

# MAKING ADMINISTRATIVE REFORMS HAPPEN: LESSONS FROM THE EFFICIENCY SCRUTINIES IN THE BRITISH CIVIL SERVICE

## (İdari Reformları Gerçekleştirme: İngiliz Kamu Yönetiminde Etkinlik Tetkiklerinden Dersler)

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### ABSTRACT

During the years between 1979 and 1984 the Conservative Government in Britain conducted the Efficiency Scrutinies to reform public administration. The Scrutinies had considerable impact in terms of achieving savings and profound changes in the British civil service. This study pays particular attention to the reform process and seeks to explore the factors which played an essential role in making reform programmes happen. Strong political commitment, the appointment of Rayner from private sector and holding him responsible for reform, the establishment of the Efficiency Unit as a reform agency and attaching it to the Prime Minister's Office, winning the internal support emerge as critical factors in making reforms successful.

**Key Words:** Administrative reform, efficiency scrutinies, British civil service, reform process.

### ÖZET

İngiltere Muhafazakar Parti Hükümeti 1979-1984 yılları arasında kamu yönetiminde iyileştirmeler gerçekleştirmek amacı ile "etkinlik tetkikleri" olarak adlandırılan bir reform programı uyguladı. Bu tetkikler, kamu yönetiminde önemli ölçüde tasarruf sağladı ve yönetimde daha köklü değişimlerin öncüsü oldu. Bu çalışma, reform sürecine özellikle vurgu yaparak, programın başarılı olmasında etken olan faktörlerin neler olduğu üzerinde durmaktadır. Siyasal iktidarın reform politikalarındaki kesin kararlılığı, özel sektörden danışman atayarak reform programından sorumlu tutmak, reforma yön vermek ve teşvik etmek amacıyla Başbakanlıkta küçük ve etkili bir birim oluşturmak, bürokrasinin reforma karşı direncini kırmak için örgüt katılımını sağlayan düzenlemeler yaparak desteklerini kazanmak "etkinlik tetkikleri" uygulamasının başarılı olmasında kritik faktörler olarak ortaya çıkmaktadır.

**Anahtar Sözcükler:** İdari reform, etkinlik tetkikleri, İngiltere kamu yönetimi, reform süreci.

## **1. INTRODUCTION**

Administrative reform has been a global phenomenon for long years in line with socio-economic and political changes but reform attempts in the past proved that making reform programmes happen has not been always as easy as reform rhetoric itself. The failure of administrative reform initiatives in developing countries where the administrative systems are mostly in need of reform is also well-addressed (Perez, 1991). Nevertheless, in developed countries, the administrative reform programmes are more successfully implemented in comparison with developing countries (Caiden, 1988). In Britain, for example, since the late 1970s the subsequent Conservative Governments have made concerted efforts to reform public sector.

In this respect, the Efficiency Scrutinies illustrate a good example in terms of achieving profound changes in the British civil service. Furthermore, the study of Efficiency Scrutinies is of importance in relation to restructuring the British public sector because they represent the initial steps leading to much more comprehensive reforms. Indeed, it is generally accepted that the reasonable success in the scrutiny approach, among other factors, helped to pave the way for further reforms (Metcalf and Richards, 1990). Thus, the primary aim of this study is to explore the factors which affected the successful implementation of the scrutinies.

As far as Turkish public bureaucracy is concerned, what appears to be the case is that wastage, corruption and red tape are persistent problems despite the scarcity of public resources. This is well documented in public bureaucracy literature (Ergun, 1991; Tutum, 1994). The Governments in the Republican era, almost without exception, have been closely interested in reforming public administration and have included the promise of reform in their government programmes. Many experts including foreigners undertook reform initiatives and produced many reports. But results fell quite short of the expectations and they were a deep disappointment (Soysal, 1968; Sürgit, 1972; Saylan, 1974; Aykac, 1991; Tutum, 1994). Moreover, in the light of deep economic crisis which Turkey is facing now, the issue of administrative reform has become more urgent than ever before. Therefore, this study also suggests that the analysis of the Efficiency Scrutinies would provide useful insights in terms of what links are missing with respect to the issue of reform in Turkish public administration.

## **2. BACKGROUND TO THE EFFICIENCY SCRUTINIES**

Change does not come itself, it needs to be created. In this sense, the Conservative Government's view concerning the public sector as being costly, inefficient and wasteful, hence, in need of radical reform played a critical role. When the Thatcher Government took the office in 1979, there were no carefully designed schemes for the handling of civil service affairs and no blueprint for reform, but the new economic imperatives and social ideas were reflected in political platforms (Zifcak, 1994:154). During the 1979



election campaign, Leslie Chapman, for example, advised Mrs. Thatcher on the issue of efficiency in the civil service. Chapman, as a retired civil servant from the Property Services Agency, wrote a book in 1978 called *'Your Disobedient Servant'*. In his book, by giving examples deriving from his own experiences, he claimed that a great amount of public money has been wasted by civil servants and nobody, including government ministers, could do anything about it. Chapman's general diagnosis about the civil service was the wasting sickness. As a remedy, he suggested that a strong task force for efficiency should be established in order to compel departments to reduce waste (Chapman, 1978).

### **3. THE EFFICIENCY SCRUTINIES**

Against this background, when the Conservative Party came to power in 1979 they introduced a series of initiatives to tackle deficiencies in the civil service. These initiatives were named as 'Efficiency' or 'Rayner' Scrutinies. In this context, on 8 May 1979, Mrs. Thatcher appointed Sir (now Lord) Derek Rayner, then the joint managing director of Marks & Spencer, as a part-time adviser on the promotion of efficiency and elimination of waste in government. Rayner was supported by a small department, called the Efficiency Unit, composed of both civil servants and outside consultants (Greenwood and Wilson, 1989).

There were two main objectives which Sir Rayner pursued to achieve in the civil service. His primary task was to identify areas of waste, inefficiency and duplication in government and reduce the costs of administration, and make substantial savings by eliminating these unnecessary procedures, overlapping and duplicated activities and excessive bureaucracy. The other important goal was to promote lasting reforms in management procedures throughout the civil service by deriving evidence from the findings of the scrutinies. In doing so, a series of scrutinies were undertaken and during the years between 1979-1984, 176 departmental scrutinies and 90 multi-departmental reviews, in total 266 scrutinies were carried out in central government departments (Efficiency Unit, 1985).

#### **3.1. The Reform Strategy**

Rayner considered the purpose of the scrutinies as action not study. Thus, by questioning all aspects of the work which are normally taken for granted each scrutiny sought to investigate a specific policy, activity or function and identify the ways in which it would be carried out more efficiently, effectively and at less cost.

With regard to how to conduct scrutinies, the Efficiency Unit issued two separate guidance: managing scrutinies, a guide for Ministers and managers; and how to do a scrutiny, a guide for examining officers and their teams. The aim was to make some general points on the selection of topics and the examination method. The procedural steps which are laid down in

these two guidance are divided into five stages. They are ordered as follows: setting up a scrutiny, doing the investigation, action plan, implementation and implementation report.

### **3.1.1. Setting Up a Scrutiny**

The selection of scrutiny topics is the responsibility of the Minister in charge of the department. Permanent Secretary identifies an action manager, who is a line manager with overall responsibility to make sure that change takes place as a result of the scrutiny, and an examining officer, who is usually comes from within the department and should be at Principal or Assistant Secretary level. The identification of a specified topic for each scrutiny is also the duty of the Permanent Secretary. The specification includes the aim of the scrutiny, its terms of reference, the name of action manager and examining officer and timetable for producing the scrutiny and implementation reports.

### **3.1.2. Doing the Investigation**

At this stage, the first step is to draw up a study plan within three weeks. The plan should include the method and approach for work and timetable. Once approved by the Minister, the plan is sent to those affected by the scrutiny. After the completion of the study plan, the second step is to do fieldwork in order to collect data. In doing so, the focus of the examining officer is placed upon finding out the facts by speaking to the people directly involved in spending money or carrying out a function rather than by questioning top people in the HQ. This is because the scrutiny is not designed for a desk study but for action. The responsibility of examining officer is to examine the scrutiny topic with all aspects of the work taken into question and develop proposals for improving efficiency and make practical and specific recommendations to achieve savings within a specified timetable, often 90 working days. It is asked that the examining officer must be certain about his/her facts and evidence in that they will form the basis of his/her recommendations.

When the fieldwork finishes, writing a report is the last step of investigation. Investigations are expected to be completed in 90 working days and the findings of the scrutinies are published in a report. The report should be easy to read and cover an analysis of the problem and detailed recommendations for change including data on costs, outputs and savings. Following the publication, the report is sent to the Minister, the Permanent Secretary and the Efficiency Unit. After gaining ministerial decision on which recommendations to be accepted, the report converts into an action document.



### **3.1.3. Action Plan**

Once the report is issued the action manager will prepare an action plan which is produced within 3 months following the receipt of the scrutiny report. The action plan is a summary of the decisions taken and the actions needed to produce results.

### **3.1.4. Implementation**

The responsibility of the Permanent Secretary is to ensure that implementation takes place firmly. The action manager's responsibility on his or her behalf is to make sure that decisions are made and turned into action.

### **3.1.5. Implementation Report**

Within two years from the beginning of the scrutiny the action manager is asked to prepare final implementation report. This is the completion of the scrutiny process. The report includes a general statement regarding the problems identified by the scrutinies and the implemented solutions. In addition, for each major recommendation the report should include a record of action taken, the results achieved and a note of work yet to be done.

## **4. THE OUTCOME OF THE SCRUTINIES**

The Efficiency Scrutinies have received a good deal of attention within government and also in public discussion. Indeed, the scrutinies gained a high level of commitment of the Prime Minister and many individual ministers. This political clout led to the continuation of the scrutiny approach. As stated before, during the years between 1979-1984, 176 departmental scrutinies and 90 multi-departmental reviews, in total 266 scrutinies were carried out in central government departments.

The results of the scrutiny exercises were mixed. The Rayner programme has been often portrayed as a short-term cost-cutting exercise designed to cut administrative cost and to reduce the size of the civil service in line with the Government's general policy objectives (Pollitt, 1996). Nevertheless, for Metcalfe & Richards (1990), it was an attempt to improve efficiency in government. The scrutinies in practice were concerned with the effects of past inefficiency and sought to achieve savings by identifying and eliminating inefficiencies throughout central government.

In terms of the achieved savings, they were not the same as the identified savings. As stated in the National Audit Office (NAO) Report (1986) just less than half of the potential savings were achieved due to the lack of commitment at implementation stage. Despite such setbacks, it can be said that the scrutinies have led to substantial savings. It was calculated in 1986 that they had produced annual savings of £300 million, and cumulative savings of £950 million. (PAC, 1986). On the one hand, some argued that comparing with the total cost of the civil service, the savings were small. Supporters of

the scrutinies, on the other hand, argued that the main achievement of the scrutiny programme has been in their impact on influencing the management conventions of ministers and civil servants, and in making them recognise that it is possible to improve efficiency (Drewry and Butcher, 1991).

Indeed, there is little doubt that the most visible impact of the scrutinies has been on the cuts in staff and savings achieved by them. In relation to the need to count the costs in governmental departments, giving an interesting example might be useful to address the issue. One scrutiny, carried out in a Ministry of Agriculture laboratory, showed that for experimental purposes rats were being bred in-house but there was no full account for overhead costs. This figure was calculated by the scrutiny team and it was just under £30 a rat while a private sector laboratory, not far away from the government laboratory, bred similar rats for only £2 each (Metcalf and Richards, 1990). For Rhodes (1997), such stories are important because they helped to fuel the drive to reform public management.

Overall, what it can be said that the scrutiny approach has been a useful way of examining the scope for savings in the civil service. It would be wrong to see the scrutinies just as a way of making financial savings. Scrutinies were also part of a larger concept of 'lasting reforms' which meant setting the climate for, and reinforcing more general changes in the culture of civil service. Indeed, Rayner's long-term objective was to achieve fundamental and permanent changes in structures, personnel policies, procedures, attitudes and beliefs within the civil service by drawing evidence from the scrutinies (HC 236, 1982).

In this respect, the scrutiny approach and the political and ideological commitment of the government helped to pave the way for making the civil service more receptive to further reforms. It can be said that two early Rayner scrutinies in the Department of the Environment (DOE) provided the sources of the 'Financial Management Initiative' (FMI) set up in 1982 as an innovative approach to management in central government. The first scrutiny in the Department of Environment (DOE) was the Bradley Report (1979) which proposed an establishment of a Management Information System for Ministers (MINIS). This became, later, the model for top management systems in all government departments (Farnham and Horton, 1993).

As stated before, the prime objective of this study is to focus on the reform process itself rather than to discuss, in detail, the results of the scrutinies. The main proposition here is that the Efficiency Scrutinies have had reasonable success and they enabled the government to take next steps regarding the reform in the British public administration. The remainder of this study, therefore, will concentrate on to identify what factors played important role in the reform process. In other words, in terms of making administrative reforms happen what lessons can be learnt from the British experience is the main concern here to deal with.



## **5. THE ANALYSIS OF THE SCRUTINY PROCESS: SOME LESSONS TO BE LEARNT?**

As far as the strategy employed by the government to implement the Efficiency Scrutinies is concerned, it seems plausible to capture several factors which played critical role in terms of successful implementation of reform programmes. This section will make an attempt to explore such factors.

### **5.1. External Pressure for Reform**

There is no doubt that the political commitment of the Conservative Government to reform the civil service provided the pressure needed for the initiation of the scrutiny programmes. Soon after the 1979 General Election victory, the statement of Prime Minister Thatcher in the House of Commons demonstrates how she is determined. She said that:

In the past, Governments have progressively increased the number of tasks that the Civil Service is asked to do without paying sufficient attention to the need for economy and efficiency. Consequently, staff numbers have grown over the years. The present Government is committed both to a reduction in tasks and to better management. We believe that we should now concentrate on simplifying the work and doing it more efficiently (HC, 1980).

In doing so, the Efficiency Unit was set up as a reform agency and attached to the Prime Minister's Office. Rayner intentionally did not establish a large central unit under his own control since he believed that it should not be created a bureaucracy to defeat a bureaucracy. Thus, he set up the Efficiency Unit as a small department, employing about six personnel. The Unit was located at the Prime Minister's Private office, demonstrating the support that Rayner and his unit getting from the Premier.

The function of the Efficiency Unit has been to promote scrutinies rather than to carry out them. In other words, its main role might be considered as 'steering' not 'rowing'. In that direction, the Unit provided central guidance and co-ordination. It is obvious that strong Prime Ministerial backing helped the maintenance of the momentum and to overcome departmental resistance.

### **5.2. The Appointment of the Right Person for the Task: Why Rayner?**

For a successful reform initiative, the selection of the right person who is responsible for reform process is of vital importance for a good start. One strategy employed by the Conservative Government to bring about change in the civil service has been to import adviser from the private sector. Sir De-

rek Rayner, then the joint managing director of Marks & Spencer, was appointed by the Prime Minister as a part-time adviser on the promotion of efficiency and elimination of waste in government. It is worthwhile to pay attention why Rayner was chosen. Several reasons might be offered to understand the Government's choice. First, Rayner worked at the highest level in private sector (Marks & Spencer) and while he was there, his sustained efforts, a good understanding of people and the systems in which they work, and his ability to integrate and produce a coherent and achievable strategy, and pursuing them with dedication and commitment provided some of Rayner's credentials for the job he was given (Metcalf & Richards, 1990).

Furthermore, Sir Derek Rayner was also familiar with the Whitehall environment due to his involvement in the Heath reforms in 1969-70. He was a member of the Business Team advising the Heath Government to apply business management practices into the civil service. He established the Procurement Executive in the Ministry of Defence, and became the first head with the rank of Second Permanent Secretary. His task was to supervise the purchase of weapon systems (Holland, 1988). It can be said that the combination of having management experiences at the highest level both in the private sector and in the civil service put him in such an important position.

### **5.3. Winning the Support of the Parties Concerned**

Not only external pressure is needed to ensure the seriousness of the task but internal commitment is also essential to ensure the willingness of people to co-operate in the process of making changes. For Metcalfe and Richards (1984), both external pressure and internal commitment are the key factors which determine the success of the scrutinies. In the past, some reform efforts failed due to the lack of internal support or lack of external pressure.

As Warner (1984) pointed out, Rayner and the Efficiency Unit did not interfere at any stage in the way scrutinies were undertaken. The approach of Rayner was to ensure that scrutinies were carried out within the general management structure of each department. In conjunction with this, Ministers were made responsible for taking the final decisions on any recommendations in order to secure ministerial responsibility.

Therefore, Sir Derek Rayner sought to generate not only political clout but also internal support. By drawing lessons from his previous involvement in government, Rayner believed that large-scale reform could be achieved by working with the parties concerned rather than against them. Thus, the idea behind the scrutiny process was, by and large, to secure Ministerial and departmental commitment to the task of improving efficiency in government. The modus operandi of the Efficiency Unit was intentionally designed to give departments a considerable role in examining and improving their own performance. This Ministerial and departmental control over the scrutiny programme was acquired in the following ways:





- a) Departmental choice of polices and procedures to investigate;
- b) Departmental selection of examining officer;
- c) Ministerial acceptance on the examining officer's report;
- d) Departmental action to ensure the implementation of the action plan (Metcalf & Richards, 1984).

However, while doing this, the Efficiency Unit should be consulted in each respect. Rayner believed that giving departments a substantial role to examine and improve their own performance can facilitate changes by preventing possible obstacles from inside the departments. Winning the supports of departments was seen as an influential factor to overcome resistance.

#### **5.4. The Importance of Evaluation (Feedback) Process**

Following the implementation phase, evaluation makes possible to examine what have been done, what went wrong and to find the answer why. Administrative reform is an ongoing process. Thus, by learning from mistakes an opportunity arises to correct them and keep going the wheel.

In the case of the Efficiency Scrutinies, a number of enquiries have been undertaken so as to investigate the scrutiny process itself. The Efficiency Unit carried out its own internal evaluation report, 'Making Things Happen', published in 1985. In addition, the National Audit Office (NAO) and the Public Accounts Committee (PAC) also investigated the impact of the scrutiny programme and published their report.

### **6. CONCLUDING REMARKS**

Through the analysis of the Efficiency Scrutinies the main aim of this study has been to explore the factors which played an essential role in making reform programmes successful. While explaining why public administration changed in the 1980s unlike the previous failed attempts, Parry argues that prior to the change of government in 1979 many attempts to improve public sector management concentrated on structure rather than process and neglected possible resistance to change within the organisation and failed to consider the effects of financial stress (1992:14).

As argued so far, the Efficiency Scrutinies were designed to achieve practical and concrete aims through setting clear objectives and employing a pro-action approach. What the scrutiny experience demonstrated that establishing a delicate balance between exerting external pressure for reform and at the same time winning the support of the parties concerned is of crucial importance in creating change. There is no doubt that the Conservative Government's view concerning the public sector as being costly, inefficient and wasteful, hence, in need of radical reform created a suitable atmosphere for change. In relation to reform process, the Efficiency Unit, as a reform agency, have been attached to the Prime Minister's Office and reforms ha-

ve been directed and co-ordinated from the highest level of political authority. It is obvious that strong Prime Ministerial backing helped the maintenance of the momentum of the Rayner programme and to overcome departmental resistance. The appointment of Rayner, who has a private sector background, as an adviser responsible for reform programmes in the civil service also facilitated the change process. Furthermore, in order to secure the commitment of internal departments it is essential to make arrangements that they are involved in the reform process.

As far as the issue of administrative reform in Turkey is concerned, this study suggests that the future reformers of Turkey might find useful to employ the reform strategy of the scrutinies in their effort to achieve tangible results and to break the evil's leg this time. Of course, this might be occur only when the other factors mentioned above are taken into consideration, most importantly the political commitment and stability.



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