open competition ensure that Civil Service recruitment provides equal opportunity for employment, regardless of race, gender or marital status. They also take account of government policy on the employment of people registered as disabled.

The policy of selection on merit on the basis of fair and open competition has endured since the reforms of the mid-nineteenth century. It remains valid as a means of providing an effective, non-political, Civil Service. But over the last decade or so there have been substantial changes in the way in which recruitment is managed. Responsibility for carrying out the vast majority of recruitment has been transferred to departments and their new Agencies, subject to observance of the Minister's rules on selection and to any other centrally laid down requirements. The thrust of the recruitment changes in 1991 was to give managers more freedom to select and recruit the staff they needed for the new tasks and ways of working the Civil Service. At the same time, they were designed to ensure that the

Commissioners had the powers they needed to safeguard the principle of selection on merit on the basis of fair and open competition.

The delegation of recruitment criteria from the centre allows departments to prescribe what is most appropriate for their needs. Some departments, for example, are moving away from qualification-based criteria to a system based on identifying what 'competencies' are needed for the job in question and recruiting people who most closely fit that range of skills and experience.

To comply with the requirements for fair and open competition departments must:

- give prospective applicants a reasonable opportunity to become aware of the vacancies and a reasonable time within which to apply;

- consider all eligible applicants equally on merit at all stages of the selection process, under procedures providing safeguards against individual bias;

- ensure that all selection criteria and techniques are reliable, valid and relevant to the jobs or grades concerned.

Before departments make an unconditional offer of appointment, they must check each candidate's eligibility (including, as appropriate: age, education, professional attainment, nationality, health and character).

Implementing change

Prior to 1964, the Civil Service Commission was responsible for all Civil Service recruitment. It first delegated to departments recruitment for clerical posts in shortage areas to speed up the process. By 1982 the delegation had been extended to most recruits below Executive Officer level (roughly eighty-five per cent of the total) and the Commission confined its activity largely to checking certain aspects of eligibility before issuing the certification of qualification to appoint. The prerequisite for appointment of a Commissioners' certificate of qualification was withdrawn for those grades in 1982 and responsibility for selection was divided between the commissioners and Ministers. With effect from 1 January 1983, departments assumed, on behalf of their Ministers, responsibility for selection at junior levels, i.e. most recruitment, subject to instructions by the Minister for the Civil Service about appointment on merit by means of open competition.

This process was carried a step further in 1991 when departments were given responsibility for recruitment at middle level as well. At the same time, it was decided that the recruitment activity of the former Civil Service Commission was a suitable candidate for Agency status. In April 1991 the Commission was replaced by two separate organisations:

- a small Office of the Civil Service Commission to support the Commissioners;

- the Recruitment and Assessment Services Agency to undertake, on full repayment and in competition with other recruiters, most of the executive recruitment and assessment function previously handled by the former Civil Service Commission, along with a broad range of related services, including professional consultancy and research services on selection methods.

These changes were announced to Parliament nearly two years before they were implemented.

Responsibility for prescribing recruitment criteria for all grades except those listed in Schedule 1 of the Order was delegated to Ministers and statutory office holders in charge of departments on 4 May 1993. Departments and Agencies must ensure that their recruitment systems consistently deliver recruits who:

- are appropriate to the organisation's needs; and

- are able to do the work required in the grade to which they are appointed.

The delegation of, for example, recruitment criteria gives departments a welcome new tool for setting up arrangements that are appropriate to their particular situation. But delegation does not end the Treasury's involvement. Where departments have set up competence-based (rather than qualification-based) systems, the Treasury have acted in an advisory capacity to help departments, not least by facilitating the spread of best practice. For action to be successful it is not always enough merely to delegate, it is also important to ensure that recipients have proper systems (and the skills to go with them) in place, or that they are available.

Departments must maintain records for at least three years of the recruitment criteria in use at each grade level and of the performance of successful candidates. The Treasury is therefore able to fulfil its continuing responsibility to ensure that quality is maintained by monitoring recruitment schemes.

The respective responsibilities of the Civil Service Commissioners and the Recruitment and Assessment Services Agency have been reviewed and it is proposed that:

- departments and Agencies should be responsible for undertaking recruitment at all levels and accountable for recruiting in accordance with the principles of openness, fairness and merit;

- the Civil Service Commissioners should be responsible for regulating recruitment at all levels and for acting as custodians of the principles of openness, fairness and merit;

- The Office of Public Services and Science should be responsible for exercising such corporate management functions as need to be retained centrally.

The Government has welcomed the proposals.

As far as retention of staff is concerned, the U.K. Government has relied on those areas where it is perceived a "good" employer – provision of training equal opportunities, pension rights, special allowances for IT staff etc. In locations where there is a lot of competition among employers, the Government has given Local Pay Additions, which are specifically targeted at recruitment and retention.

1.7 Anti-corruption measures

Corruption is a crime that anyone can commit and the offences are not confined to the actions of civil servants. It is essentially a criminal matter, rather than one of conduct and discipline. Departments draw the attention of their staff to the Prevention of Corruption Acts 1907 and 1916. However, the 1916 Act provided that, where an alleged offence related to government contracts and a gift or other consideration was proved to have been received by an employee of the Crown or any public body from a contractor (or would-be contractor), the onus lay on the defence to prove that the gift or consideration was not given or received corruptly. Thus the law bears more heavily here on civil servants and those with whom they deal because, in the case of a gift given or received within the private sector, the burden of proof, as in the general criminal law, is on the prosecution.

There are stringent rules set out in Chapter 4 of the Civil Service Management Code to ensure that civil servants act with propriety and avoid any suspicion of corruption or bias. The rules require not simply that civil servants must not accept open bribes, but also that many less blatant and often apparently innocent gestures, such as the acceptance of hospitality and general favours, are also avoided. Among the measures in place to address the question of bias and corruption in its broadest sense are the following:

- Civil servants must not make use of their official position to further their private interests or those of others. They are also required to avoid conflicts of interest which may arise from financial interests, freemasonry etc.;

- Civil servants must not receive gifts, hospitality or benefits of any kind which might be seen to compromise their personal judgement or integrity;

- There are rules covering the employment by third parties of former civil servants, to avoid the risk that a particular firm might gain advantage over its competitors by employing someone with specialist knowledge and to avoid the suspicion that a civil servant's decisions might be influenced by the promise or expectation of future employment.

The purpose of the law and regulations is to maintain the historical reputation enjoyed by the U.K. Civil Service for its impartiality and its ability to serve governments of different persuasions with equal commitment and efficiency. The intention is to avoid not merely actual corruption but any actions which could be construed as potentially corrupting.

Any change would be a legislative, rather than administrative process. It would be ineffective to rely only on disciplinary sanctions for public servants in the absence of any wider criminal sanction for those outside who might seek to corrupt them. So action here would involve preparing legislation and fitting it into Parliamentary timescales. It would be difficult to commend the U.K.'s current Prevention of Corruption Acts as such. They have obscurities and the 1916 Act is generally acknowledged as hasty wartime legislation.

Supporting material

(i) Prevention of Corruption Acts 1906, Ch 34, ISBN 0-11-802098-6, £0.30, 1979 (Statutes in force edition)

(ii) Prevention of Corruption Act 1916, Ch 64, ISBN 0-11-802100-1, £0.20, 1979 (Statutes in force edition)

1.8 Developing a Public Service Code of Conduct

This entry covers only the procedures which apply to civil servants in a narrow definition. It does not cover, for example, members and staff of non-departmental public bodies, who are not civil servants. Broadly equivalent rules apply to such staff. Nor does the entry apply to Ministers, who are expected to follow separate guidance in Questions of Procedures for Ministers.

In the U.K., civil servants are civilian employees, with effectively the same status as other employees. Conduct and discipline rules are framed in the wider context of employment law and have to pay due regard to it, not least because civil servants have the same legal remedies as others in matters such as unfair dismissal. A different legal background in other countries might prompt other approaches.

Rules framed as conditions of service can carry no penalty greater than dismissal. It follows also that those who have already left are beyond reach. The U.K. Civil Service Pension Scheme has no provision for forfeiture of rights as a consequence of disciplinary action. Superannuation benefits can be withdrawn only if a civil servant or former civil servant is convicted of certain serious criminal offences, and automatic loss of pension rights occurs only in the case of a conviction for treason. Where misconduct becomes criminal, sanctions are a wider legal issue.

Different considerations apply if considering employees with any other status, for example, that of the armed services (with their own statutory provisions for disciplinary matters and their own systems of justice), or to a lesser extent that of the police. The central framework derives from the need for civil servants to be, and to be seen to be, honest and impartial in the exercise of their duties. They must not allow their judgement or integrity to be compromised in fact or by reasonable implication.

A central framework of rules to govern the conduct of civil servants is contained in Chapter 4 of the Civil Service Management Code, which came into effect on 1 February 1993. The Code covers:

- the duty not to misuse official information;
- political neutrality;
- conflicts of interest;
- the duties of civil servants in relation to Ministers;
- rules on acceptance of business appointments.

The new Code re-ordered and simplified previous material to clarify the key principles, but it did not make changes of substance. The central framework does not attempt to be a comprehensive code of conduct. It does not deal, for example, with such issues as isolated neglect of duty, failure to obey a reasonable instruction, or other forms of misconduct which may properly be dealt with under disciplinary arrangements. Departments and Agencies must define the standard of conduct they require of their staff, incorporating the framework, and adding any further rules necessary to reflect local needs and circumstances.

Adherence to the rules is a condition of service. Breaches are subject to disciplinary action with penalties up to and including dismissal. The sanctions to be applied as a result of disciplinary proceedings are not prescribed centrally and are a matter for the department or Agency concerned, in the light of the circumstances of each case.

In addition to conduct rules, civil servants are subject to relevant criminal laws, like other citizens. Those include:

- Prevention of Corruption Acts 1906 and 1916;
- Official Secrets Acts 1911 (section 1) and 1989;
- Company Securities (Insider Dealing) Act 1985;
- Financial Services Act 1986.

The context for change

The Civil Service is currently the subject of an enquiry by the Treasury and Civil Service Select Committee of the House of Commons. Evidence already taken by the Committee illustrates a debate on the adequacy of current rules of conduct as a result of developments in the Service, such as the creation of Executive Agencies, vesting powers in non-elected bodies, market-testing and privatisation. Concern has also been expressed about the effect on the Civil Service of a long period of government by a single party.

In the context of the Committee's enquiry, there has been much argument for and against the adoption of a formal code of ethics, and indeed some would have Civil Service responsibilities and conduct enshrined in an Act of Parliament. Ministers do not currently favour this approach. Arguments against include:

- difficulty in covering all aspects of Civil Service conduct in a single, all-embracing code;

- difficulties in enshrining even the fundamental values of the Service – impartiality, integrity, objectivity, selection and promotion on merit – because even basic principles need to be qualified, for example:

  – selection on merit does not strictly apply to casual staff or Ministers' special advisers;

  – political impartiality does not apply to the politically free group, and applies in varying degrees to other groups, both by grade and type of work.

- the present system is flexible, and has proved responsive to a variety of demands over the years. There have been 14 changes since 1980 and few years pass without one or more amendments. Where changes have been suggested, Government has been able to react positively;

- legislation is less flexible, and Civil Service bills to effect amendments could not be expected to have high priority in any Government's legislative programme.

Reasons for changes to rules of conduct and examples include:

- to reflect legislative changes, for example the new Official Secrets Act 1989 and the Copyright Act 1988;

- to reflect public or Parliamentary concerns, for example the Business Appointments Rules, introduced in the 1930s and frequently revised since;

- to amplify and clarify guidance, for example the Armstrong Memorandum, summarised in the Rules since 1985 and now incorporated in full in the Code;

- as part of wider revisions of Civil Service codes (in 1944, 1974 and 1993).

Supporting material

(i) 6th Report of the Treasury and Civil Service Committee, "The Role of the Civil Service: Interim Report" (House of Commons 1992-93 Paper 390 - I), ISBN 0-10-022433-4, £8.10

(ii) There is also a supporting volume of evidence published in August 1993 (House of Commons Paper 1992-93 390 - II), ISBN 0-10-022803-8, HMSO, £32.50

1.9 Contractual employment

This entry covers the varying terms under which U.K. civil servants are employed, few of which are in the true sense contractual. The great majority of UK civil servants are employed on a full-time, permanent basis, although they do not have a contract of employment as such. Terms and conditions are indicated in a formal letter of appointment, which relates to rules set out in the Civil Service Management Code. It is the Government's intention that their employees enjoy the same employment protection as any other employee.

The context for change

In 1987, the Mueller Report examined the evidence for the view that working patterns were becoming increasingly flexible in the private sector and assessed the implications for the future of working patterns in the Civil Service. Another factor, coming a year or so later, was a growing realisation about the impact of demographic changes on the labour market. The Mueller Report found that in the private sector:

- many people did not work a standard week;
- the range of alternative working patterns was increasing;
- there was a significant trend towards more imaginative use of part-time working;
- organisations needed to reduce their running costs and did so by matching staff costs with work as closely as possible.

It concluded that the solution was to tap the pool of high quality people who could not – or did not wish to – commit themselves to full five-day week working. The Report recommended introducing new working patterns, in particular for temporary work and home working and wider use of existing working patterns. As a result, departments would be free to tailor working patterns to almost any departmental/individual need with terms and conditions of service that were as attractive as necessary.

However, two years after the Mueller Report, there was little evidence that departments had moved much beyond the wider use of existing working patterns, in particular casuals and part-time work. They perceived that they were tied down by restrictive legislation and Civil Service rules. The Treasury therefore agreed to draw up guidance which introduced the categories of Recurring Temporary

Appointment, Short Notice Appointments, Standby Appointments and Home Working.

It has been increasingly recognised that effectively used, more varied patterns of working should offer benefits to management and staff. They are intended to help departments and Agencies to use and develop their most important resource – their staff – as effectively as possible and to respond more readily to likely changes, for example in the supply of labour, in the years ahead. These include demographic changes, economic and social pressures bringing, for example, more women with family responsibilities into the employment market and the realisation that inflexible full-time employment arrangements can under some circumstances be wasteful and expensive.

Implementing change

Increasingly, civil servants are being employed on other patterns of work and types of appointment, which include the following:

Conditional appointments
Appointments can be made on a conditional basis when, at the time of making the appointment, the full conditions for appointment on a permanent basis or fixed-term appointment have either not been met or verified. The appointment is offered conditionally, subject to the candidate satisfactorily meeting the conditions in due course.

Part-time working (including job sharing)
The amount of part-time working in the Civil Service has grown considerably over recent years. There are now more than 32,000 non-industrial and industrial staff working part-time hours. Part-time working involves working less than the conditioned hours (normally 41/42 per week) of the grade, while job sharing involves sharing (or splitting) the responsibilities of one full-time job between two or more people. This type of arrangement is becoming increasingly popular as people combine work and private responsibilities.

Fixed-term appointments
Fixed-term appointments (FTAs) are appointments which are made for a specified period of time. In British law, they must have defined start and expiry dates. Such arrangements are used in the Civil Service only where there is a genuine management need to make an appointment of limited duration, rather than a permanent appointment. For example, the task may be of limited duration or there is a short-term need to employ staff for a particular period.

Casual appointments

Casual appointments are temporary appointments to meet short-term needs. Departments may use casuals only where there is a genuine management need to employ people for a short period, rather than make a permanent appointment. For example, they may need to cover unexpected increases in workloads, maternity leave, prolonged sick leave or to help re-deploy staff in the case of the closure of an office. In general, the maximum length of a continuous casual appointment is 12 months, but it can of course be less.

Recurring temporary appointments

These are arrangements under which staff are contracted to work for short periods each year. The dates of employment for each year and the number of years for which the employment is offered are agreed in advance and set out in the letter of appointment. Such appointments can be useful when a department needs extra staff at certain periods of the year, for example to cover peak periods of work or to provide back-up when staff are absent on leave and work cannot be held over.

Employing people to work at short notice

This arrangement allows managers to employ people to work at short notice, usually for short periods at a time. It may be used when a department needs extra staff to cover unforeseen or temporary shortages of permanent staff, or to deal with tasks which occur on a irregular basis. This might include covering sick absences or annual leave, covering short-term peaks of work or offering work to former members of staff who have retired but would still like to work for short periods.

Standby appointments

This is a more formal arrangement than short notice employment. Under standby appointments, people contract to make themselves available for work for short periods each year and to accept work whenever they are called upon, subject to an agreed period of notice. The dates of employment for each year, the number of years for which employment is offered and the period of notice before each work assignment are all agreed in advance and set out in the letter of appointment.

The U.K. Government is open to innovative forms of employment and there is now increasing freedom for staff to work flexible hours and sometimes from home.

Organisational structure and culture determine the types of contract within the organisation. For example, a government Agency with short-term needs may choose to use fixed-term contracts extensively. It is also important for the public service to be sensitive to economic and social pressures among the workforce and to any competing (and possibly more attractive) arrangements being offered by the private sector. The keynote is a move towards flexibility, an understanding of organisational objectives and employees' reasonable expectations. It is obviously important to involve any Trades Union representatives at an early stage in any proposed reform.

In the U.K. Civil Service, the changes have taken place over the past six to eight years. Mueller reported in 1987, yet two years later the various obstacles referred to above meant that only limited progress had been made. It took a further two years to increase flexibilities and issue Treasury guidance. Even now, the uptake of the full extent of flexibilities is taking time to gather full momentum.

1.10 Workforce size control

Up to 1985, HM Treasury sought to control the administrative costs of government by imposing staffing ceilings on departments. The system was replaced by controls on the running costs of departments. Departments are expected to meet all their administration costs from within their running costs limits.

The main emphasis in the control of departments' resources is on cash provision for running costs, so staff figures are indicative control totals and not control limits. Most running costs expenditure is controlled gross, but since 1991-2, net running costs limits have operated in certain areas where expenditure and receipts vary in line with demand. Rather than impose arbitrary reductions from the centre, and adversely affect services, the desired outcome of reducing expenditure on running costs is better achieved through tight cash planning.

The context for change

The Government has a commitment to ensure public sector services from whichever sources, including the private sector, provide best value for money.

Imposing staffing ceilings was found to be a crude approach, which on occasions encouraged departments to contract out work at added cost. The objective of running costs control is to keep expenditure on administration under proper control, continue the downward pressure on these costs and encourage the search for greater efficiency. An overriding concern of workforce size control is of course also to deliver value for money to the taxpayer.

There is a link with developments in management within departments, including devolved budgeting and the establishment of Executive Agencies. Many services traditionally performed in-house within government departments have already been contracted out or are being market-tested. Contractorisation takes administrative expenditure out of running costs and takes staff out of the Civil Service staff count.

Implementing change

Plans for each department are agreed during the Public Expenditure Survey and are set out in departmental reports. Running costs expenditure is clearly identified in Supply Estimates.

Essential prerequisites include:

- suitably robust monitoring and management systems;

- desired reductions in staffing requirements should not be achieved at the cost of impairing services to the public.

As the process continues, the staffing requirements of central government will continue to fall. Those staff remaining will increasingly have their pay linked directly to performance. (Performance-related pay is dealt with in a separate entry in this series.)

In the U.K., Civil Service staff numbers fell by more than five per cent between 1985-86 and 1991-92. Numbers continue to fall and now stand at 533,350. Many departments envisage staffing reductions of over twenty per cent in the next two to three years. The share of public spending taken up by running costs is expected to fall from 8.9 per cent in 1992-93 to 8.0 per cent by 1995-96. The recently published White Paper, "The Civil Service: Continuity and Change" says that the Government expects the number of civil servants to fall to significantly below 500,000 on present trends.

Supporting material

i) Departmental Reports (an example – DTI – Cm 2204, available from HMSO), ISBN 0-10-122042-1, £12.85

ii) Public Expenditure Analysis to 1995-96: statistical supplement to the 1992 Autumn statement – Cm 2219, HMSO, ISBN 0-10-122192-4, £19.50

iii) White Paper "Competing for Quality", HMSO – Cm 1730, ISBN 0-10-117302-4, £6.85, 1991

iv) Citizen's Charter, HMSO – Cm 1599, ISBN 0-10-115992-7, £8.50

v) White Paper "The Civil Service: Continuity and Change" – Cm 2627, HMSO, ISBN 0-10-126272-8, £7.10

1.11 Redundancy management

British civil servants have no entitlement to statutory redundancy pay, and other aspects of statutory redundance provisions do not apply to the Crown. Nevertheless, the usual practice for departments is to act consistently with the relevant statutory provisions.

Government departments recognise the importance that staff attach to secure employment, and do their best, including future planning of staff requirements, to avoid the need for redundancy. Where redundancies are inevitable, departments continue to make every reasonable effort to minimise the number of employees made redundant compulsorily. These include transfers of surplus staff to other work areas; restrictions on recruitment and/or promotion; review of the use of casual and/or contract employees; reduction or elimination of overtime; retraining of staff for redeployment to other work where vacancies exist; allowing surplus staff to block temporarily vacant posts in lower grades; downgrading or regrading staff; inviting staff to volunteer for redundancy on compulsory early retirement/severance terms; review of age retirement practice.

The context for change

Under the Employment Protection (Consolidation) Act, 1978, a dismissal is only for redundancy if the reason or principal reason is that:

- the employer has ceased, or intends to cease, to carry on the business for the purposes of which the employer was employed; or

- the employer has ceased, or intends to cease, to carry on the business in the place where the employee was so employed; or

- the requirements of the business for employees to carry out work of a particular kind have ceased or diminished or are expected to cease or diminish; or

- the requirements of the business for employees to carry out work of a particular kind, in the place where they were so employed, have ceased or diminished or are expected to cease or diminish.

Implementing change

The position concerning the responsibility for redundancy has changed considerably in recent years, with a centralised system, under HM Treasury, being replaced by a decentralised system under which individual departments have considerable freedom to act within a specific framework document 'Redundancy: Principles and Procedures', issued by the Treasury in September 1991.

Departments are responsible for negotiating and operating redundancy arrangements, and implement any redundancies accordingly. Departments are not required to consult HM Treasury before negotiating an agreement or implementing redundancies. Both HM Treasury and the departments believe that departments' freedom to take key decisions results in redundancy being operated in a more efficient way than under a centralised system.

Departmental staff who volunteer for redundancy, or who are compelled to leave on grounds of redundancy, are eligible to receive the appropriate benefits under the Principal Civil Service Pension Scheme (PCSPS). Departments do not have the scope to vary the terms of the PCSPS, but there are a number of discretionary items which they are free to use in managing staff reductions, if they believe their use would add value for money. HM Treasury does not monitor the ways in which departments use these discretions.

Departments bear the costs of early retirement or redundancy, and so are directly accountable for the expenditure.

Where there is a clear need for redundancies, departments should handle the redundancies taking account of statutory requirements and good industrial relations practice.

The Advisory, Conciliation and Arbitration Service (ACAS), provides guidance in the area of industrial relations. It is an independent statutory body, established under the Employment Protection Act 1975, with the general duty of promoting the improvement of industrial relations and has issued advice on redundancy handling.

ACAS advises all employers to adopt a formal policy on redundancy which sets out the approach for management to adopt when faced with making redundancies. In some cases it may be appropriate to negotiate an agreement on the procedure to be followed.

Where it is decided to establish a redundancy procedure, departments will need to consult on its contents. This procedure may include:

- a statement of intent to avoid compulsory redundancies wherever possible;

details of consultation arrangements;

- measures to avoid or minimise compulsory redundancies;
- a general statement of the selection criteria that may be adopted when compulsory redundancy is unavoidable;
- a reference to the financial benefits available to redundant staff;
- details of any appeal or hardship procedures.

The key players involved in actions to implement a redundancy policy are likely to be departmental (government) ministers, senior management, trade union representatives, and staff (both those who may be affected by redundancy and those responsible for such 'personnel' matters as pay and conditions of service).

It is important to secure the necessary internal authority for a redundancy policy, and to devise a phased action plan that takes the policy forward on a structured basis and allows notification to the relevant parties of what will or may happen, with the necessary consultation, at a sufficiently early stage when it is apparent that compulsory redundancies will be necessary, departments need to decide the unit of redundancy and the criteria for selecting staff. The criteria for determining the unit of redundancy may include:

- grade;
- specialism/discipline;
- geographic location;
- functional area of work;
- other relevant factors.

The criteria for selecting staff may include:

- ***skills or qualifications***: to ensure retention of a balanced staffing profile appropriate to future needs. Selection must be objective, and other aptitudes may need to be taken into account;
- ***individual ability***: ability or specialist knowledge acquired from special training at the department's expense, or an individual's value to the department's objectives;
- ***standard of work performance***: selection must be supported by objective evidence, e.g. by appraisal assessments;

- ***attendance or disciplinary records:*** absence records must be accurate, and reasons investigated;

- ***seniority or length of service:*** selection, by definition, is objective, and is usually used when there is no other way of distinguishing between employees.

The criteria should be objective, consistently applied and not based solely on the opinion of an individual line manager. When applied, they should cover all employees concerned in the unit of redundancy, including anyone who may be absent. Departments should carefully examine the implications of any selection procedure to ensure that unlawful discrimination does not result either directly or indirectly.

Departments should consider whether to establish an appeal procedure for staff who claim that their selection for redundancy is unfair, or whether such claims should be raised under the existing departmental grievance procedure.

Departments may arrange, for redundant staff, resettlement/counselling facilities to assist in their finding alternative employment etc.

The Civil Service Management Code sets down the minimum periods of notice. Where it is not possible to give the minimum period of notice, staff may be given compensation in lieu of notice.

1.12 Human resource information systems

A human resource information system may also be called a 'staff records system', or a 'personnel records system'. According to the nature of the government service and local practice, human resource information may be held on a central basis (i.e. it covers staff in all departments) or on a decentralised basis (i.e. individual departments have their own records and are responsible for their maintenance and modification). In the United Kingdom, individual government departments maintain their own records.

The context for change

The Government, or department, needs a human resource information system in order to carry out its functions as employer efficiently, and, by implication, to operate aspects of its administration (e.g. its payroll) efficiently.

The employer is likely to require staff information for both strategic purposes, e.g. if a regional sub-office is to be created and an assessment of possible staff to work there is being made, and purposes that simply concern an individual (e.g. whether he or she has the correct qualifications for a particular posting, or how to contact him/her out of office hours). Ideally, therefore, the system which is in place should be able to reveal the required information, or be able to be 'interrogated', with the minimum of effort.

Increasing pressures for flexibility are encouraging the departments to introduce computerised human resource information systems to be used with other management information systems (either within a particular department or with another department) and to assess the extent to which information on the differing areas needs to be married together and produced on a common basis.

Implementing change

U.K. experience suggests that for a paper or computer-based system, the information needed by the employer includes:

- number of staff
  - by different grades;
  - by terms of their employment, e.g. full-time or part-time;

- location of staff
  - by blocks of staff, e.g. Division/Branch/Regional Office;
  - by individual;
- details of individual members of staff, e.g.
  - names (in full);
  - dates of birth;
  - home addresses;
  - emergency contacts;
  - skills;
  - work preferences;
  - qualifications;
  - language(s) knowledge;
  - career histories;
  - pay;
  - staff appraisal reports;
  - sick leave records;
  - promotion board results;
  - training courses attendance;
  - disabilities.

Project management techniques are used when major management information systems are being introduced. The following are key ingredients in the implementation of any such system:

- establish an action committee (project board), its members being individuals who have a direct interest in – or can exert a positive influence upon – the successful implementation of the project (e.g. senior managers, technical experts and system users);
- ensure that the necessary finance for the project is in place or will be available when needed;
- define project objectives (including user requirements);

- develop an action plan (setting down what is to be achieved at what time, and by whom);

- consider the need for a tender to be issued (if project implementation is to be carried out by an outside or private firm or body, and bids are to be assessed to determine which gives the greatest value for money etc.);

- consider advertising for 'expressions of interest' (i.e. from outside bodies/firms), if the project is to go forward on the basis of competitive tender;

- devise tender specifications (if appropriate) and issue the tender or advertise tender-documents availability;

- evaluate the bids which have resulted from the issue of any tender;

- establish a contract with the chosen supplier (successful bidder);

- ensure that implementation-review procedures are in place to be certain that any problems are identified and modifications made at a sufficiently early stage;

- start project implementation.

A particular initiative in introducing a human resource information sytem: The Department of Trade and Industry

By the early 1980s the development and commercial availability of computer systems were well established and their advantages in facilitating work practices were very apparent. Until this time the Department of Trade and Industry (DTI) kept only paper-based personnel management records of its staff. In 1983 a study team recommended the development of computerised systems in a number of key areas in the DTI to provide operational and management information to assist with the management of resources. They were to incorporate a number of basic principles:

- each user was to be responsible for the validity and relevance of the information in the systems;

- prime users were to have prompt and easy access to the system;

- relevant information was to be made widely available, subject to essential security and privacy requirements;

- data entry was to involve the minimum of duplication;

- a modular approach was to be adopted in which core blocks were to be developed and then extended by the addition of related segments.

Following approval by a top-level DTI committee, and the creation of a Project Board, the Personnel Management Information System (PERMIS) project began in 1983. Its objectives were:

- to provide a central staff records system for personnel management staff;

- to interface with other DTI computer systems relating to finance, physical resources, and overall DTI management, as well as a central management data system operated by HM Treasury;

- to develop additional facilities to increase the scope of the system as users identified needs.

In subsequent years the system evolved to meet the changing needs of its users. A User Requirement Specification was agreed in 1983, and work began on a limited microcomputer-based system (the 'Core' system) for personnel managers, which became operational in January 1984. The PERMIS Extended System was then developed by a team from a U.K. hardware/software company under DTI direction and its first part (which superseded the 'Core' system) entered service in November 1985. In addition to the central staff records system for personnel management staff, it fed information to the DTI's financial, physical resources, and overall management systems. Though generally successful, the system highlighted the need for further development.

Part two of the Extended System was deferred pending the outcome of a comprehensive User Requirement Review (URR). The results of the review (August 1986) set out 37 areas in which PERMIS might usefully be developed further. At this stage the U.K. company left the project and all development work fell to the DTI Project Team.

In subsequent years further modules were introduced and PERMIS software has required constant enhancement and modification to cope with changes of personnel policy and practice. Before each software change, system analysts have examined, where appropriate, existing manual practices to determine the most efficient approach, and a cost/benefit analysis has been undertaken to ensure that expected benefits (quantifiable and unquantifiable) justify the estimated cost of making the change.

Computerisation of personnel records has undoubtedly brought the DTI several advantages compared with a system of paper records:

- PERMIS provides approximately 650 users in management units throughout DTI with a central database of human resource information, and allows multiple access to data (subject to confidentiality and security controls);

- the system reduces the need for individual user groups to keep their own records, and eliminates duplication of data capture on manual or local computer systems;

- data can easily be passed electronically to and from other computer systems within the DTI (to pass information manually, in the same detail and with the same frequency, would be prohibitively expensive);

- data retrieval is easy and PERMIS can be programmed to produce a report of specified staff (e.g. those of a specified age or with specified skills) far more quickly and cheaply than could be done manually. (Thousands of reports are produced annually in this way.)

There have also been disadvantages:

- initially some staff were reluctant to abandon familiar paper records for an unfamiliar computer system (younger and more junior staff adapted most quickly);

- because PERMIS was tailormade for the DTI, the DTI alone had had to bear the entire cost of maintaining and modifying it. Employing specialist systems analysts and programmers has been expensive.

PERMIS is coming to the end of its useful life and the DTI will be seeking a replacement for it. (The form of the replacement is as yet undecided.)

Various organisations now offer ready-made personal computer systems. Since these have not been developed with the DTI's needs in mind, their use might entail loss of flexibility. Nevertheless, it may be possible for the DTI to share the cost of necessary modifications to such a system with other users. Furthermore, such systems usually include simple report-generation facilities, which may help to avoid the delay and expense of employing specialist programmers for this task.