

CIVIL SERVICE REFORM: A SCOTTISH PERSPECTIVE

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INTRODUCTION

One of the most important and far reaching reforms of the British administrative system in the 20th Century has been the introduction of the Next Steps initiative in the civil service. However, very little attempt has been made to look at these changes within the context of Scottish administration. Arguably, it might be suggested that such a task is unnecessary if one accepts that the civil service at the Scottish Office is merely an outpost of a greater, homogeneous United Kingdom infrastructure and diverges rarely from the norms of the latter. However, if the contrary view is accepted, namely that Scottish administration possesses some quite distinct traditions and characteristics, then a more thorough examination of the reform process north of the border would seem to be justified. This article undertakes such an examination and does this in a number of ways. On the one hand, attention is focused on some of the key issues arising from Next Steps, issues which have been highlighted in the growing academic literature on the UK-wide reform process. Such matters include the dangers of fragmentation of service provision, the appropriateness of target-setting, the effects of change on civil service morale and, in particular, the ambiguities surrounding questions of accountability and autonomy. On the other hand, the scope of reform at the Scottish Office is defined and the agencies associated with the Office are used as a means of illustrating and expanding upon the key issues mentioned

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above. Much of this latter discussion draws upon information contained in the annual reports of Scottish agencies and a number of other sources including studies produced by the National Audit Office and the Public Accounts Committee.

Through these means of analysis, it should be possible to ascertain whether, in overall terms, the reform process has actually created an ambiguous and paradoxical situation for the administrative system in Scotland (and indeed the rest of the UK). This paradox centres on the fact that, while the stated aim of reform has been to delegate greater autonomy to individual units within the civil service, this aim has actually been supplanted through an increasing centralisation of control by central government and concurrent decrease in the co-ordinating capabilities of the administrative system.

THE REFORM PROCESS AND STRUCTURAL CHANGE

The Next Steps programme of reforms originated in a report prepared in 1988 for the then Prime Minister by the Efficiency Unit of the Cabinet Office: **Improving Management in Government - The Next Steps** or, as it became known after its publication, the 'Ibbs Report'. This report did not, however, herald a complete break with the past. In one sense it arguably represented another chapter in the civil service tradition of reforming zeal, stretching back to the Fulton Committee of the late 1960s and indeed, as far as Northcote-Trevelyan in the 19th Century. In another, and more immediately relevant sense, however, it marked a continuation of managerial reforms instituted by the Conservative government after 1979. For example, under the Rayner scrutinies of the early 1980s, departments had looked at all areas of their activities with a view to identifying how cost savings could be made and efficiency and effectiveness increased. Similarly, the Financial Management Initiative had sought to improve focus on managerial roles and objectives within departments, again with reference to cutting costs and improving efficiency. In a way, therefore, the Ibbs Report represented a line of continuity through its own concerns with value-for-money and improved efficiency. (The context of Next Steps, in terms of its continuity or discontinuity with the past, is discussed more fully in (Barberis 1995).)

Where the report did start to become more radical, however, was in its preoccupation with the idea that an imbalance had developed in public policy, namely to the effect that the policy-making and political management roles of ministers and senior civil servants had come to be over-emphasised

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to the cost of the efficient implementation of policy and delivery of services. In short, therefore, the report recommended 'that better value for money and better service to recipients could be obtained in the executive operations of central government through the creation within departments of distinct organisations - agencies - to execute specific areas of government policy' (Mayne 1993, p.327). These agencies were to be headed by a Chief Executive, appointed on the basis of a fixed term contract and paid an individually negotiated salary, not dependent on traditional civil service scales. The remit and range of activities of the agency, the services to be provided and performance targets to be met, were all to be specified in a Framework Document unique to that particular agency. Thus, from the late 1980s, various units of the civil service began to be sliced from the homogeneous whole to stand on their own as semi-autonomous bodies.

Since then, the reform process has continued apace with more and more units achieving agency status. Additionally, following the 1991 White Paper **Competing for Quality**, the concept of market-testing was introduced whereby some of the activities carried out by agencies could be contracted out to the private sector. This concept has been further developed through the White Papers **The Civil Service: Continuity and Change** and **The Civil Service: Taking Forward Continuity and Change** published in 1994 and 1995 respectively. These papers have sought to extend competition and afford greater autonomy to departments and agencies in the fields of grading, salaries, management structures and budgeting, as well as providing for reform of the senior civil service.

In many ways, therefore, the civil service has had to endure a period of prolonged, complex changes which challenge the post-Northcote-Trevelyan reforms in terms of their scope and impact. In Scotland, the restructuring process is as evident as elsewhere in the United Kingdom.

THE SCOTTISH OFFICE AND NEXT STEPS

As far as the Next Steps programme is concerned, the impact north of the border has been felt in two main ways. Firstly, many UK government departments (such as the Department of Social Security) have established agency branches in Scotland (for example, units of the DSS Benefits Agency). Indeed, in purely numerical terms most agency civil servants based in Scotland are attached or affiliated to a UK department. Secondly, however, the reform process has also impacted in that readily identifiable Scottish

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agencies have been created. These agencies are directly linked to the Scottish Office and as such, form the main focus of attention of this article. As suggested in the introduction, the reason for conducting this closer analysis arises from the fact that the Scottish Office could be considered distinctive or unique amongst other UK departments in that its remit is wide ranging and multi-functional, to the extent in fact that the Office exists as a conglomeration of mini-departments (principally the Scottish Office Development Department, Home Department, Health Department, Agriculture, Environment and Fisheries Department, and Education and Industry Department). Similarly, the experience of the Scottish Next Steps agencies could, perhaps, be considered atypical in that many of them existed as fairly distinct, quasi-autonomous bodies in the pre-reform period, largely due to the practical necessities of meeting the multi-functional demands placed on the Scottish Office in general. By 1995, nine agencies had been created, as shown in table 1.

Table 1

Agencies Attached to the Scottish Office and Associated Departments		
<i>Agency</i>	<i>Sponsoring Department</i>	<i>Date of Creation</i>
Scottish Fisheries Protection Agency	Scottish Office Agriculture, Environment and Fisheries Department	12/4/91
Student Awards Agency for Scotland	Scottish Office Education and Industry Department	5/4/94
Scottish Court Service	Scottish Office Home Department	3/4/95
Scottish Prison Service	Scottish Office Home Department	1/4/93
Scottish Office Pensions Agency	Scottish Office Home Department	1/4/93
Scottish Agricultural Science Agency	Scottish Office Agriculture, Environment and Fisheries Department	1/4/92
Historic Scotland	Scottish Office Development Department	2/4/91
Scottish Record Office	(Government department for	1/4/93

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which Secretary of State for
Scotland has responsibility)

Registers of Scotland (As per SRO) 6/4/90

As of 31st December 1995, the Fisheries Research Services branch of the Scottish Office Agriculture, Environment and Fisheries Department was classed as a candidate for future agency status.

Information collated from (Departments of Secretary of State for Scotland 1996, p.6) and (Office of Public Service 1996, p.xiii and p.354).

In terms of size, there are quite noticeable variations between agencies; at one extreme, for example, the Scottish Prison Service employed some 4,381 full-time staff in 1995 whilst at the other, the Scottish Record Office employed only 125 (Departments of the Secretary of State for Scotland 1996, pp.177-178). Similarly, the precise role and function of the agencies varies widely. With some, the purpose is relatively straightforward and self-explanatory; for example, the Scottish Prison Service is responsible for the operation and administration of Scottish prisons, whilst the Scottish Court Service oversees the maintenance of court houses and the supply of trained staff and organisational services to the Scots judicial system. Others, however, are required to carry out more diverse tasks; the Scottish Agricultural Science Agency, for example, provides the government with expert advice and information on agricultural and horticultural matters and certain environmental issues. At the same time, it oversees the implementation of United Kingdom, European Union and international legislation in these spheres. In overall terms, therefore, the impact of reform on civil service structures in Scotland has been quite dramatic, with increasing diversification and delegation of tasks. By 1995, some 6,959 (54.8%) out of a total of 12,688 civil servants, employed by the Scottish Office and its associated departments, were based in Next Steps agencies. (Figures calculated from (Departments of the Secretary of State for Scotland 1996, pp.177-178).)

THE DANGERS OF FRAGMENTATION

The effects of reform have not, however, materialised exclusively in terms of changes wrought to the size and structure of the civil service. It could be argued, for example, that the culture, stability and guiding principles of the UK administrative system have been put under threat as a consequence of structural change.

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Far from diminishing barriers to co-ordination, the fragmented (and competitive) environment now being constructed in the public sector is likely to militate against the institutional collaboration widely acknowledged to be necessary, exacerbating the integratory problems previously plaguing Whitehall and compounding a perennial problem for the public services.

(Painter 1995, p.27)

In effect, the fragmentation of the old, largely unified civil service could be viewed with some concern for two principal reasons. Firstly, the move to semi-autonomous agencies may allow closer attention to be paid to specific operational tasks but, simultaneously, hinder the degree of co-ordination which is as often necessary in the implementation of policies as it is in their design and formulation. Secondly, issues concerning contracts, salaries, pensions, conditions of work and the profile of the private sector in service provision have all become determinedly variable under the agency system; the status and security of tenure of some civil servants can thus be thrown into some doubt. However, while fears and concerns within the ranks of the civil service itself may naturally arise because of this second set of factors, it would seem unfair to unduly condemn the Next Steps initiative on the grounds of the first, namely that co-ordination may be literally collapsing. Indeed, as mentioned earlier, for many years preceding the current wave of reforms the Scottish Office had parcelled up various sectors of civil service activity into quasi-autonomous units without any noticeable adverse impact on co-ordination. Furthermore, even after the introduction of Next Steps, the situation does not appear to have greatly deteriorated in this respect. For example, in its Framework Document, the Scottish Fisheries Protection Agency (SFPA) - which is responsible for enforcing UK, EU and international fishing laws and regulations in Scottish waters - stresses how it liaises closely with its parent department in the Scottish Office and with the Ministry of Agriculture, Fisheries and Food, and the Ministry of Defence in London (Scottish Fisheries Protection Agency 1991, p.8). Similarly, such liaison has been seen to extend to the EU level:

The Agency is currently involved, along with the other UK fisheries departments, in pilot projects to test the application of satellite surveillance ... Member states are required in terms of the EC control regulation to conduct pilot projects and the results are due to be reported to the EC later in the year.

(SFPA 1995, p.4)

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Thus, while agencification has drawn attention to the dangers of excessive fragmentation, it does not necessarily follow that the latter has actually taken place as a result of the reform process. Nevertheless, it is still important that these dangers are recognised and that they are not allowed - as might all too easily be the case, particularly with respect to the Scottish Office's wide multi-functional remit - to threaten the overall co-ordinating capabilities of the administrative system.

THE SUITABILITY OF OBJECTIVES AND TARGETS

Another area which perhaps raises some important questions concerns the objectives and targets which are set for agencies. In this respect, Painter (1995, p.23) draws attention to the fact that much of the impetus behind Next Steps can be placed within the wider context of the Conservative Government's aim to make public bodies more 'consumer orientated'. However, as in other areas of government activity, there are problems in directly applying consumer variables, such as quality and value-for-money, to the public service activities of agencies.

The government emphasises the need for services that the taxpayer can afford. Unfortunately [the government] fails to appreciate that in a democracy other factors are often as important as measurable financial costs and assessment by performance indicators.
(Chapman 1994, p.609)

Thus, because of the difficulties in being completely specific about what a particular service or task should or should not entail or the results that it should yield, 'there are grounds for apprehension about the appropriateness of what is being targeted and therefore suitability of the performance indicators to which these targets relate' (Painter 1995, p.24). As an example, the National Audit Office has pointed out the purely logistical difficulties arising from the work of the SFPA:

How successful is the Agency in detecting breaches of fishing quota?
Because of the large number of possible landing places, the extent of fish landed outside Scotland and the Agency's finite resources, this is a difficult responsibility to discharge. It is not possible accurately to measure success in detecting and deterring quota offences because the level of unrecorded catches is not known.
(National Audit Office 1995, p.5)

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In effect, therefore, the above indicates that there may be limits to the breadth and scope of targets which it is possible to define and set for particular agencies, primarily because of the diverse and sometimes ambiguous nature of public sector tasks.

However, even if it does prove possible to reach a definition of objectives and targets, it may be the case that these are not always set at appropriate levels. For example, Grant Jordan (1994, p.160) argues that one of the problems with the setting of targets is that they may be too easily attainable; it is suggested that core departments and agencies can deliberately fix targets at too 'soft' a level in order that they may be achieved relatively easily. The evidence for this argument is, however, difficult to pin down and at best is ambiguous. Looking again, for instance, at the National Audit Office study of the SFPA, we find that it is stated:

Performance has improved and, even with the more demanding targets that have now been set, almost all were met in the third and fourth years.
(National Audit Office 1995, p.2)

The sceptic, such as Jordan, might suggest that the only reason 'more demanding targets' could be met was because they were set at too low a level in the first place. However, in the case of the SFPA, this would mean that targets were too 'soft' on a Europe-wide basis because the NAO also found that the agency's targets were very similar to those set in other European states (NAO 1995, p.2). Indeed, the argument falters even further when some conflicting evidence, which stresses the tough nature of targets, is taken into account:

In a few agencies, where target values were felt to be very challenging, respondents commented that targets can distort the working culture of the organisation, with staff becoming so focused on delivering their targets that they became less supportive of colleagues in other areas.
(Next Steps Team/Office of Public Service 1995b, p.73)

Thus, while the definition of specific objectives and the nature of targets themselves may be difficult to establish, because of the often ambiguous and shifting parameters of public sector activity, the appropriateness of levels of attainment which might generally be expected of agencies remains uncertain. Such ambiguity and uncertainty is not, however, restricted purely to the matter of target setting, a point which will become clear later when we

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examine issues of accountability and autonomy arising from the reform process.

CIVIL SERVICE MORALE

As the Next Steps Team of the Office of Public Service draw attention to, in their findings quoted above, target-setting closely correlates to the impact that Next Steps has had on the morale of the civil service and the levels of enthusiasm which reform may or may not have engendered. For example, looking again at the Team's findings, it might be concluded that the effects on morale have been partly detrimental (although they do stress that this is limited to a few agencies and that targets are generally regarded as useful):

the increase in target values over the previous year had led to staff disenchantment as they perceived their reward for having met earlier targets as being to deliver still more.

(Next Steps Team/Office of Public Service 1995b, p.73)

At the same time, other evidence suggests the contrary and highlights the fact that 'one of the most remarkable features of Next Steps is how enthusiastically, in the main, civil servants regard the changes' (Dowding 1995, p.105). Nevertheless, in spite of this general enthusiasm, Dowding also points to unease within the lower reaches of the civil service, where changes have been viewed with greater scepticism because of the perceived resulting implications for rates of pay, levels of workload and job security (1995, p.106). In the Scottish arena, this latter point would appear to have particular resonance for two main reasons. Firstly, it relates to more general suggestions that the reform process has been less well received within the Scottish administrative block than in other parts of the UK (Kellas 1989, p.80; Parry 1993, p.45 and 1995, p.7). Secondly, the drive for agency status and improved efficiency has combined with general cutbacks in expenditure to result in a reduction in civil service numbers in Scotland. For example, the fears of civil servants were echoed in the reported comments of Sir Russell Hillhouse, Permanent Secretary at the Scottish Office:

The policy of having to cover cost increases through efficiency savings will continue. Savings of this order cannot be achieved without further reductions in total staff numbers.

(**The Herald** 30 November 1995, p.7)

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Similarly, between January and May 1995, the Scottish Office reviewed its organisation of management structures and, as a result, determined that thirty-eight posts should be abolished and savings of £2.4 million achieved by the end of 1996 (Departments of the Secretary for State for Scotland 1996, p.167). Generally, therefore, it would seem fair to assume that the restructuring process has had a largely negative impact on levels of morale within the Scottish civil service, an impact which has been heightened by a lack of enthusiasm for change which existed before reforms were actually implemented (Parry 1993, p.45). Such a conclusion is reinforced by the views of the Conservative Government which simultaneously expressed sympathy and a determination to press on regardlessly.

The Government does not underestimate the unsettling effect on civil servants of the changes being introduced in working methods and pay and grading arrangements, and of the continued reduction in staff numbers. But the Civil Service, like other areas of the economy, has to adapt if the country is to improve its competitiveness.
(Cmnd 2748 1995, p.14 para.3.19)

CLEARER ACCOUNTABILITY ?

In its report entitled **The Strategic Management of Agencies: Models for Management**, the Next Steps Team within the Office of Public Service highlight one of the key areas of concern to have arisen from the Next Steps project:

changes taking place in government, not least Next Steps itself, have raised the profile of the public sector and brought greater awareness and scrutiny of its workings. We need to ensure that systems of control and accountability are set in place, are transparent and work in practice.
(Next Steps Team/Office of Public Service 1995a, p.4)

In broad terms, the above statement refers to more general attempts to make lines of accountability more transparent across government, improve the means of access to government machinery and facilitate the prospects for redress when things go wrong, for example through the Citizen's Charter initiatives. With more specific regard to Next Steps the 'systems of control and accountability' referred to by the Office of Public Service have indeed, to some extent, been 'set in place'. Dowding (1995, p.173), for example, points out that each Framework Document sets forth the autonomy to be granted to

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each agency and its Chief Executive; furthermore, that the Documents stress that the Chief Executive is responsible to his or her parent department and thus, through ministers, to Parliament. Similarly, much is made of the fact that accountability has been decentralised and at the same time, clarified in that MPs can communicate directly with Chief Executives on operational matters. Equally, Chief Executives can also be called before House of Commons select committees to answer directly for their agency's activities - an example of the latter occurred when the Chief Executive of Registers of Scotland was called to appear before the Public Accounts Committee in 1994. However, in spite of the above, it is much less certain whether these lines of accountability and control are actually 'transparent and work in practice'.

Most of the uncertainties in this area arise from difficulties in distinguishing whether problems have developed due to purely operational or purely policy-based concerns. In this respect, Dowding argues that, while agencies have offered the potential for greater clarity in role definition and responsibility between ministers and officials and between agency civil servants and core departmental civil servants, these very lines of demarcation have actually been lacking in practice (1995, p.175). For example, in the case of the UK Prison Service:

Michael Howard, in justifying the dismissal of Derek Lewis, declared that he, the minister, ought not to be held accountable for operational matters as opposed to matters of policy. But what is 'operational' and what is 'policy' is not written upon the face of the action.
(Bogdanor 1995, p.20)

This apparent blur between what respectively constitutes matters of policy and implementation was further highlighted when the work of Registers of Scotland was examined by the Public Accounts Committee. (The role of this agency is to compile and maintain public registers relating to land and property rights and to provide operational advice to the government on all matters relating to land registration in Scotland.)

We note that the Agency had a primary aim of reducing conveyancing costs to the Scottish public ... we are therefore surprised at the Agency's view that lower conveyancing costs was not a matter which they could control.
(Committee of Public Accounts 1994, p.vi. para.2 (xi))

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The ambiguities arose from evidence given to the Committee by the Agency's former Chief Executive, James W. Barron. One of the clearly stated aims of the Agency, in the Framework Document and various other sources, was to seek lower conveyancing costs for the general public. When asked why this aim had apparently been dropped, Barron stated that it did still apply but that it was only sought as a secondary consequence of other agency objectives and was not an objective in itself. However, it was, he stressed, the *Government's* specific *policy* to lower such costs (Committee of Public Accounts 1994, p.9). In this example it therefore becomes apparent that the agency was able to avoid accepting direct responsibility for the *implementation* of a government policy which actually existed - it could not be held accountable retrospectively for a task which had not been held or defined in advance to be its responsibility. Thus, the dangers of lines of accountability becoming blurred, and the resultant implications for the execution of policy, are all too clear.

It would be wrong, however, to claim at this stage that the introduction of Next Steps has had a purely negative impact on accountability issues. Certainly, the above cases highlight weaknesses; for example, while accountability is arguably strengthened through agency Chief Executives being called before select committees, this accountability can, as illustrated in the Registers of Scotland example, take the form of little more than weak answerability, where individuals may summarise a situation or pass responsibility to another person or body but not accept blame themselves or offer a resolution to the problem. However, as Dowding suggested, in some ways the situation may actually have improved in terms of holding a particular agency to account and in the achieving of some form of solution and redress to a problem. This can be illustrated by way of a recent case which, on the surface, would merely seem to highlight the difficulties once again. The central point in this case hinges around an unpublished report produced by the Parliamentary Commissioner for Administration (Ombudsman) which criticises the Students Awards Agency for Scotland - responsible for administering student allowances in Scotland, providing resources to the Student Loans Company and offering policy advice to ministers - and the Scottish Office Education Department. In short, the Ombudsman found that these bodies had misled a veterinary student as to the quantity of funding he was entitled to receive. The student, on embarking on a second undergraduate course, found that the funding available to him was considerably less than the amounts which had been stipulated when he had made earlier enquiries about the matter to the SOED. However, the SAAS, which had assumed responsibility for student funding since the original

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enquiry to the SOED, maintained that the applicant 'had at no time been given the impression that he could expect more funding ...' (**The Herald** 1 July 1996, p.3). On investigating the case though, the Ombudsman found the contrary to be true and judged that the student had indeed been misled.

In terms of the accountability issue, some might claim that this case serves to highlight once again the problems which arise when neither the ministerial nor executive agency levels of government will accept responsibility for a particular difficulty. The then Shadow Scottish Secretary, George Robertson, was certainly quick to seize upon the case and state that it showed how ministers could claim to have no responsibility for a specific problem and effectively 'pass the buck' to an agency. To some extent such claims do gain credence in that the Ombudsman was called in to investigate in the first place. However, it could also be argued that the case highlighted the more useful aspects of the agency system. After all, the Ombudsman principally investigates accusations of bad policy implementation and administration. In this case, he was able to focus more directly on those responsible for such implementation (i.e. than might have been the case had he been dealing purely with the former Students Awards Branch of the SOED) by looking at the work of the relevant agency, and, as a result, was perhaps able to prove more readily that maladministration had taken place. Not only that, but positive and public redress for the complainant was achieved by way of an apology from the Chief Executive of the SAAS and reimbursement of his costs and fees. In effect, therefore, this case actually shows how accountability may be enhanced by the agency system in that, in some cases at least, it may facilitate the pinpointing of blame when things go wrong.

In overall terms it would thus seem fair to suggest that the process of agencification has had both positive and negative effects on the accountability issue. Nevertheless, it is equally the case that the doubts and concerns expressed are sufficient to justify some clarification and tightening of controls in this area. One argument forwarded in this respect is that stricter guidelines should be applied to the agency system in general and that Framework Documents should be far more specific as to what are deemed policy or operational matters (Mather 1994, p.17). However, as Bogdanor suggests, making guidelines ever more specific may prove problematic in itself:

The trouble with this suggestion is that it assumes away the difficulty of defining a sphere within which the public will accept that a minister is in no way culpable. Whereas there might be such public acceptance in non-

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contentious agencies such as Her Majesty's Stationery Office, it is hardly likely to occur in politically sensitive agencies such as the Prison Service, the Benefits Agency, the Child Support Agency or the Employment Agency.
(Bogdanor 1995, p.20)

More generally, this may serve to highlight one of the key difficulties in forwarding criticisms of the agency system per se, namely that specific agencies may require specific operational frameworks and accountability systems. In other words, universally applicable solutions may be inappropriate in a system which does, after all, seek to encourage diverse working patterns suited to particular public sector tasks.

DIVERSE PATTERNS OF REFORM FOR A DIVERSE SYSTEM?

The diverse nature of the agency system is something which the Conservative Government itself was very keen to stress (e.g. Cmnd 2627 1994, p.26. para.3.25). However, there is a danger that descriptions and criticisms of the agency model may actually overlook this diversity, as Massey has suggested (1995, p.76). Such oversight is, however, of great significance when the sheer scope of diversity is taken into account:

It is of course misleading to generalise too much about agencies ... Some operate in more or less open markets, others in closed markets and still others in the absence of market forces. Some earn income; others do not. Some are regulatory and others deliver services to customers. Each requires a somewhat different approach to its good management and the agency approach encourages this.
(Mayne 1993, p.328)

An appreciation of this diversity is therefore essential in coming to understand how different elements of the reform process have affected particular agencies and, indeed, to a realisation that such elements will not always necessarily be compatible with or applicable to any agency. For example, there are quite noticeable variations in the prevalence of market-testing across the agencies in Scotland (setting aside, for the moment, evidence which suggests that this particular reform has not generally been well-received north of the border (Parry 1995, p.7)). On the one hand, the Scottish Office Pensions Agency, which is responsible for administering various public sector pension schemes in Scotland, reported that,

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A recent scoping study which looked at the possibility of market testing SOPA typing services concluded that this would not be feasible and would not produce savings at present.
(Office of Public Service And Science 1994, p.92)

On the other hand, the use of market testing is much more extensive in Historic Scotland, the agency responsible for the maintenance and operation of heritage properties across Scotland. In 1995, for instance, office support services at the agency's headquarters were retained in-house after review. Similarly, after being opened to competition, gardening and grounds maintenance at Holyrood Palace were kept in-house; patrol services at Edinburgh Castle were, though, contracted out (Office of Public Service 1996, p.8). In the case of the Scottish Court Service, contracted supplies and services currently account for some 53% of the agency's operating costs (Office of Public Service 1996, p.26). In comparison, the Scottish Record Office, which selects and preserves documents of historical interest and makes them accessible to the public, reported that:

Moves to market test the reprographics unit were made in the autumn of 1994, but it became clear that the cost of the process would outweigh possible savings, and there was only limited private sector interest.
(Office of Public Service 1996, p.102)

Thus, the above developments not only illustrate the uneven impact of part of the reform process, market testing, across the agencies but also echo once again some of the problems which may arise in setting targets, defining 'quality' and applying the competitive ethos to the public sector.

This unevenness of development can be further illustrated in two particular areas. The first relates to problems with the actual speed of agencification. For example, concern was expressed at the speed with which the former Students Awards Branch of the Scottish Office was transformed to agency status and the adverse impact entailed:

there were certain areas of our business where we were less successful than we would have wished, due primarily to the need to devote resources to our new responsibilities as an Agency which were assumed at relatively short notice.
(Student Awards Agency for Scotland 1996a, p.10)

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The second area of variation between agencies centres on internal management. Again in the SAAS, reform seems to have entailed problems.

In October 1994, the Scottish Office introduced new arrangements for advertising internal vacancies with the intention that this would give staff and line managers more choice and control over postings ... Through this scheme, the Agency has lost a high proportion of experienced staff to other posts within the Scottish Office.

(Student Awards Agency for Scotland 1996a, p.14)

On the other hand in another agency, Registers of Scotland, the reform process is seen to have opened up further opportunities for delegation of responsibility, this time within the agency itself;

The Board has responsibility for the strategic direction of the Agency. An Executive Group of Directors is now responsible for the Agency's day-to-day operations. Not only does this re-organisation allow the most senior managers to concentrate more on longer-term strategy, it is symbolic of the move to empower and delegate matters from the top.

(Registers of Scotland 1995, p.6)

In effect, the differing impact of management delegation and organisation across the Scottish agencies, and the varying prevalence of market-testing, have all served to highlight the diversity of the agency system and the suitability or otherwise of these reforms to particular cases. In this sense, the paradoxical nature of the reform process raises its head once again in that the government seeks to offer each agency greater delegated freedom but at the same time wishes to see, as far as possible, the universal application of particular reform packages such as market-testing. The very mention of the word 'delegated' in fact raises the question of whether, in broader terms, the agency system has actually led to greater autonomy amongst administrative units.

THE PARADOXES OF LIMITED AUTONOMY

Rather than simply granting greater autonomy to different parts of the civil service, the Government may have placed such limitations on the process that the degree of freedom actually granted to agencies remains uncertain. Jordan, for example, argues that the forced introduction of market-testing has indicated the paradoxical nature of the whole agency process (1994, p.161).

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On the one hand, agencies and their Chief Executives are supposed to enjoy greater independence of action, but, at the same time, the choice of putting particular services out to tender is not left in their hands. Thus, the centre is not leaving agency staff to get on with their own tasks but, instead, is forcing them to compete for their own jobs. This paradox arguably extends to other areas of the agency system, as Greer and Carter illustrate:

In theory, a reliable system of performance indicators allows a department to maintain effective 'hands-off' control over an agency which retains its flexibility. In practice, because the department holds ultimate responsibility for performance it may not want to 'let go'; it may seek to obtain as much information as possible to allow it to exercise virtual 'hands-on' control.

(Greer and Carter 1995, p.88)

An example of such 'hands-on' control is to be found in the latest Annual Report from the Students Awards Agency for Scotland:

A combination of running cost constraints and the need to devote resources to the development of the new IT system had an impact on our performance this year. For the session as a whole we met our main production target but there was a period in late summer when we simply could not keep pace with the receipt of applications, leading to delays for some students.

(Student Awards Agency for Scotland 1996b, p.3)

From the above, two key factors become readily apparent which reinforce the paradox. Firstly, the strictly limited autonomy of agencies comes to the fore in that they can only do as they wish within centrally imposed budgetary constraints. Secondly, the results of centrally directed policies - in this case the vast increases in student numbers - can make the implementation role of the agency far more difficult than it might like.

A further example from the same agency reiterates these points. In 1995/96, the SAAS found that the only way it could remain within the limits of its budget was to cut staff numbers. Ironically, however, it found that it actually needed more staff during this period in order to implement a brand new computing system. This situation, combined with the rising number of student applications to be processed, led to

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significant pressure during both the design and testing phases for the new system whilst simultaneously attempting to maintain the ongoing provision of services to the Agency's customers. The result has been a deterioration in internal efficiency but this will hopefully prove to be temporary.

(Student Awards Agency for Scotland 1996b, p.22)

Once again, therefore, the limited nature of agency autonomy is clearly discernible.

However, it would be wrong to claim that the agency process in itself is responsible for this paradox; rather, the argument is that agencification should have removed the paradox which already existed. For example, in 1994 the National Audit Office produced a critical report on the work of Registers of Scotland. In the report it was stated that, 'the Agency started life with a considerable backlog of casework, a Land Register project in which little progress was being made and a lack of financial and management information ...' (National Audit Office 1994, p.3). However, later in the report a comment of crucial significance was made:

During the 1980s, the Department of the Registers of Scotland was subject to Treasury restrictions on staffing levels ... which the Agency believed limited their ability to react flexibly to the burgeoning growth in their business. The new agency consequently inherited a number of problems which required urgent attention.

(National Audit Office 1994, pp.4-5)

Thus, although many of the Agency's problems were similar to those of the SAAS, namely in terms of restricted autonomy resulting from limited central funding, these very problems were a continuation of those which had beset it when it existed as the Department of the Registers of Scotland. In effect, therefore, it is not necessarily agency status itself which is causing the paradoxical difficulties; indeed, the very autonomy supposedly offered by agencification should be preventing, rather than sustaining, such problems.

CONCLUSION

In conclusion, it is thus apparent that the reforms initiated by the Conservative government since 1979 have resulted in a radical restructuring of organisation and management within the UK administrative system. What

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is less clear, however, is whether the aims and objectives of the reform process, and Next Steps in particular, have been realised and achieved in practice. By hiving large sections of the civil service off into quasi-autonomous units or agencies, the government sought to encourage diverse working patterns which would be more suited to particular public sector tasks. Equally, it sought to achieve more efficient implementation of policy and delivery of services by making a clearer distinction between the policy-making roles of ministers and senior civil servants and the implementing roles of executive agencies. With regard to both of these aims, the level of success achieved would seem to be somewhat ambiguous. As the reform process has developed, various parts of the civil service have indeed come to assume distinct identities; at the same time, however, the extent of the government's appreciation of diversity of function could be called into question in light of the forced introduction and limited use and applicability of such concepts as target-setting and market-testing across the system. Furthermore, for every case which indicates that a greater degree of clarity has resulted from restructuring, particularly in terms of the distinction between policy formation and implementation, there are other cases which point to a hopeless blurring of lines of accountability.

These ambiguities surrounding the relative 'success' of the reform programmes have, as illustrated above, been largely replicated in the Scottish Office agencies and so in this sense it could not really be argued that the latter were better positioned to adapt to reform due to their traditional quasi-autonomous status. Indeed, despite the Scottish Office's arguably distinct departmental and organisational structure, as compared with other UK departments, it is fair to say that civil service reform has been implemented in much the same way north of the border as it has in the rest of the UK. This having been said, however, it is clear that both the Next Steps initiative and market-testing have been implemented with a great deal less enthusiasm in Scottish circles than has been the case elsewhere (Parry 1993, p.45). Furthermore, it may be that the experiences of one Scottish agency have served to highlight the longer term discrepancies and contradictions inherent to the current series of reforms. In short, the problems experienced by the Student Awards Agency for Scotland, in dealing with budgetary matters and policy changes, have focused attention on the paradoxes which can arise within a context of limited autonomy. In effect, it may be that Next Steps is actually sustaining or deepening (through closer governmental analysis of objectives, targets and performance) the very centralisation of control which it purportedly seeks to eliminate by way of granting greater delegated autonomy to self-standing civil service agencies.

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