The UK Intellectual Property Office: An exploration of change

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DECLARATION
This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

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STATEMENT 1
This thesis is the result of my own investigations, except where otherwise stated. Where correction services have been used, the extent and nature of the correction is clearly marked in a footnote(s).

Other sources are acknowledged giving explicit references. A bibliography is appended.

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DEDICATION

This thesis is dedicated to my family - Robert, Doreen and Geoffrey and to Tracy for their support and encouragement they have given me during my journey through life.

ACKNOWLEDGEMENT

This 6 year journey from registration to completion has not been carried out alone. I would therefore like to record my sincere gratitude to all the people who have helped me during this time in particular and especially, Dr Len Arthur in his role as Director of Studies and Gareth Jones who has sadly passed away and Dr Russell Smith, my supervisors for their guidance and support. My thanks especially go to Dr Len Arthur for giving me the opportunity to pursue an attractive research topic and for his valuable inputs, assistance and encouragement along the way. His brilliant contributions and effective review of the work are also highly acknowledged.

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I would also like to thank the members of the UKIPO staff who took part in the research and provided invaluable material and insight to enable me to compile and analyse the research data gained from them.

I am delighted to have completed the journey and my sincere thanks go to those who have helped me reach my destination.

I have had an inspiring time at the Cardiff School of Management Research and Enterprise department, which is mainly due to the cooperative staff and my research colleagues. I want to thank them all for every pleasant interaction and for providing immeasurable help.
ABSTRACT

The research sets out to identify factors that have brought change in the government UK Intellectual Property Office in the context of change in the public sector and Civil Service.

The research explores the historical background to public sector change over a 70 year period in terms of what, how, and why such changes have arisen and the factors that have intended to influence change. The research reviews the Civil Service from an agencification concept perspective in terms of executive agency creation, “Next Steps” agencies and determination of practice and status. The research explores the perspective of executive agencies in terms of role, model, purpose and key characteristics, management and focus, performance measurement, target setting and performance and determines characteristics of executive agencies.

The research explores the context of the UK Intellectual Property Office pre and post agency status and identifies factors related and unrelated to agency status affecting change and continuity pre and post agencification from a general, policy, performance, strategy and management perspective as well as identifying the reasons for change and continuity pre and post agency status.

The research analyses the findings in the UKIPO in relation to the historical review, agencification concept and from the UKIPO perspective research material from a general, policy, performance, strategy and management perspective. Conclusions are drawn of change and the factors of most influence affecting the agency from these perspectives over a 20 year period are set out together with the reasoning believed to be behind change and continuity.

Conclusions about the study and the general implications from the study are reported and the related factors and outside factors unrelated to agency status which have contributed to this change are shown in diagrammatical form. Ideas for the future and identification of strategic directional tools for assessing organisation capability conclude the research.
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<td>BERR</td>
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</tr>
<tr>
<td>BIS</td>
<td>Department for Business, Innovation and Skills</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CIPA</td>
<td>Chartered Institute of Patent Attorneys</td>
</tr>
<tr>
<td>CIPD</td>
<td>Chartered Institute for Personnel Development</td>
</tr>
<tr>
<td>CM</td>
<td>Command</td>
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<tr>
<td>CMND</td>
<td>Command</td>
</tr>
<tr>
<td>CTM</td>
<td>Community Trade Mark</td>
</tr>
<tr>
<td>DCSF</td>
<td>Department of Children, Schools and Families</td>
</tr>
<tr>
<td>DES</td>
<td>Department for Education and Skills</td>
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<tr>
<td>DIUS</td>
<td>Department for Innovation, Universities and Skills</td>
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<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
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<td>EPC</td>
<td>European Patent Convention</td>
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<td>EPO</td>
<td>European Patent Office</td>
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<td>FINMIS</td>
<td>Financial Information for Ministers</td>
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<td>FMI</td>
<td>Financial Management Initiative</td>
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<td>FRM</td>
<td>Financial Resource Management</td>
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<tr>
<td>HM</td>
<td>Her Majesty</td>
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<td>IIP</td>
<td>Investment in People</td>
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<td>IP</td>
<td>Intellectual Property</td>
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<td>IPR</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>KPI</td>
<td>Key Performance Indicators</td>
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<td>MINIS</td>
<td>Management Information System for Ministers</td>
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<td>MP</td>
<td>Member of Parliament</td>
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<td>NPM</td>
<td>New Public Management</td>
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<tr>
<td>NSI</td>
<td>Next Steps Initiative</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OHIM</td>
<td>Office for Harmonisation of the Internal Market</td>
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<td>OMS</td>
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<td>SABIP</td>
<td>Strategic Advisory Board for Intellectual Property</td>
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<td>Standing Advisory Committee on Intellectual Property</td>
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<tr>
<td>TQM</td>
<td>Total Quality Management</td>
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<td>UKIPO</td>
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CHAPTER 1

1.1 Introduction

Although the Civil Service and the public sector has seen changes over the last 70 or so years, not since the election of the Conservative in 1979 has the Civil Service and the public sector seen such radical changes which have been wide ranging not only in structure but in the manner of the delivery of services. These changes have intended to reflect a desire for a more accountable, managerially orientated, economic, efficient and effective way for services to be delivered to the public (Improving Management in Government: The Next Steps Agencies - presented to parliament by the Prime Minister and Minister for the Civil Service, and the Minister of State, Privy Council Office, by command of Her Majesty, CM 1261 October 1990).

From an historical viewpoint up until 1979, emphasis had been upon regulation rather than management, with less focus upon efficiency and costs of service delivery as well as less emphasis upon performance measurement and outputs. From 1979 this changed to more readily focus and place more emphasis upon performance observed and commented upon by Greer (1994).

Changes pre-1979 in the Civil Service had been developmental and incremental, but changes since 1979, it has been argued, have emanated from a radical, deliberate, focussed and directional strategy from the outset to improve performance (Horton and Farnham 1999). This means, it is contended, that as incremental stages emerged over time in terms of theme development, so mechanisms to apply and accommodate these developing themes crystallised to deliver government policy. For example, Pyper (1995) identified the themes of consumer choice and the strength of the right to manage, which was accommodated through the development of the mechanism of the Charter Mark (Cabinet Office 2004a). Flynn (1997) identified competition, which was accommodated through the mechanism of Market Testing while the issues of tighter control on spending, decentralisation and Management by Objectives were recognised by Pollitt (1990) and Theakston (1995).
The changes in the last 30 years or so paint a picture unprecedented in the previous history of public sector life which reflected a period of little change and degree of inertia, it is argued. This is shown in terms of process and how public administration was practised, where the structure of the Civil Service was unified under departmental control pre-agencification as opposed to post 1979 where the proliferation of discrete agencies emphasised an operational performance orientation and management of results with policy decision-making separately undertaken at the centre of government departments.

The changes were instigated through the implementation of the Efficiency Unit (1988) “Improving Management in Government: The Next Steps. Report to the Prime Minister”, later to be known as the Ibbs (1988) report which culminated in the creation of government agencies throughout the Civil Service.

Gains (2003) argued that the creation of agencies had been a growing feature of contemporary governance yet key questions about agency autonomy and their influence on policy making remain unanswered.

My research at the UKIPO (formerly the Patent Office) intends to throw light on change in the government department since becoming an agency and to determine the factors that have brought about such change.

The question at the outset is what has been at the heart of the fundamental changes within the public sector over time. Four factors appear to underpin change from the 1979 Thatcher and Conservative government reign and Labour government post 1997. Firstly, the managerial changes in the broader context which have been necessitated from a crisis in capitalism (Freidman 1962, O’Conner 1973, Pollitt 1990, 1993 and Pollitt and Bouckaert 2000) and a need for developmental and long term strategy for public sector working, to improve efficiency and management (Waldergrave 1994).

Secondly, “New Public Management” (Boden, Cox, Nedeva and Barker 2004, Boden, Cox and Nedeva 2006) or NPM-often interchanged with the term “new managerialism” though arguably now “dead” (Christensen and Laegreid 2007) and its incremental and pragmatic developmental approach in having to deal
with the issues arising in the newly formed agencies (Theakston 1995, Barberis 1996, Hughes 1998, Horton 1999, McLaughlin, Osborne and Ferlie 2002) with focus upon results rather than process (Cabinet Office 1994). This is because the Conservative government believed that the essence of competition, consumer choice, management which formulated in “New Public Management” was what was needed to effect improvement in public sector service which pre-1979 had not been practised.


1.2 The research

The research set out to identify the factors affecting change in the UK Intellectual Property Office (UKIPO) formerly known as ‘The Patent Office’ over the period 1988 pre-agencification to 2008 following agencification in 1990. Within this context the research sought to discover in the case study research of the UKIPO agency what, how and why change and continuity has occurred, to what extent this has happened, the rationale behind such changes and continuity and the influences that have brought this to bear. This research will then provide a picture of what key factors have affected change and where and more specifically add to the findings of other commentators.

Within the analytical framework the research aimed to identify the role policy, performance, strategy and management has played. This is within the UK Intellectual Property Office government executive agency from 1988 to 2008.
against the background of change in the public sector and Civil Service and under the agencification concept.

The research also set out to determine whether policy and operational activities have remained apart under the “Next Steps Initiative” (Ibbs 1988) and whether the trend to support business and private sector expectations (Carter and Greer 1993), Gray and Jenkins (1995) has been fulfilled. The research endeavours to determine whether the interface of work practices of the public sector and the private sector under “New Public Management” within the agency under agencification have provided for an integrated system of public service delivery performance (Hoggett 1991, Pollitt and Bouckaert 2000).

The research was undertaken through an in depth case study of the UKIPO drawing upon qualitative and quantitative material gleaned from participative observation, a focus group and interviewing process approach and from documents. Chapter 4 sets out the analytical framework and methodological approach in undertaking the research.

The research concludes with findings set out against the research questions given in the ‘Conclusions’ Chapter 9.

In order to focus the research in the UKIPO it was necessary to undertake research of the Civil Service context and public sector (Chapter 2) and that of the concept of agencification (Chapter 3) over time in order to identify the scope and analytical framework for the research. The analytical framework and research findings here would then provide the context in which meaningful research questions and findings could be determined and so draw conclusions about what changes in the UKIPO have arisen, how and why they have arisen over the 20 year period and whether any continuity has remained.

From determination of the scope and analytical framework it was possible to decide who in the UKIPO organisation it would be necessary to obtain information from, the line of research to follow, what information to get and how to analyse this information. This allowed a meaningful understanding of what, how and why changes had arisen and the continuity that remains since agency
status in the UKIPO as seen through the eyes of its employees. The analytical framework also helped to focus upon determining the best methodological approach for the research that would elicit the required information I sought in the research, since it was clear from the background research of agencification that personal views and opinions of change in the UKIPO would be needed and this would necessitate an ethnographical methodological research approach.

The Civil Service historical and agencification concept review provided the framework of change issues on which to base my research as well as the scope and focus of the research. This provided the context in which I could view the UKIPO pre and post agencification. This in turn, led to the formulation of the range of questions to which I wanted feedback. These key questions are identified below. At Appendix A these key questions are listed along with supplementary questions that emanated from these initial questions and responses from UKIPO interviewees.

The background research identified the analytical framework for research to be recognised under the headings of general, policy, performance, strategy and management which represented the overarching factors of change context. The information and formulated line of questioning under each category therefore helped to focus the research upon identifying the factors affecting change in the UKIPO and whether from the employee perspectives change was related to agency status or otherwise and what continuity remained. Subsequently, from this research the overall reasons for change and continuity were determined. From the above research data collected, analysis provided conclusions about change and continuity in the UKIPO under each categorisation and the factors of most influence in change and continuity. The research analytical framework and methodology of the research is detailed in Chapter 4. No problems were encountered in the process.

Over the last 30 years (since 1979) the Civil Service has changed radically in terms of structure, direction and focus. The changes have been unprecedented in its history post 1979 when the Conservative government took office. “Agencification”, “New Public Management” and measurement of the public
sector performance and the political influences upon the Civil Service have been dominant issues. Exploration of change research in the UKIPO over a 20 year period adds to the knowledge of change in the public sector in these respects.

1.3 The research questions

The focus and scope of researched material was the history of reported change or otherwise from 1940 to the present time that is prior to 1979 and subsequently from 1979 under agencification, its formulation, implementation and practise time period. This research consequently led to the research questions being determined and asked of UKIPO staff under specific headings concerning their experiences of change over the time period 1988 to 2008 that is pre and post agency status.

The questions were categorised under the headings stated above which were identified as the overarching factors of change in the Civil Service and public sector and under agencification. Therefore the first line of questioning of UKIPO staff was focussed upon what, how and why in their view and experiences changes have taken place post 1990 when agency status was granted to the UKIPO from these specific perspectives; namely for each categorisation:

1a. Describe what have been the Patent Office (UKIPO) factors affecting change from its pre to post agencification (corporate nature) status.

b. Explain how and why the changes have come about.

The second line of questioning then sought interviewees to:

2a. Describe what has not changed in the Patent Office (UKIPO); and to indicate:

b. What in your view was the reasoning behind change and continuity?

The third line of questioning focussed upon:
3a. What are your conclusions drawn from change?

b. What factors since agency status have had the most influence on the way the Patent Office (UKIPO) agency now operates?

Supplementary questions were asked based upon responses to the above questions. These supplementary questions were prepared in support of the main line of questioning of the 3 main research questions based upon other issues rising out of the historical Civil Service and agencification concept background research material. These questions were asked when appropriate to provide flexibility and further scope in the research material gathering (for example “What were the most challenging factors in management of the UKIPO currently under agency status compared to pre-agency status.”)

The responses to questions reflected key factors and themes that have brought change and the reasoning behind change. What became apparent from this line of questioning was that factors were identified as being related and unrelated to agency status along with continuity. The analytical conclusions reflect these findings of change together with continuity identified over the time period.

1.4 Overview

The research questions for determining what, how and why factors have influenced and brought change in the UKIPO government agency from 1988 to 2008 are based upon the research into the Civil Service and public sector context of change researched and reported in Chapter 2 over a 70 year period together with identification of those issues raised by change in the Civil Service under the agencification concept reported in Chapter 3 (objectives 1 and 2).

From this material the analytical framework was determined, the line of research questions (Appendix A) formulated and the best considered methodological research approach decided upon to collect the data (Chapter 4).

The research explores the context pre and post agency status in the UKIPO in Chapter 5 (objective 3) and reports the findings of change from the research pre and post agencification affecting the UKIPO from a related and unrelated to
agency status perspective, together with a continuity perspective under the
general, policy, performance, strategy and management perspectives in
Chapter 6 (Research Questions 1,1a and 2a and documentary evidence) and
the reasons behind such change and continuity in Chapter 7 (Research
Question 2b). Analyses and synthesis of the findings is undertaken in Chapter
8 (based upon responses to Research Questions 1a, 1b, 2a, 2b, 3a and 3b) and
finally Chapter 9 draws conclusions on the findings of the totality of the research
in particular change and continuity that has resulted over a 20 year period at the
UK Intellectual Property Office government agency. Responses to
supplementary questions are given in the body of the thesis. Where issues arise
from commentators perspectives from the historical review and agencification
concept the research material findings are paralleled against these issues.

The analysis of findings of change have been categorised into those factors
related and unrelated to agency status which became apparent during the
research together with continuity that remained over the time period. In addition
factors of most influence affecting the agency from 1988 to 2008 are identified.
These findings are grouped under the analytical framework headings of policy,
performance, strategy and management which allows conclusions to be drawn
as to the extent of change caused by these related factors to agency status and
outside factors unrelated to agency status which have contributed to this
change.

The line and type of questioning in the research for UKIPO staff is firstly from a
general and longitudinal standpoint to gain their views, experiences and
observations on what factors have brought about change, how and why change
or continuity has arisen under agency status and the “Next Steps Initiative”
(NSI). And to elicit their conclusions in respect of change and the influential
factors of change that have brought this about, aimed at producing a
management focussed, budget conscious, accountable, performance
measured, target setting and performance-related, “results” focus for the
decentralised organisation with a customer orientation (NSI) to improve
operational public sector service delivery.
Secondly, from a policy perspective for UKIPO staff to describe what factors have brought change, how and why they saw policy and practice determined pre and post agency status, its cohesiveness or separation from government policy under NSI and factors of most influence affecting policy.

Thirdly, from a performance viewpoint, for UKIPO staff to compare performance pre and post agency status and explain what factors have brought about change and how and why changes and continuity arose post agencification with reasons. Additionally, to describe key factors influencing performance.

Fourthly, from a strategic focus for UKIPO staff to compare strategy and operation pre and post agency status and indicate what factors have brought about change, how and why they came about with reasons and to identify key influences in the strategic direction for the UKIPO and the influence of the Steering UKIPO Board.

Finally, from a management perspective for UKIPO staff to indicate their view of management practice pre and post agency status the factors that have brought about change, how and why changes or continuity have occurred, the reasoning behind it and the factors that have had the most influence on management performance. Finally, what they saw as the most challenging factors facing UKIPO management. The supplementary questions when asked served to support and widen the scope of the research material in the context of change.

As an aside to the research key factors have also been identified that can potentially be used as two new dimensional strategic tools in effecting improved performance in an organisation to determine strategic direction and build a successful organisation. This underlines the known strategic decision making tools that could have been applied to provide solutions to improve Civil Service and public sector performance in government departments.

The thesis concludes with conclusions about the study, conclusions about general implications from the study and ideas and needs for the future and suggests the strategic tools be used to help effect improvement in performance in organisations.
# Chapter 2: The Civil Service - A Historical Review

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CHAPTER 2

2.1 What has happened to the Civil Service?

2.1.1 1940-1978

Why start research from the 1940s? Well commentators such as Theakston (1995) have considered that during the 1940s until and through the 1950s the functions of the Civil Service had changed from being regulative (that is, administering and ensuring compliance with statutory obligations in various industrial and commercial activities and analysing problems) to a more management orientated functional style of administration. Nonetheless, commentators perspectives at this time were also that mechanisms of change in the public sector that were considered appropriate to instigate change had hardly achieved much albeit that the structure of post war government and the Civil Service was seen to be starting to change on an incremental scale from 1945 onwards, in terms of geographical decentralisation, Theakston (1995).

In 1941/2 the Select Committee on National Expenditure (1941-2) Theakston (1995) had reported, had been critical of Civil Service management. But resistance to change throughout the 1940 and 1950 period existed with no effectual change therefore resulting.

In the 1960s the Fulton Committee (1968) was seen as a landmark in the modern history of the Civil Service and public sector management and practice. This was because it did articulate a prevailing mood and philosophy to move away from the tradition of serving the Minister to its managing departments, evaluating performance and evidence based policy options in order to improve efficiency and service delivery to the public. It reflected the mood of the times and perhaps more significantly challenged tradition as Barberis (1996) saw it and it was as much about directional changes, that is, a more “results” focus rather than “process”.

What resulted was a similar pattern of the previous two decades, with limited change in departmental management and planning practices Theakston (1995)
observed. The outcome in the 1960s reflected O’Connor’s (1973) perspectives about the crisis of the state generated by increased costs to the public purse in terms of distribution of economic wealth and welfare.

With little change of the past practice and philosophy, the mid-1970s became a crisis period. Interestingly, reported Theakston (1995) Edward Heath had introduced the use of businessmen in government, the interest in accountable management and the idea of separating policy and management functions and the setting up of agencies.

The policies and strategies of the 1960s and 1970s though different in many respects to those of the 1940s and 1950s in terms of structure and process Theakston (1995) argued had not impacted upon the economic conditions of the UK where such focus was intended. These observations had equally come from a number of sources throughout the periods namely from Balogh (1959) Chapman (1963) Rees (1963) Fabian Society (1964) Nicholson (1967) as well as Theakston (1995).

What is clear from this is that the generalist themes of efficiency and management in the 1940s and 1950s achieved little success (Theakston 1995) and likewise the 1960s and 1970s, where the themes and emphasis of change focussed upon moving away from serving the Minister to managing departments which Fulton had endeavoured to augment without success. Albeit that these themes and philosophy brought no real practical result or improvement the concepts were not forgotten and were taken forward in consecutive governments up to 1997 in the context of “Financial Management Initiatives”, (FMI) (Sharifi and Bovaird 1995) “Next Steps”(Next Steps Review 1996 Cm 3579- March 1997) “Executive Agencies” (Executive Agencies A Guide for Departments - Agencies and Public Bodies Team -Cabinet Office 2006) “Efficiency”, “New Public Management” (The Middle Aging of New Public Management: Into the Age of Paradox? Christopher Hood 2004) “The Citizen’s Charter” (The Citizen’s Charter 5 years Cm 3370-Cabinet Office1996), Privatisation” (David Walker, The Guardian, October 2001) “Accountability”
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The pressures for reform of government to meet economic financial issues identified by O’Conner (1973) and Friedman (1962) weighed heavily on the government of the 1970s, since rampant inflation, industrial disruption and poor economic performance coupled with high public spending were the matters facing the UK and pressures were increasing to address the gloomy economic picture.

As failing industry was subsidised and the public sector grew so the economic decline of “UK Limited” deepened by the mid-1970s (exacerbated for example by the oil crisis). The clear objective from this viewpoint for the Thatcher years was to initiate economic recovery (Gamble 1994). The real context of “Thatcherism” (Minogue and Biddiss 1987, Kavanagh 1987, Kavanagh and Seldon 1989) can be argued from the perspective that Britain in the 1970s had developed into a welfare state in crises because of the high expense in trying to solve social problems at the expense of private sector financing.

2.1.2 1979-1997

The onset of the “Thatcher” years (Kavanagh 1987) was significant because it brought new focus to government administration and new drivers and a government determination to provide impetus to affect the way government operated and delivered services to the public.

Over the period of the Conservative terms of office, the government appeared to have adopted an incremental, developmental and pragmatic approach in its policies to change the Civil Service and the policies developed as circumstances and opportunities allowed, Farnham and Horton (1999) reported. The ideas and values which formulated the determined decision-making policy by Margaret Thatcher to change the Civil Service focussed upon efficiency,
competition (Flynn 1997) consumer choice and the strengthening of the right to manage (Pyper 1995). These perspectives and values, formulated into what became known as “New Public Management”, were reflected upon by numerous writers (Hoggett 1991, Dunleavy and Hood 1994, Barberis 1996, Farnham and Horton 1999, Pollitt and Bouckaert 2000, Boden, Cox, Nedeva and Barker 2004, Boden, Cox and Nedeva 2006) and had their roots in the “results” ethos. The philosophy to deliver better services to the public found its trust in policies directed at tighter control on spending, decentralisation (through agency creation), private sector consultancy, management by objectives and performance-related management systems, Pollitt (1990) observed.

The combination of policies and strategies of the Conservative government under “New Public Management” led to a more robust focus on decentralisation of public sector work activities. Also, disaggregation in public service organisation and delivery; preference for short-term contract employment (Lane 2001), emphasis on cost-cutting (Theakston 1995) and a shift from policy to management (Greer 1994) with particular focus upon efficiency and service delivery costs, together with a shift from process to outputs and results.

For the 1980s criticisms were levelled at targets set in agencies with Pratten (1987) stating that no proof of agency improvements in performance was evident. Mixed views on performance improvement were in equal part made by Hyndman and Anderson (1998) and Talbot (2004).

2.1.3 1997 onwards

It is argued by Ferlie and Fitzgerald (2002) that the “New Labour” government had no desire to return to the old public sector of the 1970s but saw a need for partnership between agencies and government to prevent civic decline. Additionally, that the government saw administration efficiency as a way of “getting more for less” in terms of better value for money a key part of the Thatcher policy years.

The “Next Steps” system introduced in the late 1980s was considered a success (Chancellor of the Duchy of Lancaster 1993, 1996) both for service
users and providers and a radical change in Civil Service and public sector practice commentators Bogdanor (1992) Hennessey (1993) and Flynn (2002) reflected. With the change of government in 1997 there was a natural curiosity about whether the fundamental changes that had taken place in the way the government and the Civil Service operated would change under the new government.

In terms of agency creation, observers reported seeing little or no change occurring in public sector agency structures, in fact they reported that agencies developed their own independence through trusts status and more autonomy has allowed them to set their own framework documents for public sector administration practices with a customer focus (Ferlie and Fitzgerald 2002). The “results” focus as opposed to “process” remained. The issues and themes of accountability, economics, efficiency, effectiveness, quality and practice under “New Public Management” similarly remained.

Under “New Labour” from 1997 onwards little, it is argued, had changed from the radical changes that occurred from 1979 through to 1997 (Boyne 2001, Martin 2002). Whilst from this overview there had been significant points of continuity between the neo-liberal approach to public sector reform and that of “New Labour”, the interface between “New Public Management” and “New Labour” modernisation had not been without tensions Newman (2002) reports.

The election of a Labour Government produced a shift of public policy discourses namely focus upon joined-up government, social exclusion, evidence based policy, ‘Best Value’, interaction with managerialism, efficiency, quality and consumerism-dominant features under the Thatcher and Major administration. But the election of a Labour Government in 1997 signalled a shift in the political perspective namely towards ‘modernisation’, that is, updating services to match expectations of modern consumers (Newman 2002). Despite areas of continuity such as exercising business practices in public sector environments the emphasis under the Labour government had been to deliver longer term effectiveness rather than short term efficiency. Also, as
pointed out above, to provide the public with a choice of service delivery, which effectively endorsed the marketisation concept.

As a partial retreat from an early outcome of the modernisation agenda (privatisation and marketisation) under the conservative government reforms there was a pulling back from the competitive market approach as a solution to the problems of public service provision Boyne, Kirkpatrick and Kitchener (2001) observed.

Bovaird and Russell (2007) suggested that the aims of the reform programme of the Civil Service were only partially achieved while some step changes did indeed occur. Such central elements of reform as ‘joined-up’ working with other public organisations were still only at an initial stage some 3 years later and others—for example, business planning and performance management systems—have taken many years to achieve acceptance within the Civil Service. It appears that examples of meteoric change from their perspective are rare in the Civil Service - the reality of the changes are better characterised as ‘evolutionary’ and ‘continuous improvement’ than ‘revolutionary’ and ‘step change’.

So overall, change had been a reality for the Civil Service and not rhetoric.

2.2 How has change happened in the Civil Service?

2.2.1 1940-1978

The changes that occurred during the 1940-1978 period, or lack of them, could be argued to stem from differing political and economic perspectives and motives. In the former case, whilst the governments of their day promised better organisation it was clear no strength of political will existed to implement such changes. As Theakston (1995) observed, there was resistance to change and it was argued that to run the Civil Service like a business (Osborne and Gaebler 1992) and the introduction of business techniques to solve problems was not the answer. As a consequence of such perspectives little changed during this period of time in the Civil Service.
Also, from the economic perspective it was clear from Theakston’s (1995) viewpoint that increased bureaucracy resulted in higher public sector costs and that there needed to be emphasis on the economy rather than efficiency to redress the economic decline affecting the 1940s, observed the Select Committee on National Expenditure (1941-2) (The Political Quarterly 2005). Fiscal pressures to reform debated by Friedman (1962) O’Connor (1973) and Theakston (1995) exemplified the focus and need for change throughout the respective decades, again reflected in the continuing decline in the economy and similarly reported by Kavanagh (1987) throughout the subsequent periods from the 1940s through to the 1970s. Increases in public sector costs was seen by O’Connor (1973) as a crisis of capitalism whereas government saw the need to address increase costs as a political expediency.

What change had occurred in the 1960s had come from the Fabian critics of the Civil Service. Balogh’s (1959) criticism of the Civil Service and the Treasury was significant because of his role in the Labour opposition’s network of policy advisers. The 1964 Fabian Society group report, was particularly influential, its approach and proposals prefiguring Fulton’s four years later (Theakston 1992).

2.2.2 1979-1997

2.2.2.1 Removing familiar benchmarks of British politics

Geoffrey Smith writing in the Wall Street Journal on 13 February 1985 (Kavanagh 1987) had argued that how Mrs Thatcher had brought about the issue of change was by removing some of the familiar benchmarks of British politics based upon pressure to change. Holmes (1985) provided support for this view. Nonetheless, it was argued that the momentum of Thatcher could be seen as a failure of the past as was Britain’s decline in economic terms (Kavanagh 1987) over the 1940s-1970s.

The move to apply “Raynerism” (Metcalfe and Richards 1990) that is private sector management practices and a business style approach such as increasing cost-consciousness in the use of resources and creating flexibility for managing change, decentralization, information systems and budgets for management in
the public sector to augment reform could be argued to be representative of this removing of familiar benchmarks effect. It equally emphasised Government’s economic focus as opposed to the political emphasis to instigate change and economic recovery desired.

Kavanagh (1987) approached the issue by arguing that “Thatcherism” (Minogue and Biddiss 1987, Kavanagh 1987, Kavanagh and Seldon 1989) and the momentum for radical change in the above, monetarist context had 3 strands, first Margaret Thatcher’s style of leadership with a degree of disregard for consensus, second application of policies to produce a stronger, leaner state of government with a free economy, via a reduction in public sector financing support to industry and commerce and privatisation strategy and third the strategic dilution of trade union power. What is interesting is that all these strands whilst individualistic have a common thread, a reductionist, interventionist government concept with industry free to succeed or fall on its own ability and competitiveness. To those in the public sector the term spelt a dismantling of traditionalist processes and practices and erosion of the generalist role of government which had been in place for many years prior to 1979 that gave the UK its reputation of administrative skills in the days particularly prior to, during and after World War II.

The outcome anticipated from the Thatcher policies was that of removing regulating of business thus forcing public sector reduction (Barberis 1996) a reduction in the money supply to reduce inflation and creation of a more effective free market economy and privatisation (Kavanagh and Seldon 1989, Gamble 1994, Theakston 1995) to endeavour to effect economic prosperity for the UK and reduce the financial burden of the state (O’Conner 1973). What appears clear to have happened from information gleaned of the times during these years is that ideas and values formulated the policy choices, strategies and implementation of programmes which all four Conservative administrations followed between 1979 and 1997. Horton and Farnham (1999) describe the policies as “New Right” which incorporate macro, meso and micro objectives (Horton and Farnham 1999) addressing Britain’s economic decline (O’Conner
1973), revitalising private enterprise (Barberis 1996, Horton and Farnham 1999, McLaughlin, Osborne and Ferlie 2002) and increasing consumer choice (Pyper 1995) respectively. Arguably, the changes were piecemeal, incremental and some might argue haphazard in fashion (Theakton 1995).

In a broader sense Grant Jordan (Barberis 1996) questioned the political wisdom, logic and assumption by which “New Public Management” which he refers to as “new managerialism”, had been seen as visionary to affect efficiency, finding it deficient in practical terms, but yet had been applied in the public sector.

Consequently, the British Civil Service as a distinct institution in the public sector with familiar traditional benchmarks of process, as he saw it, no longer existed entirely in that form. This therefore has raised questions of accountability to the Crown and the economic management of public services. These issues highlighted the questionability of change that the Civil Service had undergone and reflected the opposite side of the debate over change which was intended to make the Civil Service more accountable under the “New Public Management” ethos (Boden, Cox, Nedeva and Barker 2004, Rhodes 2005, Boden, Cox and Nedeva 2006).

2.2.2.2 Changes instigated through “Executive Action” rather than by statute

The changes in the Civil Service that focussed upon management and government service delivery to the public were brought about with the publication (and subsequent implementation) in February 1988 of the Efficiency Unit “Improving Management in Government: The Next Steps, Report to the Prime Minister” (Efficiency Unit 1988), later to be known as the Ibbs (1988) report. Specifically, it identified a managerial deficit and policy for change, a need for improved service delivery and management and the setting of long term goals.

This was a key turning point in the Civil Service history because the central feature of the “Next Steps Initiative” (Efficiency Unit 1988) in the United Kingdom was the separation of policy work from operational activities, with the
latter assigned to executive agencies created within departments. These agencies were given greater managerial autonomy, but operate within published policy and resource frameworks that require explicit planning and review procedures to be followed. Next Steps agencies broad aims and objectives were specified in these frameworks, and the responsible Minister annually set performance targets for each agency to meet.

The report recognised insufficient focus on delivery of government service and a customer orientation, as opposed to policy-making and ministerial support. Shortage of management skills, a lack of long term planning, insufficient “results” focus and a Civil Service too big and diverse had indicated a policy for change. Ibbs had argued against the unified nature of the British Civil Service and the fact that unification did not produce practical advantages for government service over what a more decentralised service was believed would give (Pyper and Robins 1995). Fry (1988) concurred.

Like Fulton, the publication content sought to separate policy from administration, or management. This was to be achieved by the creation of agencies operating at arms length from the main departments. The latter would be left free to concentrate upon strategic matters.

Pollitt (1990) had seen that since the 1980s, there had been three main managerial thrusts and themes in the public services policy and strategy. First, there was that of tighter control on spending, with “cash limits” and “manpower budgets”. Second, there was a move to decentralisation (through agency creation) and third a movement towards management by objectives and performance-related management systems. These approaches saw a shift towards managerialism in the public services on the one hand and a weakening of the bureaucratic, incrementalist and particularist style of management on the other in favour of the economistic, rationalist and generic model observed by Farnham and Horton (1999) noted earlier. One might argue that this represents and can be seen as the transition from process of government administration which dominated the 1940s until the late 1970s, to a results orientation.
In the above context the “Next Steps Initiative” brought about two main strategic changes in the mechanics of how parliamentary accountability was to be executed to bring about the three main managerial thrusts and themes. Firstly, chief executives were appointed as accounting officers of decentralised government departments under agency status responsible for the operations of the agencies. This brought a financial and budgetary responsibility for them for the agency. Clear definitive roles identified Ministers and departmental accounting officers as responsible for policy issues with chief executives of agencies responsible for operations within the agency. The second strategic change was that through the publication of detailed information on agency performance in framework documents, business plans and annual reports, Parliament also had a further means of monitoring and accounting for government service performance Greer (1994) observed.

The “Next Steps Initiative” programme undoubtedly moved government activities away from a centralised, unitary Civil Service, towards an organisation containing a multiplicity of fairly discrete component parts, within which managers have significant freedom for manoeuvre. The gradual but developing delegation of managerial authority, together with the restructuring reform implemented by the “Next Steps Initiative” moulded the Civil Service into a new shape with its own distinctive characteristics Pollitt, Birchall, Putman (1998) reported. In addition, the “Next Steps” programme brought about a strategic focus upon government service delivery to the public through “New Public Management” Hood (1991a) had observed. Metcalfe and Richards (1990) equally recognised that the setting up of agencies reflected the strategic decentralised, discrete establishments focus, emanating from governmental restructuring of its departments and demonstrated government’s intentions for such establishments to act in the interests of central government in giving the public a more effective service. The question still being debated however, was has this been achieved (Pratten 1987 and Talbot 2004).

The “Next Steps Initiative” had given performance targets, standards of service and performance indicators a higher profile by linking them to the strategic
objectives of the executive agencies and raising the issue of resource implications. The “Next Steps” programme nonetheless drew criticism of its implementation, none more so than from the Civil Service unions who saw it as a move to break up the Civil Service (Christie 1994) and privatisation (Greenwood, Pyper and Wilson 1993) of Civil Service jobs and activities.

Davies and Willman (1991) reported that the view of some commentators on “Next Steps” and the framework of agencies and their practice was inconsistent and without pattern. This was a view held by the Treasury and Civil Service Committee 1988 Evidence Q 14, (Treasury and Civil Service Committee 1988 Eighth Report 1987-88, HC 494) albeit that the agencies do work individually within framework documents agreed by parent departments.

So overall, the change that was instigated by the “Next Steps Initiative” could be argued to not be uniform in its implementation and practice (Barberis 1996). Theakston (1995) argues that there was no blueprint or coherent strategy regarding the Civil Service reshaping in 1979. The process of change happened piecemeal in an incremental and haphazard fashion (Theakston 1995). The policy/management line was often blurred and so differences arose in strategic management and vision and numerous other directional policies Greer (1996) observed.

The view from observers that “Next Steps” changes were pushed through by executive action rather than by statute and with little in the way of parliamentary debate would seem to provide grounds for this view. Legislation to permit the creation of new Trading Funds was the exception.

It was also argued that the “Next Steps” project had been launched by a government that believed that the administration of government could be restructured without tackling its theoretical basis, through legislation (Davies and Willman 1991).

However, legislation in the form of the Civil Service (Management Functions) Act of 1992 (Office of Public Sector Information (OPSI) 2008) did provide clear evidence of the move out of the traditional and constitutional role of a unitary
body towards a federal model. This Act empowered the Treasury and the Office of Public Service and Science to delegate the management functions which they exercised to other servants of the Crown.

2.2.2.3 Focus upon “Results” instead of “Process”

The themes which emerged from the work of the Efficiency Unit (1988) under the Ibbs Report as seen by Metcalfe and Richards (1990) and Pollitt (1990) which formed the process and development of government reform arguably concentrated emphasis upon an overarching outcome of “results” rather than “process”.

In essence up to the 1980s the freedom of an individual manager to manage effectively and responsibly in the Civil Service and the public sector at local level was severely circumscribed. Areas in recruitment, dismissal, choice of staff, promotion, pay, hours of work, accommodation, etc remained outside the control of most Civil Service and public sector managers at grass roots level. This was because the main decisions on these matters and on rules and regulations were taken by the centre of the Civil Service Barberis (1996) observed. The “Next Steps Initiative” brought these decisions to a local level.

The development of management systems around the early 1980s forced management to define the results they wished to achieve. The freedom to manage was at the heart of such change in order to better the service (Efficiency Unit 1988). The influence of Sir Derek Rayner appointed as advisor on efficiency to the Prime Minister and an advocate of instigating “business orientation” albeit controversially (O’Toole 1994, Cope 1999) into government work environments played a part in promulgating such management reform and a controversial “results” rather than a “process” focus into government service delivery (Barberis 1996).

The “Next Steps” programme provided the impetus and restructuring concept to take place by creating agencies focussed upon specific service delivery (Theakston 1995) and be more responsive to the public it served. But the “Next Steps” programme also, it can be argued, had a more deep-rooted purpose,
one of which was the greater influence and introduction of private sector practices in public sector work environments.

2.2.2.4 Public versus private sector management

Mueller (1976) argued that private and public choice are interdependent elements of a total process not alternatives and that mix of public and private sector practices should be applied.

Tomkins (1987) contended that when it comes to establishing a dividing line between the public and private sector, the distinction is blurred. Tomkins believed that where there are no social issues and no specific needs to be protected, and ability to pay for the organisation's goods and services is seen as a fair mechanism for distributing purposes, fully private organisations are appropriate providers.

Until 1979 there was no publication of performance measures against which the public sector measured itself against past performance. The onset of the Citizen's Charter (Prime Minister 1991-Cm 1599) and the requirement to adapt such practices certainly had business style connotations where performance was assessed against previous years' performance. The outcome gave a new impetus to a results focus not seen before.

From an analytical perspective there would seem on the one hand to be views of commentators arguing the benefits of business management practice applied in the public sector, others argued against them and some supporting partial inclusion but balanced with known public sector successes.

2.2.2.5 Structuring and policy based upon political consensus

Osborne and Gaebler (1992) in their critique of the emerging policies and strategies in the context of structure and policy making, considered that government being “run like a business” was misconceived. They argued that government and business are fundamentally different institutions. Their respective focuses are profit and re-election. These differences have underlying elements of each perspective Osborne and Gaebler (1992) argued and hence,
in their view added up to one conclusion that government could not be run like a business.

Nonetheless, they saw similarities which can underlie success for any institutional organisation. Osborne and Gaebler (1992) conceded that government could be more “entrepreneurial” in their approach. In consideration of common threads they saw competition, empowerment of citizens, measurement of inputs and outcomes, focus upon “missions”, “customer focus”, anticipation of problems, generation of income for profit, decentralisation of authority, operation under market conditions and catalysing of public, private and voluntary sectors as means of solving community problems. For them, the emergence of a more entrepreneurial government was reflective in the strategies associated with these principles. The question here then from commentators was whether such policies, strategies and structural reform have, in the context of “New Public Management” application, been successful to produce a more responsive, efficient and accountable, government service for the public, the essence of the radical changes that have come about since 1979 under successive Conservative and Labour governments.

2.2.3 1997 onwards

Under “New Labour” from 1997 on, the modernisation of public management focussed upon markets, bureaucracy and networks, a return to planning and an evaluation of “what works” (Boyne 2001) and far from departing from the past perceived Conservative led reforms of the public service, the Blair government continued to develop within a discourse, familiar with “New Public Management”, rather than departing from it Horton and Farnham (1999) argue and the Brown government has continued in the same way. At these times there has been more emphasis on the importance of setting standards, measuring performance against benchmarks and acting to eliminate poor performance. In the late 1990s there was greater emphasis on control, operational rather than structural-which reflected the new public management movement. This approach has a parallel with views expressed by Ouchi (1979) who has observed the nature of public sector practice in this context, pre the
new management movement of the 1980s. The late 1990s also saw a strong emphasis on competition to ensure improved performance and the meeting of targets. Equally, there has been more emphasis on public/private sector partnerships and defined sets of outputs under the Labour government’s “modernising government” strategy (Cabinet Office, Cmnd 4310, 1999).

In a critique of the “New Public Management” policy and practice Osborne and McLaughlin (2002) suggested that the view of “New Public Management” was still too narrow under “New Labour”. However, what is interesting is that European countries of the Netherlands, France, Germany, Switzerland and Spain have all adopted a new public management strategy for differing practical demand reasons (Schedler and Proeller 2002).

2.3 Why has change happened in the Civil Service?

2.3.1 Political

In political terms the momentum had appeared to emanate from an anti-Civil Service bias; an anti-establishment figure considering that institutions had ‘failed’ Britain (Theakston 1995).

The arguments for change over time can be placed in three camps, politics, administration and economics. From a political perspective the arguments for change in the Civil Service and public sector have stemmed from the Fabian Group Report of 1947 and subsequently the Fulton Committee of 1968 (Fulton 1968-Cmnd 3638) who saw a need for the separation of policy and management. Many observers such as Theakston (1995) saw such change evolve on an incremental scale rather than through a deliberate change.

Indeed Flynn (1994) argues that most of the ideas of increased accountability, performance management and measurement, delegated authority etc were expressed long before the Conservative reforms were implemented. The Fulton report (1968) contained most of the themes, but they were not previously implemented because of a combination of lack of political will and resistance by the Civil Service. Pyper (1995) substantiates Flynn’s claims arguing also that
modest organisational change has been a recurring theme in the modern history of the Civil Service. He contends that the pace and nature of change and the themes of change in terms of structure of the Civil Service and its management reform can be traced back to the 1960s and 1970s. Indeed, the Plowden Report (1961) signalled the beginnings of a new managerial agenda.


The “archetype” “New Public Management” reforms during the 1979 and 1997 period were embedded into public sector practices over this time and have now been accepted and taken as granted status. The nature of state policy under the “New Labour” approach from 1997 can best be viewed from their “political ideology perspective”; “formal policy discussions” and “management change practices and beliefs” Horton and Farnham (1999) contended in a critique of the governmental administrative changes.

The policies, strategies and mechanisms under “New Public Management” have widened and developed in the 1990s and into the new millennium to encapsulate the movements and instigation of the “Citizen’s Charter” (Cabinet
Office White Paper July 1991 Cmnd 1599) and “Best Value” (Martin 2002) programmes.

The change in government in 1997 from “Conservative” to “New Labour” saw little change in the political agendas. Indeed the “New Public Management” model is believed to have not been compromised but developed under the logic and direction first conceived Ferlie and Fitzgerald (2002) argued.

2.3.2 Administrative

From an Administrative perspective change was seen by Greer (1994) in terms of process versus results, traditionalists versus reformers from a Fabian Group Report (1947) and Fulton Committee (1968) (Fulton 1968) perspective, additionally from a horizontal versus vertical structure viewpoint (Fulton 1968) matched with Civil Service accountability to Ministers and the public (Fulton 1968). The Civil Service (Management Functions) Act 1992 (OPSI 2008) facilitated greater delegation of personnel functions to departments and agencies Theakston (1995) believed and so facilitated the means of providing autonomous decision making rather than hitherto which had been from the department centre.

Change in administration practice resulting from decentralisation was seen as the methodology to provide a better government service delivery to customers and application through “New Public Management” (Hoggett 1991, Hood 1991b) was believed would provide the focus for better performance-related management (Pollitt 1990) and the shift from policy to management (Greer 1994).

2.3.3 Economic

countries and so pressure governments to implement change to reverse the economic decline.

From an economic perspective, Theakston (1995) contended that the government machine continued to expand increasing public sector expenditure thus securing employment. Consequently, the issues of improving efficiency and financial economies were hotly debated in the 1940s and 1950s against the backdrop of The Select Committee on National Expenditure (1941-2) strongly criticising the management of the Civil Service and government administration for its emphasis upon giving priority to economy rather than efficiency - the crisis of 1947- coal and then sterling convertibility and in 1949 - devaluation of the pound he argued.

O’Conner (1973) in a critique of the American fiscal state (which had parallels in the UK) had identified the economic financial issues that bring pressure for reform. He considered therefore that increased bureaucracy reduced resources available for such social and welfare benefit. Nevertheless though, he believed that the growth of the public sector was seen as indispensable to the expansion of the private sector. Friedman (1962) concurs with O’Conner in many respects but also believed that an increase in public sector size reduces potential for greater private sector expansion and increased productivity.

These two perspectives parallel and highlight the dilemma of reform strategy in any developed economy. O’Conner (1973) can be seen to argue that the fiscal crisis of the capitalist state is the inevitable consequences of the structural gap between state enterprise and revenues which needs to be addressed. The policies failed to address the pragmatic themed approaches of management orientation to effect efficiency and economic upturn which commentators believed necessary to reverse the poor economic performance of the UK which Friedman (1962), O’Connor (1973) and Theakston (1995) had observed and reflected upon.

The pressures for reform of government to meet economic financial issues identified by O’Conner (1973) and Friedman (1962) added to the pressure on
government of the 1970s, to address the gloomy economic picture. There were pressures and tensions within government in terms of trying to balance the role of the state in funding economy revival and that of providing for the private sector to take on more of the role through taking on some public sector functions. This decision making was very much endeavouring to balance the political will of government with that of addressing the economic problems seen to be a symptom of the high cost of public sector expenditure (O’Conner 1973).

What is interesting though is that under pressure to reverse the economic decline of the 1960s the Treasury had separated the responsibilities of economic and financial matters from those of Civil Service management. This focus reflected in essence the fundamental purpose of agencies, to manage operational activities at arms length from government policy.

The causes of change from institutional arrangements to agency status argued by Gains (1999) came in response to both exogenous and endogenous factors. The exogenous factors included the economic and ideological pressure for change stemming from the new right thinking and technical change. Endogenous change pressures came from the political and managerial critiques of the ‘Whitehall’ model (Foster and Plowden 1996). Gains contended that the introduction of a policy operational split, formalised organisationally and supported by changed accountability, financial and personnel arrangements, had led to a change in the formal and informal institutional arrangements and that those arrangements reflect path dependency in their development.

It was argued by many that the development of agencies and the criteria adopted within them, in terms of aims and objectives would provide improvements in economy, efficiency and effectiveness (James 2001a). Indeed this appears from the historical review to have been at the basis of the instigation of the agency concept, albeit that in this review there has been contradiction as to the results reflecting such improvement since agencification (Hyndman and Anderson 1998, James 2001b, Talbot 2004) in terms of outcomes.
From 1997 under “New Labour” the elements of competition, quality improvement and charter standards remained dominant themes within the “New Public Management” movement. First, competition between providers was focussed around competing for centrally allocated funds (Department of Health 2000). Second, improvements in the quality of public services were expected to be achieved by competition between providers in the form of league tables and the publication of comparative performance data. Third, the publication of reports in Annual Reports of agencies of performance against charter standards, for example, The Patent Office; (an Executive Agency of the Department of Trade and Industry) (2002) and finally the move to assess performance by external inspection, for example, a quinquennial review of agencies (Cabinet Office 2003) were expected to generate a focus for improved performance year on year in respective agencies. These themes and drivers for change reflected an economic focus to reduce overall government spend on public sector administration and dovetail with government policy.

2.4. The themes that have influenced change from 1979 onward in the Civil Service

2.4.1 Financial Management Initiative (FMI)

During the 1980s, Michael Heseltine at the Department of Environment introduced a packaged Management Information System for Ministers (MINIS) (Metcalfe and Richards 1990, Boden, Cox, Nedeva and Barker 2004) by which he could monitor activities in the Department. More wide-ranging was the introduction of the Financial Management Initiative (FMI) in 1982 (Metcalfe and Richards 1990, Boden, Cox, Nedeva, Barker 2004). Here individuals were responsible for “cost centres” and working to pre-determined targets or objectives with performance measured against such targets including set budgets etc. FMI represented the accountability policy to monitor costs.

But Gray and Jenkins (1986) described FMI policy as ‘a general approach’ rather than a ‘single strategy’. Insufficient resources/incentives to manage resources effectively Greenwood, Pyper and Wilson (1990) argued resulted in
ineffective application and no cost monitoring was in effect manageable under the system.

Consequently, over time evaluation of FMI showed that although a number of incentives had been applied in varying degrees, clearly, application of FMI was inconsistent and without continuity. Consequently, disappointment (Pyper and Robins 1995) in its slow progress to produce results led to dissolution with FMI and a refocus upon efficiency and scrutiny under the Ibbs Report or “Next Steps” Report (Efficiency Unit 1988) which it was believed would provide the monitoring of resources and performance desired. This report would therefore provide the themed impetus for what was required and the inception of “Next Steps Agencies”.

2.4.2 “Next Steps Initiative”

The “Next Steps Report” 1998 presented to Parliament (Minister for the Cabinet of Her Majesty 1999 Cm 4273) reported that the creation of executive agencies was part of a movement towards “New Public Management”. This stressed the strategic management direction for clearly defined tasks and targets, personal responsibility for achievement and much greater freedom to find the best means of service delivery leading to better use of scarce resources and much better user-orientation and service quality.

The White Paper on Modernising Government published in the spring of 1999 (Cabinet Office 1999-Cm 4310), highlighted the relevance of making government more effective and more convenient for the citizen to acquire its services. It built upon the “Next Steps Initiative”. From a strategic management perspective this meant for agencies to be:

- More strategic in its policy making - to look at long term problems rather than short term crises and to develop policies that look at the whole problem rather than just individual symptoms
- Provide joined up delivery - that is organising around the individuals’ needs and not administrative government
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- Provide information - age government - exploiting the opportunities of IT to improve the convenience, efficiency and quality of service
- Empower Civil Servants – to ensure that public service is once again valued and to allow those at the front line of service delivery to exercise initiative

(Source: The Next Steps Report 1998 (presented to Parliament by the Minister for the Cabinet of Her Majesty March 1999 Cm 4273))

Talbot (2004) in his article in Public Money and Management (April 2004) considered that the “Next Steps” report on executive agencies had concentrated upon delivery and better management of services from a strategic and policy management perspective. He noted that a series of “Next Steps” related articles had commented upon the need for, or made suggestions about improving strategic management between departments and the centre (Fraser 1991, Prime Minister and Minister for the Civil Service 1994, 1995, Trosa 1994, Office of Public Service and Science 1994, Next Steps Team 1995).

Talbot concluded that in terms of improved management in government agencies the answer was yes and no. Agencies he believed had improved the management of the functions that the agencies perform. However internal reports highlighted failure of parent departments to adapt strategic management of agencies (Fraser 1991, Prime Minister and Minister for the Civil Service 1994, 1995, Trosa 1994, Office of Public Service and Science 1994, Next Steps Team 1995, Alexander and Agency Policy Review Team 2002).

The extent that agency status has affected strategic management in the public sector is endorsed by the now publicly available budget and financial data produced in agency reports and accounts, future goals, performance achievements and customer satisfaction data as well as plans culminating in aims and objectives for the agency identified in Framework Documents and Corporate Plans for agencies. This availability of information and focus for agencies could be argued to be the quintessence of organisations in the current model of agency practice. Following Bozeman and Straussman (1990) concept
that strategy involves dealing with the external environment and the broad missions and goals of organisations with features representing defining goals and objectives, developing an action plan that mediates between the organisation and the environment and designing effective methods of implementation, one could argue that agency strategic management reflects the extent to which public sector practice has affected organisation focus.

It also parallels the views of Graham (1982) who considers that strategy involves establishing objectives and priorities for the organisation and also devising operational plans to achieve these objectives.

Whilst Nutt and Backoff (1992) set out 6 points for a strategic management plan which equates favourably with agency strategic management evidenced by its corporate plan content etc what is interesting is that Bozeman and Straussman (1990) argue that strategic management involves a strategic management group such as 5-10 managers including the Chief Executive Officer plus managers from levels below top management who are closer to operations.

Nutt and Backoff similarly refer to the strategic management group in an organisation representing people who represent interests and power centres, internal and external to the organisation which becomes the key source of ideas about change.

Public sector agencies operate with a “Steering Board”, “Management Board” and a “Senior Management Team” (replaced in 2008 by a Leadership Conference” focus for example in the UKIPO) and so parallel this perspective and theme. Hence the extent to which agency status has affected strategic management in the public sector reflects in these factors hitherto not operational in the same manner pre-agencification days.

2.4.3 Executive agencies

The introduction of “Next Steps” agencies, emanating from the Efficiency Unit (1991) team recommendations Theakston (1995) reflected, raised familiar administration dilemmas and problems: the absence of a clear cut distinction
between the themes of “policy” and “operation” and “accountability” and “autonomy”.

The July 1994 White paper (Cabinet Office 1994 Cm 2627) set out the government’s policy aim to remove layers of management and reduce the size of the Civil Service. The White paper outlined details of restructuring of the Treasury and more delegation to departments, such that the Treasury would play a more strategic role, setting the framework and the objectives of agency business. With the Civil Service Management Functions Act passed in 1992 to facilitate greater delegation of personnel management functions to departments and agencies, opening the way for a redefinition of the managerial role of the centre of Whitehall, the status of the agency and the “Next Steps” project had now been acknowledged and accepted by Treasury (Theakston 1995). Agency Chief Executive Officers were provided with delegated financial authority more extensive than hitherto and so provided the autonomy for agencies to perform personnel management functions for example. The Trading Fund status granted to some agencies extended that autonomy.

In essence the creation of executive agencies were intended to provide for a more focused operation towards the public service delivery, with emphasis upon management of performance, so producing a better performance of tasks and results for the public with continuous improvement in value for money.

2.4.4 Decentralisation

It was argued by Pollitt, Birchall and Putman (1998) that in the context of decentralisation, management could be more responsive in public service delivery and attuned to individual needs. By the same token efficiency (a main theme of the 1979-1997 Conservative government) would be enhanced. In turn this would make politicians more responsive and accountable to the people—an issue which was strongly argued in terms of Ministers being viewed as more accountable to Parliament than to the public they served.

What is interesting in the restructuring of government with the creation of government agencies under the “Next Steps Initiative” is that the
decentralisation of government activities focuses attention towards management of government service delivery to meet demands. It connects the Fulton ethos of letting managers manage.

Pollitt, Birchall and Putman (1998) considered that decentralisation was at the heart of theories of public management policy which allowed for speedier and more responsiveness to the public. In a two year fieldwork research programme in 12 British public sector organisations in and around the time of the election of “New Labour” in 1997, they concluded that whilst new organisational formats were taking place, individuals within the organisations were able to minimise the effect upon their every day practices. Autonomy in created new entities was still tempered with a degree of central government monitoring and regulation. There was, however, no doubt that emphasis upon efficiency and cost consciousness were tangible benefits that accompanied the process of decentralisation in their view.

2.4.5 “New Public Management”


Hughes uses “New Public Management” and “managerialism” interchangeably, although he acknowledges that “managerialism” does tend to be used as a pejorative by other writers. “New Public Management” also contrasts with the earlier American usage of “public management” which sometimes sees it as a technical subfield of public administration.

I will adopt the new managerial approach language of “New Public Management” (NPM).

The various names for “NPM” reflect differing views of what is occurring, but they do have some points in common. Firstly, whatever the model is called, it represents a major shift from traditional public administration with greater attention paid to achievement of “results” and the personal responsibility of managers. Secondly Hughes (1998) argues that there is an expressed intention to move away from classic bureaucracy to make organisations, personnel and employment terms and conditions more flexible. Thirdly, organisational and personal objectives are set clearly and this enables measurement of their achievement through performance indicators. Driving these are the economy, efficiency and effectiveness (Pollitt 1990). Fourthly, senior staff members are more likely to be politically committed to the government. Fifthly, government functions are more likely to face market tests, such as contracting out. Sixthly, there is also a trend towards reducing government functions through privatisation and other forms of market testing and contracting. All these points are linked in that once the focus changes from process to results each successive step seems necessary.

Hughes (1998) contends that a new model of public management has effectively supplemented the traditional model of public administration and that the public sector in the future will inevitably be managerial in nature, this is both in theory and practice.

From Hughes (1998) perspective the advent of “New Public Management” or “managerialism”, as he prefers to interchange the terms, makes a shift from the earlier reforms. He argues it is clearer in theory and programme details.
The “New Public Management” approach (Hood 1991a) had wider implications for the Civil Service. Firstly, recruitment for staff in agencies was now done from 1991 in a decentralised manner, that is, on a local recruitment basis. Secondly, that there was now no immediate and recognisable sense of unity in the Civil Service, given that many Civil Servants were in agencies or organisations working on the “Next Steps” principles and that now McLaughlin, Osborne and Ferlie 2002 argued public servants had a feeling of allegiance and identity with such establishments rather than as a Civil Servant. There was also a more business-like approach that Gamble (1994) recognised in the manner that activities were carried out.

The introduction of “New Public Management” brought about a new impetus in management style with focus upon customer needs and standards (Frank Stacey Memorial Lecture, September 1992). Autonomy in government agencies over local recruitment, pay and administration practice fragmented the Civil Service practices and produced disunity amongst Civil Servants in general and individual allegiance to work sectors such as agencies (Osborne and McLaughlin 2002) in which Civil Servants were now employed. “New Public Management” therefore became synonymous with the aims of better performance under the economy, efficiency and effectiveness (Treasury and Civil Service Committee 1989 and 1990) themes of government policy, Greer (1994) observed, which was in parallel with performance-related management, Pollitt (1990) contended. This contrasted with the approach from 1997 onwards where rational planning took more of a centre stage Boyne (2001) argued in effecting performance.

In essence the features of the “New Public Management” policy and practice perspectives in the UK now sharply focussed upon:

- a shift to disaggregation in public service organisation
- a preference for limited term contract employment, wholly monetised incentives
- a divorce of provision from production (or delivery) in public service
- an emphasis on cost cutting
• a shift from policy to management and right to manage with focus on efficiency and costs of service delivery; and a shift from process to outputs

observed Greer (1994).

From Metcalfe and Richards (1990) perspective “new managerialism” as they term “New Public Management”, has confined management to the reduction of costs, the provision of economy and perhaps operational efficiency, but does nothing in terms of promoting effectiveness which government between 1979 and 1997 championed.

Hood (1991a) saw the reasons for “New Public Management” being introduced as 4 fold, ‘a whim of fashion’, ‘a rebirth of managerial administration practice’ ‘an attraction of opposites’ and finally ‘as a response to a set of special social conditions’. Hughes (1998) believed the reasons were that the old traditional model of administration did not work. Both Hughes (1998) and Hood (1991b) put forward elements which define the managerial programme distinguished from traditional administration.

Wise (2002) argued that the “New Public Management” framework had drawn on several different intellectual traditions and that no consensus on the meaning of the construction can be claimed. The problem is that opponents to “New Public Management” consider that it breaks from traditional principles of democracy government (Stark 2002).

Clearly, there has been an intentional move away from the traditional administrative practice and focus upon a managerial practice to achieve results reported by these writers and commentators. The reality is evidenced in the features of corporate plans, framework documents, annual reports and accounts published by agencies not hitherto available pre-agencification.

Farnham and Horton (1999) saw the emphasis in the public sector as politically driven culminating in tighter control of spending involving cash limits and manpower budgets, a move to decentralise managerial responsibilities and focus upon management by objectives and performance management systems,
including performance indicators and merit pay, all of which are practical under the agencification banner. The importance paid to economy, efficiency and effectiveness endorsed this move (Farnham and Horton 1999, Boden, Cox, Nedeva and Barker 2004). The fact is that agencification and “New Public Management” and more managerialism direction and practice in terms of objectives, plans, performance indicators and quality standards, customer awareness and client orientation underlined the shift from traditional administration to a more managerially minded state. Consequently, this approach evidences change and is a reality albeit that there is debate as to the degree of change in terms of performance given the question of ability to measure performance and unity in defining/interpreting “New Public Management” and managerialism terms and in determining the changes and focus that have affected the public sector remarked upon by different commentators (Hughes 1998, Horton and Farnham 1999).

There is a parallel between “New Public Management” and “new managerialism” whichever terminology is used, in that both focus upon management (Hughes 1998, Osborne and McLaughlin 2002) as opposed to administration to achieve results which represents the change. But as Newman (2002) argues there are also significant points of continuity however between the neo-liberal approach to public sector reform and that of “New Labour” despite some differences of language and practice (Hughes and Newman 1999, Newman 2002).

The relationship and coherence in “New Public Management” and managerialism in terms of unity Pollitt (1993) contends are linked through target-setting, performance indicators, various forms of budgeting, staff appraisal and merit pay - co-joined through tightly focused financially disciplined performance conscious management. These factors are a step away from the traditional administrative approaches, pre-agencification and 1979, evidenced by writers on the pre-1979 Conservative government era to 1997 (Greer 1994, Theakston 1995, Barberis 1996, Horton and Farnham 1999).

According to some Organisation for Economic Co-operation Development (OECD) studies in 1990, 1993, 1995 and 1997-Public Management Development Surveys (OECD Paris) the “New Public Management” (NPM) constituted a unified, consistent and coherent set of business-like or neo-management practices (Martin 2002). Promoted by fiscal crises and the resulting search for “cost effectiveness” or “value for money”, the “NPM” movement was seen as having increasingly dominated governance and public service delivery in most western democracies; albeit, its emphasis and rationale on “steering and control”; “responsibility for service delivery”, devoted to front-line staff, who were monitored and “accountability”, was contested by a number of commentators, their seeing that there was no recognised single model of “New Public Management” (Kikert 1999).

2.4.6 Efficiency

Both the Treasury and the Audit Commission had encouraged the achievement of efficiency together with economy and effectiveness improvement (Flynn 1997). Barzelay (1992) argued that the emphasis on measuring and improving efficiency was a mistake. Since public service was not easily measured, no real meaning could be gained from its results. The definition and measurement of outputs was therefore seen as problematic in terms of demonstrating whether reduced budgets equalled reduced output or productivity. Flynn (1997) concurred.
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There is no doubt that greater efficiency in public sector life was a key policy theme of the Conservative government throughout its terms Pollitt, Birchall, Putman (1998) reported. But observers such as Elisabeth Mellon (CIPFA 1994) in the context of the “New Public Management” (NPM) have raised issues of whether NPM is more concerned with whether managers are free to manage in order to increase efficiency or that NPM provides for institutional economies which offers customer choice.

Hyndman and Anderson (1998) argued whether an organisation in terms of the usual production model constituting inputs, outputs and results, performance can be judged in terms of efficiency and effectiveness (Treasury and Civil Service Committee 1989 and 1990). The difficulties are highlighted in a study by Hyndman and Anderson (1998) where it was concluded that whilst sets of annual reports from agencies were scrutinised and that many studies of performance in the public sector concluded that efficiency and effectiveness were the two main criteria for judging performance, these reports reported little or no information on efficiency and effectiveness and the various component parts of performance (that is inputs, outputs, results).

Paul du Gay (2006) has argued that for much of the last 30 years the main leitmotif animating Civil Service reform in the UK has been that efficiency and effectiveness in public services can be achieved by adapting management methods and practices derived from commercial enterprise.

2.4.7 Accountability

Linked to the decentralisation theme under the “Next Steps Initiative” and performance is that of accountability recognised by many commentators such as Pollitt, Birchall and Putman (1998) Boden, Cox, Nedeva and Barker (2004) Boden, Cox and Nedeva (2006). In effect it is the reverse of decentralisation Pollitt, Birchall and Putman (1998) argue. Therefore the question that was raised was what kind of accountability did decentralised powers provide and to whom. The answer would appear to be either political accountability, administrative or management accountability Day and Klein (1987) contend.
Management or administrative accountability was viewed as slightly more precise and prevalent since the “Next Steps Initiative”. It concerns the success or otherwise of managers in achieving targets or standards set within agreed resource limitations and time constraints. The criticism levelled at many of the public management reforms of 1987-1997 was that extensive powers had been decentralised to managerially run organisations but managers of these were not subsequently held accountable in sufficiently clear ways Stewart (1994) and Waldergrave (1994) believed.

The two main changes to the mechanics of Parliamentary accountability appear to have strengthened the accounting responsibilities of Parliament. For example, some of the changes in practice reflected a “business” type and commercial accounting system. These changes and argument brought a sharper focus upon private sector practice in public sector work environments both the Cabinet Office (1994) from an insider perspective and Pyper (1995) an external observer contended.

The fundamental spirit of the Citizen’s Charter and its policies did appear to represent an assertion of the answerability and accountability of Civil Servants and public sector workers to the public, a commitment to constant internal scrutiny of standards of service provision within government departments and agencies and a willingness on the part of the official machine to be exposed to a wider more public scrutiny and customer focussed set of activities the Cabinet Office (2004a) contended.

2.4.8 The “Citizen’s Charter”

The Thatcher years from 1979 onwards very much had a “results” orientation focus as opposed to “process”. The Cabinet Office in the White Paper issued in July 1991 (Prime Minister 1991 Cm 1599) (reiterated in “The “Citizen’s Charter” Second Report: 1994: Cmnd 2540) drew attention to the government’s policy of delivering high quality of public services and the need to increase both choice and competition, not least to develop other ways of ensuring good standards of service. The “Citizen’s Charter” and its principles sought to achieve the quality
performance aims and was at the heart of government policy in the 1990s, a central theme Barberis (1996) contended. The “Citizen Charter” was therefore seen as placing choice in the hands of the customer to provide a results orientated environment where performance was measured and rewarded in the provider organisation through performance pay for results. This approach underlines the radical change to Civil Service policy and practice of the past and highlighted the fundamental change to terms and conditions under which Civil Servants and public sector workers had traditionally worked (Public Finance Foundation 1994).

The charter aimed to raise quality, increase choice, secure better value and extend accountability. This claim led to criticisms of the absence of any commitment in it to the freedom of information legislation Farnham (1994) and Theakston (1995) reflected. Nonetheless, the focus of quality service for the customer, budgetary limits and accountability observed by Greer (1994) Kirkpatrick and Lucio (1995) remained high profile. The “Citizen’s Charter” launched in 1991, empowered customers to pressure for higher standards and results and provide choice and competition (Patten 1993).

2.4.9 “Best Value”

One of the aims of Civil Service reform and public sector accountability under the “NPM” movement was to provide a “value for money” as well as “Best Value” (Martin 2002) service in the public sector. This concept was developed under the “New Labour” idea of “Better Government” policy following their election in 1997 and built upon more efficiency of public sector service and improved quality of service initiatives of the previous government Horton (1999) observed.

The “Best Value” concept emphasised at least four of the key features of the “New Public Management” movement highlighted by Pollitt (1995); namely cost-cutting, market mechanisms, performance management/management by objectives and raising the quality of services.
Far from sweeping away previous reforms, the “Best Value” regime has sought to build incrementally upon those reforms, expanding the role of the market, accountability to tax payers and service users and encouraging a more performance-orientated culture Martin (2002) argued.

2.5 Summary

Distilling the research material emanating from the historical account of the Civil Service from 1940 to 1979 identifies key factors, issues and concepts arising from this historical focus of the Civil Service. Firstly, that whilst the desire for change in the public sector had been sought up to 1979 to improve its performance in delivering services to the public, what happened was very little to break the mould of public sector process as a result of a lack of determined political will and resistance from the Civil Service steeped in tradition. Also, that what little change did occur had virtually no impact upon economic conditions of the day which change had intended to improve upon.

Secondly, that from 1979 onwards the political will to change the Civil Service traditions and the determination to break the Civil Service resistant to change emerged under the Conservative Thatcher government.

Thirdly, that the drivers for change emanated from this political will for change and was initiated through the “Next Steps Initiative” (Ibbs 1988) whose emphasis was upon efficiency and effectiveness (Treasury and Civil Service Committee 1989 and 1990) reiterated and interpreted by Pollitt, Birchall and Putman (1998) and Barzelay (1992) competition (Flynn 1997) consumer choice (Pyper 1995) and management and strategic focus (Hoggett 1991 and Barberis 1996) respectively, to produce improved performance in government departments decentralised through establishment of executive agencies. These drivers of change formulated into what became known as “New Public Management” practice with a “results” ethos and culminated in key components of “New Public Management” being applied through accountability, performance-related management, measurement of performance, targets and quality outputs in such agencies which are hallmarks of private sector and
business practices. From 1997 onwards the newly elected Labour government continued to support these practices and so endorsed the “New Public Management” concept (Boden, Cox, Nedeva and Barker 2004).

Fourthly, that the reasons why change has happened are contentious with arguments ranging from political, administrative and economic perspectives but the essence of change stemmed from the belief that the government public service delivery was underperforming and that this had to change and could be done through the themes identified in the Ibbs Report that is “Next steps Initiative”, Executive Agencies, “New Public Management” practices.

Fifthly, that the “Next Steps Initiative” themes effectively separated policy from operation to handle public service delivery in the decentralised created government executive agencies operating in the context of “New Public Management” practices within identifiable frameworks and a results ethos through an efficiency, accountability, customer and best value orientated focus.

These issues reflected a policy, performance, strategy and management focus for change.

The drivers of change in these respects reflected the government’s reform programme underpinned by the Prime Minister’s four principles of public sector reform which were set out as follows:

- a national framework of standards and accountability
- devolve more local power to the frontline to deliver those high standards
- more flexible working to keep pace with constant change and better rewards and incentives
- more choice for customers and the ability, if provision is poor, to have an alternative provider

(Cabinet Office 2004b)

In building on the “Historical” research the following Chapter explores the “Agencification Concept” and executive agencies together with executive agency perspectives, their role, the agency model, their purpose and
characteristics, management and focus, performance measurement through target setting in agencies and performance, culminating in identification of the impact of agencification and envisaged characteristics of executive agencies over time.
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CHAPTER 3

3.1 Agencification

3.1.1 Introduction

The concept of agencification under the “Next Steps Initiative” (Ibbs Report 1988) and the introduction of “New Public Management” (NPM) into public sector working and practice, in what James calls ‘The Executive Revolution in Whitehall’ (James 2003) was a sea change in Civil Service history.

The creation of executive agencies under the “Next Steps Initiative” as a way of delivering goods and services under the control of central government politicians was an overarching concept of NPM reform to public services. Agencification and the arguable definition of NPM identifies a pattern of reform away from traditional forms of public organisation that was evident in a set of OECD countries including the UK during the 1980s and 1990s (Hoggett 1991, Dunleavy 1994, Pollitt and Bouckaert 2000) and represents radical change to traditional structures.

Each executive agency created was held directly to account for ‘operational’ matters and outputs as specified in operating frameworks agreed by Ministers in departments such as the overall aims of the executive agency and the broader policy framework in which the body operated (Efficiency Unit 1988 pp 17-19). Chief Executive Officers had personal accountability for operational performance and report results. Ministers retained the right to alter the system and reorganise the status of executive agencies. The freedom accorded to executive agencies differed between those that predominantly received their budget through an allocation by the parent department and those that had freedom to trade by charging customers fees for services (Efficiency Unit 1988 p 28). Trading Fund agencies had freedom to raise revenue from their customers and alter services in response to customers’ demands. All executive agencies were subject to systems of central government wide regulation.
3.1.2 Concept of executive agencies

Reformers argued that 95 percent of management and staff in the Civil Service were concerned with delivery of government services in activities suitable for agencies (Efficiency Unit 1988 p3). The reformers suggested that executive agencies would produce substantial improvements over existing structures with better performance of tasks undertaken by these bodies.

The reformers suggested that politicians were suffering from ‘ministerial’ overload. Handing responsibility for day to day management to executive agencies would reduce their workload and enable them to concentrate on reporting to Parliament and developing policy (Efficiency Unit 1988 p4). The executive agencies would account as a unit for operational matters whilst Ministers and the department would be responsible for policy and the strategic framework.

The focus for these agencies were seen as effecting better results and to create real and sustained pressure on and within each department for continuous improvement in value for money obtained in the delivery of policies and services (Efficiency Unit 1988 p7). Performance-related awards could then be applied as opposed to traditional long term service awards traditionally linked to career advancement. Performance-related pay would also play its part in the new approach (Hansard 1988 Col. 1152-3).

Another benefit was seen in that trading fund agencies created would have additional management freedom and accountability structures linked to raising revenues by charging customers for services, in contrast to non-funding agencies that receive grants from their departments to cover cost of activities. Such trading fund agencies were seen as providing an incentive for them to respond to customers’ requirements in a flexible way, for example, to expand services for customers’ benefit (Efficiency Unit 1988 p28). It would also provide for competition and performance-related effort to secure customers and revenue.
The present traditional system, it was argued, paid too little attention to results to be achieved with government resources and there were few pressures on government demanding improvement in performance (Efficiency Unit 1988 p4).

3.1.3 Executive agency creation

With the status and role of the agency under the “Next Steps” programme being acknowledged by the Treasury (Theakston 1995) the momentum of the creation of government agencies gathered pace in the 1990s. This was in contrast to the initial momentum of the creation of government agencies as observed by Pendlebury and Karbhari (1997).

The Cabinet Office, in a report by the Agencies and Public Bodies Team (April 2004b) regarded the executive agencies as being created to enable executive functions within government to be carried out by a well developed, financially viable, business unit with a clear focus on delivering specified outputs within a framework of accountability to Ministers.

Up to the 1990s only a handful of executive agencies had been established, the first agency being the Vehicle Inspectorate under the Department of Transport, in August 1988. Over time the number of executive agencies increased.

A snapshot of the proliferation of agencies from 1988 through to the end of March 2004 can be represented as follows (Fig 3.1):
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Number of Executive Agencies from August 1988 to March 2004

Chart 1

Fig 3.1

Source: Civil Service – Statistics 2004 - A history of staff numbers

The figure 3.1 shows that between 1988 and 1992, 44 agencies had been established. Between 1993 and 1997 a further 63 agencies had been established making a total of 107 employing almost 60 percent of all Civil Servants. By March 1997, 130 agencies had been established with more than 50 other units of government operating on ‘Next Steps’ lines. A total of 386,000 Civil Servants were working in such organisations and by this time 74% of all central government Civil Servants. Furthermore, another 27 candidates for agency status had been announced. By April 2004 the number of agencies had fallen to 95 this being a result of some agencies losing their status and returning to their department or amalgamation into other government agencies.

It is noticeable that despite the change of government in 1997, agency creation continued, albeit at a much slower pace. As at 1 April 2004, 22 departments were in existence of which 6 departments did not operate as parent
departments to government agencies. 9 agencies were operating trading fund status compared to 19 as at March 2002. Figure 3.2 illustrates the allocation of agency numbers amongst the departments.

Allocation of Agency Numbers Amongst Civil Service Departments

Chart 2

Fig 3.2

Key: 1. Cabinet Office (2)
      2. Department of Culture (1)
      3. Department of Defence (30)
      4. Office of the Deputy Prime Minister (4)
      5. Department of Environment, Food and Rural Affairs (6)
      6. Foreign and Commonwealth Office (1)
      7. Department Of Health (6)
      8. Home Office (4)
      9. Law Officer's Department (1)
     10. Department of Constitutional Affairs (5)
     11. Department of Trade and Industry (6)
     12. Department of Transport (6)
     13. Treasury (4)
     14. Department for Works and Pensions (4)
     15. Scottish Executive (14)
CHAPTER 3: Agencification Concept

16. National Assembly for Wales

Source: Civil Service – Statistics 2004 - A history of staff numbers

Of 127 UK agencies, 92 reported to Whitehall departments and were a heterogeneous group of activities managed within central government. Agency functions varied from Research to Regulation and from internal service to external service delivery, but matched the Agencies and Public Bodies Team typology.

Figure 3.3 illustrates the percentage number of Civil Service permanent staff by department as at 2004 out of some 523,580 employees and provides an interesting yardstick of the percentage of Civil Servants in executive agencies from 1990 to 2004 (Figure 3.4) and respectively aligned to each “Next Steps” department (Figure 3.5).

Percentage Number of Civil Service Permanent Staff by Department

**Chart 3**

*Civil Service permanent staff by department; 2004 (Full-time equivalent)*

![Pie chart](image)

- Defence: 17.5%
- Inland Revenue: 14.4%
- Home Office (incl Prison Service): 13.2%
- Education: 1.5%
- Work & Pensions: 23.9%
- Others: 29.6%

**Source:** Mandate and departmental returns

**Fig 3.3**

Source: Civil Service – Statistics 2004 - A history of staff numbers
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Percentage Number of Civil Servants in Executive Agencies from 1990 to 2004

**Fig 3.4**
Source: Civil Service – Statistics 2004 - A history of staff numbers

Permanent Staff Working in Executive Agencies by Department 2004

**Fig 3.5**
Source: Civil Service – Statistics 2004 - A history of staff numbers
What is interesting is how the percentage of Civil Servants in executive agencies had increased steadily from 1990 until 1997 when the labour government were elected and from this time onwards the percentage numbers levelled out during the period 1997 to 2004. The illustration Figure 3.4 demonstrates this point.

In April 2004, 275,570 Civil Servants were employed in government agencies. Figure 3.6 illustrates the number of permanent Civil Servants in employment for the period 1994 to 2004. Figure 3.7 illustrates the percentage of staff by function within defined departments.

Civil Service Permanent Staff Numbers 1994 to 2004

Chart 6

Civil Service permanent staff numbers; 1994 to 2004

Source: Mandate and departmental returns

Fig 3.6

Source: Civil Service – Statistics 2004 - A history of staff numbers
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Civil Service Staff by Function 2004

Chart 7

Civil Service staff by function; 2004 (Full-time equivalent)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence</td>
<td>17.5%</td>
</tr>
<tr>
<td>Revenue</td>
<td>19.6%</td>
</tr>
<tr>
<td>Work &amp; Pensions</td>
<td>23.3%</td>
</tr>
<tr>
<td>Law and Order</td>
<td>17.8%</td>
</tr>
<tr>
<td>Health</td>
<td>0.8%</td>
</tr>
<tr>
<td>Others</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

Source: Mandate and departmental returns

Fig 3.7

Source: Civil Service – Statistics 2004 - A history of staff numbers

The snapshot of data and charts between 1988 and 2004 illustrate the extent to which the agency phenomenon had changed the landscape of Civil Service structure, agency spread and service delivery over the periods 1988 to 2004. In 2008, the home Civil Service employed 516,000 people (483,000 full-time equivalents). The size of the Civil Service had decreased by over 30,000 people since 2004 and by 250,000 since its pre-privatisation peak in the 1970s. A large proportion of Civil Servants were employed by executive agencies rather than directly by Whitehall departments. The largest ten employed 41% of all Civil Servants.

The government departments specifically suitable for consideration for executive agency status inevitably varied (Cabinet Office April 2004b) based
upon public sector reform principles but undoubtedly, common features which could be considered to determine the suitability for agency status included:

- clearly designated units within departments responsible for undertaking the executive functions of that department, as distinct from giving policy advice and significant in size to justify major structural change
- independently accountable within their department, having agency-specific targets which can be reported to Parliament, ability to produce agency annual reports and accounts
- by the time of launch financially viable, that is, adequately resourced to attain challenging targets as contained in their Business or Corporate Plan

(Cabinet Office April 2004b)

The figures 3.1 to 3.7 provided above are illustrative of the number of agencies over time (1988-2004), staffing, their functions and spread and give a picture and reflection of the agencification movement. The Civil Service statistics (2005) website pages provide a picture of continuing change in status of government departments etc with some moving to and others moving out of agency status over time and as to whether they were carrying trading fund status or had relinquished it.

This reflects the nature and continuing change of government departments as time passed, but provides little in the way of reasoning behind the moves and is perhaps suggestive that the grounds on which agency status was determined or otherwise were not as solid and themed at the outset under the various "Next Steps", Efficiency Unit etc initiatives.

The intention was that they would take responsibility for and bring a new more customer-focused approach to, individual executive (service delivery) functions within government. This would leave parent departments to concentrate on policy development. This approach crystallised a key theme of the restructuring of government public service delivery.
3.1.4 “Next Steps” agency determination of practice

In the light of Sir Robin Butler’s report (1988) “Improving Management in Government-The Next Steps Agencies” which was published in February 1988 three main recommendations emerged in their determination of how agencies should operate:

a. that ‘agencies’ should be established to carry out the executive functions of government within a policy and resources framework set by a department. The principle was to be that agencies must be left as free as possible to manage within this framework;

b. that departments were to ensure that their staff were properly trained and experienced in the delivery of services, whether within or outside central government; staff would then be in a position to develop and interpret government policy and manage its agencies in a way that would maximize results; and

c. that a full Permanent Secretary should be designated as ‘project manager’ to ensure that the changes took place.

At the heart of the report’s approach was the need to re-orientate systems and attitudes to focus on the delivery of services and, flowing from this, on the needs of the recipients of these services - the customers - whether outside or inside government.

The report suggested that an agency offered the most practical way of organizing work to take account of these factors. An agency was defined as a discrete area of work with a single named individual - a chief executive - in charge, with personal responsibility to the Minister for day-to-day management. The agency would be structured and focused on the job to be done. The Minister would be responsible for allocating resources and setting annual targets for the results to be achieved. The Minister would delegate managerial responsibilities to the chief executive and he or she would have authority to decide how best to run the organization and get the job done within the available resources.
3.1.5 Agency status

The distinction between agencies that held trading fund status, those without such status, that is general executive agencies, and those non-ministerial departments that were not converted to agencies can best be differentiated as follows:

*General executive agencies:*

- Functions/services not likely to be subject to perpetual Parliamentary or public scrutiny
- Ministers not realistically responsible for operational activities
- Predominantly concerned with service delivery to the public
- Staff numbers large enough to justify a separate structure
- Functions can be independently accountable within a sponsoring department

*Trading fund agencies:*

- Agencies can charge for their services through a genuine customer-supplier relationship
- Have a reliable income stream
- Can effectively fund its operation

*Non-ministerial departments:*

- Functions are an “add-on” to their primary role
- Industry regulators
- Not funded by a sponsor department

(Cabinet Office 2006)

3.1.6 General executive agencies

The degree of autonomy naturally varied in each categorisation but in essence the autonomy of general executive agencies provided for decision making on
personnel, pay, recruitment, efficiency gains and performance measurements. Such autonomy applied equally to agencies holding trading fund status, but the clear distinction here was that in the case of trading fund agencies, percentages of efficiency had to be delivered year on year. Such autonomy and accountability provided a useful typology in differentiating between the two types of agency status.

Francesca Gains (1999) in her article on “Implementing Privatisation Policies in the Next Steps Agencies” considered that agencies do not have the capacity for independent action or choice in pursuit of their goals despite their status. In fact, it is argued the “Next Steps” arrangements represent an administrative agreement between Ministers, supported by their departments and chief executives of agencies to deliver agreed objectives. In general, empirical work has shown that agencies were tired of reform and resentful of the centralising pressure for change stemming from the market testing arrangements (Mellon 1993, Price Waterhouse 1994).

In assessment of evidence to the Select Committee on Public Sector Report (House of Lords - Public Service-Report 1998), the Committee questioned whether there was a single underlying rationale or scheme of classification which had determined that a particular function was appropriately carried out by a body constituted in a particular way. Others argued that there was no logic in such classification and the range of witnesses’ to the Committee clearly underlined the view that there were a mixture of reasons for the creation of agencies but identifying the rationale needed clarifying to determine easily understood principles and to guide future developments (Select Committee on Public Sector Report-Session 1997-1998).

The London Business School in their research suggested that the shift to agency status for departments did not itself bring about significant changes in performance (Treasury and Civil Service Committee (1990) - The Next Steps Initiative HC 496 1990-1).
3.1.7 Trading Fund agencies

Trading Funds were introduced under the Government Trading Funds Act 1973 (OPSI 2008) to provide a financial framework under which accountable units of government namely agencies, operated outside the usual departmental funding regime. Parliament set the financial framework and, in particular, the amount of return on capital required. The Trading Fund agency was granted standing authority to meet outgoing expenditure from receipts and no advanced approval by Parliament of its income and expenditure was required. The Trading Fund framework was considered suitable in circumstances where agencies (or other parts of government) could charge for their services through a genuine customer-supplier relationship and have a reliable income stream (at least 50% from commercial activities). Most agencies without trading fund status had expenditure continued to be controlled by Parliamentary Supply or Vote Accounting arrangements.

Trading Fund status provided a financial framework which covered operating costs and receipts, capital expenditure, borrowing and net cash flow. An organisation operating under this framework had powers to borrow to meet capital expenditure and working capital requirements and to establish reserves out of surpluses. Within this framework, it could meet outgoings without detailed cash flows passing through Vote accounting arrangements.

Parliamentary control was retained through:

- The affirmative Order establishing each fund
- The scrutiny of statutory annual accounts and the power to examine the fund Accounting Officer

Trading funds offered both independence of detailed control and clear accountability for results and value for money.

What is interesting is that Pendlebury and Karbhari (1997) comment that whilst the change in structure of the Civil Service was significant, it was clear from a
number of reports that the potential benefits from increased autonomy and the relaxation of central controls had not always been fully justified. In a survey by Pendlebury et al (1992) results revealed that only in the case of those agencies established as trading funds introduced under the Government Trading Funds Act 1973 had a significant change in traditional Treasury and other central controls occurred.

In the survey conducted by Pendlebury (1992) they saw a pattern of differences in responses of senior managers operating in trading fund agencies compared to those in non-trading fund agencies. In questions relating to accountability and quality of accounting information, improved operational effectiveness and service delivery and staff attitudes, they observed that trading fund agency managers had reported greater improvement from views expressed than their counterparts in non-trading fund agencies. All senior managers who responded to the survey supported the increase in the autonomy approach and they held the belief that operational effectiveness and service delivery had improved but Pendlebury et al had remarked that verifying proof would be difficult to determine. The results indicating improved perception of management of government activities in hived off independent units by this survey, provided support for the claims of Fulton some 30 years earlier that “agencification” would produce improvement, but it does not provide evidence of better “value for money” or “best value” (Martin 2002) in terms of service in the public sector (Boyne, Gould-Williams, Law and Walker 2002) claims.

3.2 Executive agencies perspectives

3.2.1 Role of agencies

Executive agencies were introduced to deliver government services more efficiently and effectively within available resources (Hyndman and Eden 2001). Whilst they remained part of the Civil Service, under the terms of individual framework documents and subject to overall budgets agreed with their parent departments and or the Treasury, they had delegated authority to employ their
own staff and organise service provision in the best ways suited to meet customer needs. Since they were normally directly accountable to the responsible Minister, it is perhaps disconcerting that the Cabinet Office (2002) agency policy review identified a lack of cohesiveness and connection in the intended link between policy and deliver, parent department and agency and in a clear example of a shift in state thinking and practice over time.

3.2.2 Model of agencies

The model of the agency was to be regarded as very flexible with a heterogeneous variety of activities. Each agency was to have a well-defined business unit with a clear focus on delivering specified outputs within a framework of accountability to Ministers. The responsibility for performance rested clearly with the chief executive and agency staff. The focus of the organisation was intended to be downward and outward rather than upward and inward as was the traditional government department prior to 1988.

In the opinion of the agency policy review (Cabinet Office 2002) the agency model should consequently possess the following common features:

- a clearly defined business boundary
- a focus downward and outward on delivery within an agreed framework of accountability
- financial and personnel flexibilities to get the job done
- a chief executive with personal responsibility and accountability for operational decisions
- a published annual report and accounts, including a review of performance against targets

These views had been endorsed earlier by reformers who saw the agency model as possessing an organisational unit with management freedoms semi-detached from parent departments to enable it to focus on tasks at the “front end” of public service delivery. Also, that they should possess an accountable framework of policy aims and resources set by the parent department (James
2001a). Academic commentators however were sceptical that the “Next Steps” programme incorporating the agencification would not produce the stable formula for public management in the medium term (Hood and Jones 1990). Evidence in the performance of agencies seems to provide a mix of information which is contradictory. Nonetheless, in terms of focus and attention upon accountability, as observed by James (2001a) that attention to the organisation’s mission and awareness of costs had focussed management attention on making best use of staff and equipment than previously.

Andrew Limb (2001) in his report on agencies saw advantages and disadvantages of the UK model. From an advantageous position he saw managers in each agency would have freedom and flexibility to organise and manage work which met business needs. It also allowed Ministers and parent departments to be very specific in the targets and governance arrangements, for example within a framework of common elements, such as annual reports, key targets and objectives.

From a disadvantageous position he saw the approach as creating more bureaucracy. Each agency requires detailed framework documents and business plans specific to its role. On this basis it implies a degree of duplication of effort compared to a standard model. Additionally, it can be argued that for agencies to develop appropriate targets, measures, objectives and management systems for themselves, requires a greater intellectual input from agency management. This could lead to contradictions, problems, tensions and questions arising on focus and direction for the agency.

But the views were countered by the Agencies and Public Bodies Team (2006) who saw advantages of executive agencies in that they enable executive functions within government to be carried out by a well-defined business unit with a clear focus on delivering specified outputs. Also that they set targets for service delivery but allow chief executives greater freedom in determining the means by which those targets are achieved. They also remain accountable through the chain of command via parent departments and Ministers and
through their framework document, which sets out Ministerial targets, enabling progress towards achievement of the aims and objectives to be assessed.

Indeed the Civil Service Cabinet Office had defined executive agencies in the following terms “An Executive Agency is a body that has been set up to carry out a particular service or function within Government and a clear focus on delivering specific outputs within a framework of accountability to Ministers” (Agencies and Public Bodies Team 2006). This definition would seem to parallel the operation of agencies today.

James (2003) considered that the executive agency model embodied 4 aspects of NPM:

- The executive agency organisation structure – semi detached from the parent department - corporate unit – tasks – resources
- Accountability system-outputs-contractual framework
- Divide between parent department and executive agency is a form of split between purchaser and provider in the case of non-trading agencies, with trading agencies having a market mechanism through payments for services by customers
- Recruiting Chief Executive Officers through open competition

Nonetheless, it is argued by Pollitt and Talbot (2005) shortcomings in finding a definition for agencies stems from the variety of organisational forms of the agencies. Pollitt and Talbot considered that no universal legal classification can be arrived at, largely because national legal systems differ.

3.2.3 Purpose and key characteristics of agencies

The Cabinet Office (2006) saw the purpose of agencies separated through categorisation of agencies in terms of “General executive agencies”, “Trading Fund” agencies and “Non-Ministerial Departments” as indicated above.

For “General executive agencies” government saw them as carrying out a service or function within Government, by a well defined business unit that has
clear focus on delivering specific outputs and a framework of accountability to Ministers. Their key characteristics were to be reflected in the following:

- Ministers not concerned with day to day running of the agency
- a flexible and responsive framework, able to cover a wide range of organisational sizes and responsibilities
- usually part of a Government Department or linked to a sponsoring department
- Chief Executive normally answerable on operational issues to a Minister in a sponsoring department
- the Chief Executive normally recruited through open competition and appointed for a fixed term
- all staff Civil Servants
- accounts consolidated into those of the sponsoring department

In the context of “Trading Fund” these were seen as executive agencies but operating with the flexibility of operating under the terms of the relevant funds legislation. This was to encourage managers and staff to think commercially, find opportunities to cut costs, find more efficient ways of operating and grow the revenue stream (Cabinet Office 2006).

“Non-Ministerial Departments” were small government departments in their own right, established to deliver a specific service and are not funded by a sponsor department. The general rationale was to distance the day-to-day administration of the particular activity from direct Ministerial control, while retaining some Government input to the wider policy context. The key characteristics here were:

- departments headed by an office holder, commissioner or a board with statutory responsibilities
- linked to Ministers in other interested Departments, but that Minister will not be responsible for the overall performance or delivery
- staffed by Civil Servants
• usually responsible for their own accounts

Such purpose and characteristics reflect the continuity of change in the Civil Service and public sector in comparison to those prior to the creation of agencies emanating from the Efficiency Unit recommendations (Theakston 1995).

3.2.4 Agency management and focus

Agencies are headed by chief executives who are responsible for the day to day operations. They are normally accountable to the responsible Minister, who in turn, is accountable to Parliament.

A number of agencies have “Steering Boards” or “Advisory Boards”. These Boards are comprised of members of public and private sector organisations. Their role is to provide strategic direction and objective viewpoints on issues in the business environment, which may impact on the agency and its services and hence provide a horizon scanning role to detect and anticipate business changes in order for the agency to prepare for and where appropriate, implement strategies to take account of such business directions etc.

The role of the chief executive is one of responsibility for the respective agency performance and day to day operations. This includes:

• advising on agency policy
• achieving the agency’s agreed performance targets
• reporting on and accounting for agency performance
• managing the agency’s resources effectively and efficiently in line with Government Accounting
• presenting the agency’s corporate business plans and the annual report and accounts to the Secretary of State
• advising on the level of fees necessary to recover costs
The chief executive as the Accounting Officer is also responsible for ensuring proper procedures are followed in order to guarantee that correct and uniform public finances are produced. This entails the setting up of structures to:

- make sure the requirements of Government Accounting are met
- make sure that the agency acts upon any recommendations accepted by the Government from the Public Accounts Committee (PAC) etc
- make sure that procedures for dealing with complaints about the agency are in place and operate effectively
- ensure funds and resources are used economically, efficiently and effectively
- ensure proper systems are in place to record and present accounts

The above requirements are currently applied and adhered to in the range of agencies.

The work environments of such agencies in terms of focus are very much now geared to responding to customer needs, performance measurements and indicators, realising staff potential, focus upon efficiency and business assurance, use of information technology (IT) to enhance service provision to the customer and undertaking risk assessment. The evidence of this is shown in perusal of the range of Corporate Plans, Annual Report and Accounts of agencies and respective agency framework documents for each agency.

The production of annual report and accounts, corporate plans and detailed business plans gives respective agency business its formalised business structure in which aspects of the business can be assessed in terms of its performance and provides for forward business planning and focus.

James (2001b) like Bichard (1999) in their research of agencies found that amongst other things agency structure and status had not improved the communication links between policy making organisations and organisation delivering services. Feedback from those at the service end of delivering services was not reaching the policy makers. James was unable to find
evidence where suggested changes had been made in response to comment from agencies.

Osborne and Gaebler (1992) had argued that government and business were fundamentally different institutions and hence their focus of profit and re-election different, consequently incentives of each different noted earlier. Yet, they recognised common threads for a successful organisation could be seen in structures geared for competition, measurement of inputs and outputs, customer focus, revenue earning, decentralisation of authority. The question was whether such structures could be a success in producing a more efficient and accountable service for the public intended by government.

3.2.5 Measuring performance through target setting in agencies

Two key reasons for measuring performance in public sector work environments Hyndman and Anderson (1998) argue are that firstly information provides essential information to improve management within the public sector, secondly, that it can form the basis for discharging accountability by the public sector. This is against the backdrop of the Carter, Klein and Day (1992) study of how organisations measure success, where they identified that the development of performance measurement systems has been “driven by three sets of linked preoccupation: the control of public expenditure, management competence and greater accountability”.

But as Hyndman and Anderson (1998) point out a problem with discussion of performance in the context of agencies or indeed an organisation is that there are no generally accepted definition of terms.

Even the Treasury and Civil Service Committee (1991) highlighted this point when it stated that the ‘lack of an agreed vocabulary makes it difficult to assess agencies performance’ at page 20 of its seventh report (1991).

To make assessment more transparent to enable improvement to be measured H M Treasury (1992) issued guidance suggesting that agencies should develop
targets under four broad headings: financial performance; volume of output; quality of service and efficiency.

The research of agencies undertaken by Hyndman (1997) and Hyndman and Anderson (1998) in respect of performance and measurement and use of targets determined that of the agencies in the research considerably fewer than 50% of agencies had identified ‘key targets’ in business plans. Additionally, in other agencies there was an over production of targets in business plans. Importantly, there was little evidence of key targets linked to ‘other’ supporting targets in agencies and that a better focus was needed otherwise the usefulness of a target setting system and measurement could be questioned.

Broadbent and Guthrie (1992) in their research agree that changes that were being implemented were unevaluated. All such research has undoubtedly raised concern about quantification and in particular use of target setting to determine performance improvement and their contribution towards identifying improvements in management.

In Limb’s (2001) research he found that the UK’s experience suggested that setting the right targets was vital, particularly in the new approach of focussing on outcomes that matter to users of public services and raising standards of service delivery and performance. Also, that the targets can help concentrate resources and activities on key priorities, and help to measure the performance of agencies. This he argues opens the door to transparency and thereby an increase of accountability.

Interestingly, Hyndman and Eden (2001) remark upon the degree of involvement in developing mission statements, objectives and targets, and the influence by parent departments, agencies and customers or consultative groups in arriving at them.

What is noticeable from this research was that targets were used as feedback in reporting to management, gaining of commitment to the agency mission and to
improve the focus of individual teams in the organisation. All these were seen as contributing to the improvement of management within the agency.

From the Hyndman and Eden (2001) research it is evident that targets provide a sense of focus and means to measure performance and improvement, an ability to control, visibly assess performance and adapt structure or process to relate to objectives and targets.

3.2.6 Agency performance

Hyndman (1997) contended that the UK Government had created many executive agencies over recent years as part of plans to create smaller, performance-focused units in the Civil Service. There had been growing emphasis on targeting and measuring performance, although research had highlighted some problems with the use of performance targets by some executive agencies.

Talbot (2004) in his article on executive agencies in reviewing agency performance considered the UK’s “Next Steps” programme as being seen as emblematic of “New Public Management” which led to new organisational form for Civil Servants in the shape of agencies. Hyndman and Eden (2001) concurred. Although seen largely successful (Alexander and Agency Policy Review Team, 2002, Office of Public Service Reform and HM Treasury 2002) the “Next Steps” programme has, however, not been without its critics; much directed at the disintegration of a “unified” Civil Service or undermining Civil Service neutrality or weakening of Parliamentary and public accountability. Talbot's view was that little had been directed at the issue of improving management in government (Jenkins, Caines et al 1998).

Hyndman and Anderson (1998) in their research earlier appeared to support this “improvements” observation in management functions, commenting upon disclosures per annual reports of agencies where performance as measured by the performance model used in their research showed increases. Nonetheless, it was only in the latter accounting periods under scrutiny that Hyndman and
Anderson’s study showed an emphasis with respect to the use of higher measures of performance equating to cost savings, efficiency and effectiveness. This perhaps could be seen to coincide with the greater emphasis upon quality as the basis for measures of effectiveness.

This is an important point since, taking up the issue raised by Talbot (2004) concerning improvement in cost savings and efficiency improvements, Hyndman and Anderson (1998) in their review of accountability and executive agencies had found that there was at the outset a significant proportion of agencies reporting little or no information on efficiency and effectiveness, that is, on inputs, outputs and results. This was disconcerting since the explicit call was for agencies to publish information on performance. So it could be argued that a lack of publication of measures of efficiency and effectiveness points to an agency sector where accountability is not discharged in an adequate manner.

The research of Hyndman and Eden (2002) tended to support the findings of Talbot (2004) in the context of performance targets and external reporting being patchy. They equally determined that reporting systems using specific and quantified goals, objectives, targets and performance measures were not without their problems.

The results in the Hyndman and Eden (2002) research provided evidence that the targets contained in planning documents do provide a basis for the reporting of performance through the mechanism of annual reports.

James (2001b) in his research on performance of agencies concluded that performance has partially met the expectations of the reformers. Whilst the publication of agency annual reports provide a snap shot of performance of the agency over a specified period and provide an indicator of proficiency etc, Limb (2001) contends that the system of regularly reviewing of agencies (quinquennially) provides for determining whether they are giving the service in the most efficient and effective way.
3.2.7 Impact of agencification

Some argued that the development of agencies had moved away from the hierarchical model and created a client contractor relationship (Greer 1994) yet for others the new arrangements did not go far enough (Foster and Plowden 1996, Public Service Committee 1996).

Gains (2001) contended that agencification had altered traditional patterns of power dependency between Ministers and departments creating new and dynamic patterns of resources and exchange and dependency arising from the pattern of resource distribution post agencification. The establishment of agencies had caused a visible and tangible transfer of resources from departments to agencies which could potentially lead to tensions arising from such decentralisation (Pollitt, Birchall, Putman 1998).

Overall the picture appears to suggest that the exchange of resources has shifted the balance of power away from central government in terms of political legitimacy and authority (Gains 2001) and has consequently weakened central government’s power potential to a far greater extent than found prior to agencification. Albeit that this view remains debatable.

3.2.8 Characteristics of executive agencies

In assessing the agencification concept research material identified above the characteristics for agencies that have emanated from this research have been:

The implementation of factors associated with “New Public Management” into the public sector environment, identifiable through agency aims and objectives reported in Framework Documents and Corporate Plans, namely:

- Decentralisation of activities
- Steering and Management Boards determining strategy
- Focus upon “results” versus “process”
- A customer focus
- Continuous improvement
To date from the historical review here these characteristics from research are likely to continue.

**3.3 Summary**

The summary that can be drawn from the agencification concept is that there remains debate and argument as to improved performance on delivery of services, despite a focus upon “results” rather than “process” the essence of the rationale behind the “Next Steps Initiative”, NPM themes and agencification irrespective of performance-related pay systems. Equally, that those agencies decentralised from government and granted a Trading Fund status would provide for a better financially viable operational unit (Pendlebury and Karbhari 1997) and the ability to more readily and flexibly respond with better service (Boyne, Gould-Williams, Law and Walker 2002) to customer needs was not evidently proven.

The debate as to the degree of autonomy of Trading Funds and independence from government in handling its financial operations remains a mute point given constraints set out under the Government Trading Funds Act 1973 by which they operate (Pendlebury et al 1992).

Although the government departments with agency status had fulfilled their role the question of their cohesiveness with government policy now a Ministerial
focus and delivery of services was an issue (Cabinet Office 2002). As to their model, the agencies needed to fit into the framework criteria set (Cabinet Office 2002) but questions were raised as to a universally recognised model given the diversity of departments and service to the public (Pollitt and Talbot 2005).

In terms of communication the lack of links between policy and operational service delivery has raised concerns and the question of measurement of performance (Hyndman and Anderson 1998) and key target setting (Limb 2001) to determine improvement was an issue without defined and meaningful parameters to measure such achievement. Equally, that efficiency or effectiveness had ensued from such increased management functions (Hyndman and Anderson 1998).

The impact of agencification through The “Next Steps Initiative” (NSI) and “New Public Management” and its constituent parts such as a “results” focus have characterised agencies and are likely to remain in public sector organisations for the foreseeable future. It is from this standpoint that the research here sets out to explore change in the UK Intellectual Property Office and is intended to add to the knowledge about agencification experienced in the UKIPO agency against a backdrop of change in the public sector and Civil Service. Equally, to provide further insights into determining the possible trajectory of the government agency based upon findings.

The research has identified key issues and potential tensions being raised about agencification with questions being asked about the cohesiveness of policy and practice between government and agency, performance and performance measurement in agencies, strategic direction and horizon scanning and business practice for agencies to take account of business opportunities and management capability in a devolved, discrete unit of government since the impact of agencification on former government departments. Consequently, the NSI and NPM themes of agencification have raised questions on policy, performance improvement evidence, strategy and management as well as issues of contradictions, problems and tensions. It is
also from these standpoints that this research will endeavour to provide answers in respect of the UKIPO from the line of questions (Appendix A) and research approach set out in the following Chapters.
CHAPTER 4
Analytical Framework and Methodology
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CHAPTER 4

4.1 Introduction

The analytical framework and methodology is set out in the chart at Figure 4.1. The analytical framework and research methodology flowchart reflects the process that was needed to ensure that the widest scope of research was undertaken to glean the essence of what issues of change had or had not arisen in the Civil Service and public sector over its previous history and to determine the issues arising under agencification. This would then provide the parameters and focus for the research to be conducted in the UKIPO.

The type of data to answer the questions posed as set out in Appendix A, emanated from the Civil Service historical review and agencification concept research. The research data gathering required an interactive and longitudinal approach in the line of questioning for the responses required in order to identify change and continuity at the UKIPO over time, how and why it arose, the reasons behind such change and continuity and the key influences affecting the Patent Office (UKIPO) from 1988 to 2008. The essence of deciding upon the research methodology therefore lay in being able to obtain research material I wished to gather, from examination of the UKIPO as a case study. The best way to do this was to apply participative observation in the UKIPO and to interview, discuss change, continuity etc with UKIPO employees as well as analyse secondary data to supplement material (Gill and Johnson 2002). The research methodology chosen therefore needed to be based upon a qualitative approach (Snape and Spencer 2003) but also to include quantitative data collection to supplement the qualitative material.

On this basis the methodological approach consequently was based upon the proposed 7 steps sequence by Howard and Sharp (1983) which builds on earlier work by Rummel and Ballaine (1963). The approach involved:

a. identifying the broad area of research; (UKIPO Agency)

b. selection of the topic; (change in the Civil Service, public sector and agency)
c. decision of the approach; (qualitative and quantitative research)

d. formulation of the plan; (planning the process of research)

e. collection of information; (interviewing, focus group, participative observation, secondary documentary data)

f. analysis of the data; and

g. presentation of the findings (responses to interview and focus group material given under structured categorisations, data tables and diagrammatical representation)

Consideration was taken into account of the writings of Morgan (1986) in the research process to determine whether to approach the research in the organisation from a cultural perspective, a bureaucratic organisation of interest, conflict and power, an “organism”, a system of government or in terms of an unfolding logic of change and development, that is an organisation of change through flux and transformation.

Access to documents as well as individuals in the UKIPO and categorisation of information gleaned has allowed a qualitative (phenomenological) methodology to be applied in the research, which has enabled a descriptive decoding and translation interpretation to be made within a structured format of these key features and issues of agencification.

In undertaking this particular approach important characteristics were being kept in mind to anticipate successful research, namely:

- access to information and people
- availability of time to contact and undertake the research
- adhering to the analytical framework and methodology
- value and scope of the research
- determining the best methodology for data collection

(Gill and Johnson 1997 and 2002)

4.2 Analytical framework and research methodology
Analytical Framework and Research Methodology

The Research Outlook

Identification of the Civil Service Context and Agencification Concept

Identification of overarching factors that have instigated change in the public sector to structure and categorise the research data to be collected in the UKIPO government agency 1988-2008

Formulation of General research questions about change and continuity
Formulation of Policy research questions about change and continuity
Formulation of Performance research questions about change and continuity
Formulation of Strategy research questions about change and continuity
Formulation of Management research questions about change and continuity

Management Board, Senior Management, Middle Management, Operational staff to contact

Determination of research methodology

Participative Observation, semi-structured interviewing and examination of documentation

UKIPO context pre and post agencification research

General data on change collected related/ unrelated to agency status and continuity
Policy data collected on change related/ unrelated to agency status and continuity
Performance data collected on change related/ unrelated to agency status and continuity
Strategy data collected on change related/ unrelated to agency status and continuity
Management data collected on change related/ unrelated to agency status and continuity

Reasons for change
Reasons for change
Reasons for change
Reasons for change
Reasons for change

Analytical process of data collected from participative observation, semi-structured interviewing and documentation

Conclusions of change leading to factors of most influence on change in the UKIPO

Fig 4.1
4.2.1 The analytical framework

The analytical framework reflects that the research process initially involved an historical review of the Civil Service and public sector life and agencification concept (Chapters 2 and 3). This then provided the background and analytical framework to the topic area of agencification and provided the focus for the research (Holliday 2002) and research questions.

This background research identified the overarching variables that have instigated change in the Civil Service context and through the agencification concept namely: policy performance, strategy and management.

It was evident from the overarching categorisations identified from the historical review of the Civil Service and the public sector and the agencification concept that change emanated from variables and influences under these main headings. On this basis it was important in formulating the main research questions for each grouping that the questions were open-ended to ensure that where such variables and influences arose questions would ensure coverage of these variables and influences in responses from interviewees and so identify change pre and post agencification, how and why the changes came about, identification of any continuity that remained and reasoning behind change. Also that it would be possible to draw conclusions about change and the factors that had the most influence on change.

There was also a need to formulate supplementary questions under each heading to cover the additional range of issues arising under each categorisation that commentators had raised in their respective analysis of agencification in the Civil Service and public sector to which I sought answers in the UKIPO.

Responses from interviewees under the research gathering process together with documentary material would then provide the requisite range of information to analyse and draw conclusions about change and continuity in the UKIPO from 1988 to 2008 pre and post agency status and also allow parallels or
otherwise to be drawn with commentators findings in respect of the agencification concept, implementation and practice.

Using this above information the research questions within these categorisations was formulated into getting UKIPO employees:

- to describe what have been the Patent Office (UKIPO) general factors affecting change from its pre to post agencification (corporate nature) status
- explain how and why the changes have come about
- describe what has not changed in the Patent Office (UKIPO)
- give their views on the reasoning behind change and continuity
- draw conclusions from change
- identify what factors since agency status have had the most influence on the way the Patent Office (UKIPO) agency now operates

(see Appendix A)

From this perspective it was then possible to determine who best in the UKIPO and at what level it would be necessary to elicit the data needed for research data collection and analysis. Given that the research required information pre and post agency status at the UKIPO the rules for selection of interviewees and discussion of change etc was based upon selection of people with this knowledge and experience. Discussion also took place with other UKIPO staff with experience of agencification in other government organisations to provide for a balanced view of agencification in other parts of the Civil Service.

Data then gained from these personnel through qualitative research and through quantitative material researched about activities, performance, strategies, management and practices pre and post agencification in the UKIPO would enable conclusions on change and continuity etc in the UKIPO to be drawn by coding (Holliday 2002) the data.

On the basis of the range of questions intended to be asked the interviewees needed to be at Management Board, management and operational staff level to
ensure that their knowledge and experienced perspectives pre and post agencification were covered in the research. The list of potential interviewees was consequently separated into the hierarchical groupings and individuals selected and approached for interview (see 4.13 below).

The qualitative research program therefore fell into three broad categories:

- identify the population from whom the information was to be collected; (UKIPO employees identified above)
- select the methods to be used to collect the information (qualitative/quantitative)
- process the qualitative and quantitative information on its receipt, analyse it and interpret it (written, tables and diagrammatic)

(Kane 1990)

4.2.2 Research methodology

In the above context the chosen methodological approach in the main was therefore determined to be best served by the ethnographical research approach with the focus being upon the manner in which people interact and collaborate in the UKIPO. This approach would then allow interviewees to express their views, opinions and experiences of change in the UKIPO pre and post agency status. The participative observation approach coupled with the semi-structured interviewing of employees through the research questions and focus group discussion would provide valuable insight of change in the UKIPO.

This approach was chosen because the research needed to get to the heart of change in the UKIPO expressed by UKIPO staff. Their understanding, participation in change, opinion and views of change and their feelings of change could not be gleaned from them through a questionnaire or survey style research methodology. Only on a one to one interview basis research approach could such informative material be gained from individuals. This approach coupled with quantitative, documentary research material and personal participative observation would enable an analytical assessment to be made of change in the UKIPO. Semi-structure interviews would provide the data
under the analytical framework to determine change and continuity from personal knowledge and experience of interviewees.

As an employee of the organisation from 1990 until 2006 I was able to apply the participative observation research methodology in compiling some of the research material. And so I was able to participate, overtly in people’s daily lives for an extended period of time, watching what happened over time, asked questions at the interview stage and collect whatever data was available to provide insight and evidence of issues in a qualitative and quantitative data gathering process (Snape and Spencer 2003, Ritchie 2003) on which to base analysis and hence form hypothesis or determine trends (Hammersley and Atkinson 1983, Lane 1997). I was able to gain qualitative and quantitative information through discussion and interview of personnel of the UKIPO to gain further insight from 2006 onwards to the present day of activities etc in relation to the scope of my research. The opportunity to interact with UKIPO staff clearly presented the ethnographical approach methodology as the best option to undertake the research.

4.3 Research design

Because the research was one of a case study and the research focus was concerned with exploration of change within the organisation the use of open-ended questions in interview to collect data needed to be an inductive process.

Additionally, the approach was about describing the characteristic changes in the organisation over time and activities (pre and post agencification). Consequently, the research design approach was directed towards a descriptive rather than an analytical orientation (Gill and Johnson 1997) at the outset. The research design therefore suggested an ethnographic approach.

The research here was concerned primarily with determining and identifying the particular characteristic changes/differences, if any, which have or have not resulted from agencification over a period of time from a historical/longitudinal comparative study viewpoint. This could be gleaned from the research questions at Appendix A.
CHAPTER 4: Analytical Framework and Methodology

The research approach here looks more to the ecological validity rather than the population validity and therefore whilst the research approach sought to look for a representative sample of individuals at boardroom, managerial and operational levels to illicit information, it was the emphasis upon ecological validity which underpinned the research (Gill and Johnson 1997).

Within this context it was important that any UKIPO employees involved in the research provided representative views of those who experienced life in the UKIPO pre and post agencification. The criticisms of representation were explored by Mitchell (1983).

4.4 Justification for the ethnographic approach and research design

The justification for the ethnographic research approach is based upon an anthropological perspective since the approach allowed me to use the acquired and shared knowledge available to participants to account for the observed patterns which I observed and input into the case study research. The key feature of the part ethnographic research approach plays is that it is based on what are termed naturalist modes of inquiry, such as in participant observation, within a predominantly inductivist framework. To achieve the aims and objectives of the research in terms of gathering primary data warranted participative observation, feedback from discussion, opinions and views which under other methodologies could not have been achieved for the scope and depth of the research and ‘rich’ (Holliday 2002) data wanted.

Since the research more focussed upon understanding (verstehen) the research impels the approach to a more ideological methodology (Burrell and Morgan 1979).

4.5 Validation and reliability of findings

In the research there needed to be warrantable grounds for truth claims. Since the research did not set out to determine ‘internal validity’ on the basis of a ‘before and after effect’ on a closed system process or to undertake an
experiment to determine ‘cause and effect’ (Gill and Johnson 2002) this research methodological process was discounted.

The research was very much focussed upon an open system - the UKIPO agency, so through the research findings and intensive study of a small number of people coupled with participative observation it would be possible to generalise or extrapolate beyond the immediate research focus the extent to which agency status or other factors have had an effect, considered by staff in the UKIPO work environment. This therefore pointed to an ethnographic research approach which was undertaken.

In the above respect the focus of the research was to identify people with knowledge and experience about the agency pre and post agency status, observe and interview them in their natural environment such that these people would be able to provide an insight into the organisation before and after agency status and also people who only had knowledge of agency status, in order to make valid comparisons of outlooks. This was done on a personalised basis with each interview lasting approximately one hour. Given that the UKIPO is a regulatory agency it would be possible on the basis of valid data to make generalisations from these sample of people about the likely experiences of other people in the regulatory government department who also experienced agencification – ‘Population Validity’ (Gill and Johnson 2002). But working with a small number of people in comparison to the whole population of the UKIPO, does place a question mark upon validity and can be argued to be limited - disputed by Mitchell (1983), nonetheless some generalisations can be possible.

From an ‘Ecological Validity’ (Gill and Johnson 2002) perspective, it would be possible to generalise from this actual context in which the research was undertaken to other contexts and settings of similar ilk. This is because from an ecological validity perspective the ethnographic approach would enable research to take place in natural surroundings for the people doing everyday activities and expressing their views accordingly. This approach in research therefore reduces potential for contamination of information being given,
observed or reported in interview and prevent behaviour being other than genuine in undertaking their everyday activities.

It can be argued that a researcher undertaking the same research process and replicating the research approach using the same subjects and the same research design could produce consistent results obtained in this research. Added to which a researcher could research in another agency and find similar outcomes. This in my view provides the consistency, reliability and validity of information gained from this research.

Having been employed in the UKIPO and having an awareness of and grounding in the work environment of the UKIPO, I understand the research setting and was able to utilise this knowledge to elicit data. By applying a rigorous approach to the areas of research in participative observation and interview probing and by applying an analytical inductive and reflexivity approach I believe that the validity of the research findings and the approach is strong. Also by approaching the research from an insider’s perspective being descriptive, inductive and unobtrusive in an ethnographic approach, I was more likely to glean data not possible with an unknown researcher.

Utilising the ecological validity perspective I was able to experience interaction with the subjects in the research, over a long period of time, obtain great detail and richness of data from variable sources and produce a picture in the context of UKIPO staff perspectives on agency status and change.

4.6 The ethnographic research approach

The partial ethnographic approach focussed on the manner in which people interacted and collaborated in regular ways at different levels, inside the UKIPO. I was able to observe this practice during my employment at the UKIPO over the period of my employment in a participative observational way.

The data collection material was gathered from personal observation, focus group discussion and semi-structured interviewing with UKIPO Management Board members, former Senior Management Team members, management
staff in parts of the UKIPO and operational staff. Albeit, that documentation was also obtained for reference purposes (Gill and Johnson 1997 and 2002) for example Corporate Plans and Framework Documents. The purpose here was to draw out in the research the nature of the agency changes following agencification in the light of the agency aims, objectives, policy, performance, strategies and management and external factors and so draw comparisons from the pre-agency days in the way that the agency conducts its business activities. In this way, it was anticipated to identify gaps in knowledge about the extent to which agencification and other factors have changed the UKIPO.

The benefit of this approach from my perspective, in parallel with the ethnographic approach is that having worked in the organisation environment for a number of years I have an understanding of the particular organisation. Consequently, I am aware of meanings, beliefs and values in the organisation and I am in a position to explain the actions of people working in the organisation based upon findings. This will bring more meaning and understanding to the research outcomes (Gill and Johnson 1997 and 2002).

Observation was overt and not covert and neutral in recording observation. The potential weakness of the process identified by Mintzberg (1979) and Batstone, Boraston and Frenkel (1977) was the potentially large amount of information that could be generalised in the course of interviewing, observation and ethnographic fieldwork. But I was able to categorise interview questions in a themed, organised manner (Holliday 2002) which prevented this (see Appendix A) and so the raw data could relatively easily be categorised, themed, organised and analysed (Holliday 2002) from key words, phrases and expressions contained within the raw data.

For example, in Chapter 6 giving the research findings on change and continuity in the UKIPO where the research questions 1a, 1b and 2a related to differences/changes and continuity pre and post agency status I was able to categorise responses affecting change and continuity in the UKIPO from 1988 to 2008 for each of the general, policy, performance, strategy and management
groupings into related/unrelated to agency status and continuity sections (Tables 6.1 to 6.3 and 6.7 to 6.8).

Equally, in looking at UKIPO Framework Documents, Corporate Plans from 1990 to 2008 and Report and Accounts, together with Steering Board and Management Board minutes of meetings, I was able to categorise the data into meaningful tables relating to UKIPO strategies by year (Table 6.4) and also identify subject areas discussed at respective board meetings (Tables 6.5 and 6.6).

In Chapter 7 (Research Findings of Reasons for Change and Continuity in the UKIPO) I was able to categorise the reasons for change and continuity pre and post agency status in the UKIPO into related/unrelated to agency status and continuity sections (research question 2b -Table 7.1) leading to analytical conclusions set out in Chapter 8 at Table 8.11.

In Chapter 8 (Analysis of Findings) I was therefore able in the analytical process to determine the conclusions of change related/unrelated to agency status and continuity in each overarching categorisation together with identifying the most influential factors affecting the UKIPO from 1988 to 2008 (research questions 3a and 3b - Tables 8.1 to 8.10).

On the above basis I was therefore able to draw overall conclusions of change at Chapter 9 focussing on the major conclusions about the general implications of change and ideas and needs for the future.

My approach in categorising specific variables/issues gleaned from the historical review and agencification concept research and reported above, reduced potential weakness because there was a degree of structure already identifiable in the research conceptual framework (Holliday 2002). It also provided for positivism to the extent to which “pure” induction is possible (Gill and Johnson 1997 and 2002). This is because the overarching categorisation parallels a recognised theory-neutral observational language identified in the historical review and agencification concept where variables of policy,
performance, strategy and management have been reported and debated in a theoretical, objective and elucidating manner.

The research was structured in terms of categorisation of main issues and factors related to change and continuity and conducted under the various variables outlined above. The commitment however in recording and reporting from interviews was inductive and of an unstructured nature in terms of the data collection so that other avenues were explored where these arose in interview (for example through the supplementary questions at Appendix A).

Because of the ethnographic and interviewing approach producing qualitative data in an inductive manner it was more likely to identify and include all the relevant variables under investigation. This is particularly so when the process was combined with forms of analytical induction (Bloor 1976, Bloor 1978).

Although it is recognised that the ethnographic approach can be problematic, I believe that any problems were overcome with a rigorous approach and the conscientiousness of my research approach and meticulous recording.

4.7 Ethics and ethnography

The research is openly about the UKIPO. It was therefore crucially important to ensure that the research was done openly, unambiguously and to have material available to the host organisation when required (Gill and Johnson 1997 and 2002).

The ethical fieldwork turns on the moral sense and integrity of the researcher negotiating the social contract and at the heart of the contract is the matter of trust between the parties (Gill and Johnson 1997 and 2002). No individual party is identified in the organisation from where information/interview detail was obtained and so confidentiality is secured (Golding 1979).

4.8 Access

Having been an employee of the UKIPO for over 15 years and continue to have the support and agreement to access information and people in the organisation
I have had the opportunity to have ready accessibility to conduct research. This opportunity is an invaluable characteristic of the research and provides a unique position in which to obtain new knowledge to add to the debate of agencification in government organisations. Access to people was possible across all levels of the organisation.

Access to agency framework documents and internal documentary material supplemented my research material.

Loose leaf notes to record events, discussion, observation, relevant material in Framework Documents and Corporate Plans etc were used and the observation/interview approach was of a structured nature, focussing upon the issues of change etc. Whilst it may be argued that the research methodology has disadvantages in its closeness to events, limits attempts to classify and generalise data, that it may involve an unrepresentative sample and the presence of an observer might distort the outcome of practice in that the person being observed or interviewed may be inhibited, it is believed that the immediacy of observation and discussion revealed a true picture of approach to circumstances. The advantages were that research was not bound by rigid research plans, interviewing was flexible, questions were focussed and probing, there was time to allow access to restrictive information. The qualitative nature of the data collection (Ritchie 2003) from these varying sources provided valuable insight in natural settings.

4.9 Bias

The research is intended to be transparent. Whilst I have a subjective interest having worked in the agency the research is related to educational background, training and competence gained in research methodology and a philosophical perspective (Kumar 1999) to gain information for the benefit of other interested parties in public sector work in the current climate.

There have been no restrictions placed upon me in undertaking the research and it is in the agency’s interest to gain knowledge from my research on the basis of the aims of the research.
The research results reflect the past and present for a potential bearing on the future. It is in the interests of all to have an unbiased account of activities surrounding the issues in order to provide realistic views of the impact of agencification. An open transparent research programme will achieve this end by following the qualitative research methodology processes reported through Ritchie (2003) and Lewis (2003) Gill and Johnson (1997 and 2002) and Kumar (1999).

4.10 Planning the research process

Phase 1 involved undertaking the historical review (Kumar 1999) planned over the 5 year period encompassing research on the Civil Service over time and a focus upon agencification to form the analytical framework. Year 1 involved the identification of the scope of the research, Year 2 identification of research questions and the planning of the research methodology, Year 3 planning the structure of the research in a case study format of the UKIPO under the main issues affecting agencies that have dominated academic research and debate, that is, policy, performance, strategy and management and determining the line of questioning to be adopted.

Phase 2, involved the commencement in year 3 of documentary research and participative observation in the UKIPO gathering information on the main issues in the UKIPO, where new knowledge to the debate of agencification would provide correlation or otherwise to the knowledge already known about government organisations in the context of these issues.

Phase 3 involved finalising the interview research questions and formulating/categorising them. Year 4 and 5 involved contacting the required interviewees undertaking the interviewing and analysis of findings and Year 6 writing up the thesis and presenting the research material.

4.11 Formulation of the plan

The formulation of the research process plan was determined to be best approached as follows:
The research approach provided an historic and progressive record of change where it occurred, of a pre and post agencification of the UKIPO. Interviews on an ethnographic basis with individuals in year 4 and 5 who worked under pre and post agencification conditions provided the qualitative data of historical accounts of activities to enable comparisons to be made with conditions pre and post agencification of the UKIPO.

The implementation of the plan as indicated above was based upon a set structure of approach identified by Gill and Johnson (1997 and 2002).

Identification of documents which recorded and represented pre and post agencification process, practice and outcomes were identified for comparison purposes. Documents were obtained from files. Hence documentation, interview and personnel observation formed the basis of the research programme in identifying longitudinal change (if any) pre and post agencification.

### 4.12 Data collection

The process involved collection of data (primary and secondary) on the context of the UKIPO organisation pre and post agencification by examination of file...
documents and the agency Corporate Plans and Framework Documents. This data provided the context for interview questioning in addition to that gained from the historical research of the Civil Service and the agencification concept undertaken. In preparation for each observation period and interview preliminary information was collected on work level responsibilities covering operational staff and managers including those at Boardroom level. The observational information collected related to application of responsibilities in the context of their duties and roles. The intention was to identify the link, if any, between operational level practice, managerial, boardroom level strategies and activities and aims and objectives pre and post agencification.

Because questions were generally structured and because this data was structured through an inductive process of recording, tabulating, coding, recording and analysing (Kumar 1999) using the NVIVO methodology (QSR International 2008) information revealed was meaningful in the context of the main issues under review.

The qualitative and quantitative research involved a systematic approach observing, interviewing and discussing issues with employees where questions focussed upon the specific areas of agencification and factors affecting change in the UKIPO, for example the supplementary question on Trading Fund status.

The research questions were focussed and adhered to the requirements highlighted by Ritchie (2003) and Lewis (2003) that is clear, focussed, not too narrow or abstract, feasible for response and of interest to the researcher.

This approach has provided the historical, longitudinal (Kumar 1999) and developmental overview of change and the impact of agencification or otherwise on the UKIPO.

The techniques of data collection were:

a. Researching documents such as Framework Documents and Corporate Plans of the UKIPO; Researching books and journals on New Public Management and agencification over the 20 period to the present time;
b. Auto interviewing as an observer, (Kumar 1999) with people identified as people who would provide greater insight due to their role, position and experience in the UKIPO. This led to other people (snowballing effect) (Gill and Johnson 2002) to interview;

c. Recording employee views on agency status from people at Boardroom level, management and operational level using a framework of questions in the context of the categories below and recording the information, who would be able to provide greater insight due to their role, position and experience in the UKIPO;

d. Categorisation of material under the headings of general, policy, performance, strategy and management headings.

The process was based upon that indicated by Hussey and Hussey (1997). That is:

a. identification of variables - headings under which data was to be collected, (Kumar 1999);

b. the time frame of collection date (Lewis 2003). This was 2004-2008.

Individual viewpoints of knowledge and experience in the agency lay at the heart of the research. Hence, the methodology of the research was to speak to different people at different levels in the agency and to analyse those views. The research provides opportunity for measurement whereby fact can be related to interpretation, impression and opinion (Sapsford 1999). Follow up on information was possible (Lewis 2003).

The selection of employees in the UKIPO agency was made in order to get a cross section and good representation of employees from which information could be obtained, from observing, focus group discussion and interview.

4.13 Interviewing selection method

The selection of the interviewed staff was from personal knowledge and telephone directory entries dating back to 1988 entries. This approach provided the list of personnel who would need to be approached with knowledge and
experience pre and post agency status. The research methodological also involved a second stage of the process to identify these people in the list working at different work levels of the organisation in order to get a balance of people being interviewed and their viewpoints from different perspectives in the hierarchical chain of personnel. No difficulties were encountered. High cost and time to approach all the agencies in the country are contributory factors in limiting the research methodology to this one agency case study (Harper 1974).

4.14 Boardroom level

Access to Boardroom staff members within the selected agency under review was given. Here, policy was gleaned in the context of the organisation and emanating from the Corporate Plan and Framework Document mentioned earlier.

4.15 Managerial level

Access was available to managerial graded staff within the selected agency as well as access to the corporate level of management. At all levels participative observation research techniques were applied. Semi-structured observational reporting was also applied.

At the management level the data sources were obtained by interview, observation and documents with interview technique being “partially non-directive” (Gill and Johnson 1997 and 2002) that is to say, interviewing started with topics which had a thematic and theoretical degree of importance. This then allowed specific direct questions to follow to seek significant feedback. The interviewing style was also flexible to allow development of themes, trends, etc a key factor to uncover new knowledge (Gill and Johnson 1997 and 2002).

From an observational perspective it was also a matter of casually talking and observing employees in the UKIPO. This allowed data from interview, observation and casual talking to be interpreted meaningfully because of my experience, having worked in the organisation. This approach enriched the ability to understand the outcomes, a key part of an ethnographic approach and
glean supplementary knowledge inside the organisation (Gill and Johnson 1997 and 2002).

The advantage of the participative approach was that I was not bound by the rigid research plans and the interviewing was conducted in the flexible mode (Gill and Johnson 1997). Also with employees some of whom I have known and worked with allowed for access to information and knowledge others may not be entrusted to know or see (Gill and Johnson 1997 and 2002).

4.16 Operational level

At the operational level research involved observation and discussion/interview with staff handling ‘customers’ of the agency. The focus of inquiry with these staff members was upon practice in terms of determining whether practice reflects a results or process orientation for the customer or agency. The observation/interviewing approach was conducted with a range of agency staff members dealing with different aspects of the agency work.

In deciding upon the above ethnographic research approach I took account of Mintzberg (1979) and his approach to research methods. The combination of the advantages of some unstructured observation, with the reliance on observing in the environment and working inductively and with the development of categories helped make sense of complex, voluminous data (Gill and Johnson 1997 and 2002).

The categories I have identified for research and compartmentalised, parallel the issues identified under the historical review and agencification concept as having significance in practice in government circles/departments/organisations concerning agencification and this has made the findings easy to pigeon hole and analyse in their respective contexts. The research approach has its base in the work of Dalton (1959) and Sayles (1964).

4.17 Collection of information process

Options for collecting information were taken as follows:
a. Documentary sources - Framework Documents and Corporate Plans, minutes of meetings - Steering Board and UKIPO Management Board; 
b. Participative Observation; 
c. Interviewing – individuals; 
d. Focus group meetings; 
e. Website material; 
f. Files; 
g. Observation on body language, attitude and demeanour; 
as well as a combination of these and all options were handled in a balanced manner. 

(Harper 1974, Gill and Johnson 2002)

The collection method of documentary sources for example Framework Documents, Corporate Plans and Report and Accounts, was used in part where information was required on performance and performance measurement etc as the quantifiable material was available in the form of published documents. 

Interviews and focus group discussions picked up on expression and personal interpretation of the questions posed. Through participative observation and interviewing, this enabled the individuals to give an answer to open-ended questions. Interviews were recorded and transcripts and notes made from this.

4.18 Analysing organisations

There are a number of ways in which organisations can be analysed as reported in Gareth Morgan’s book Images of Organisation (1986) namely:

- as a bureaucratic organisation since it operates under legislative guidelines and as a government department
- from an “organism” perspective (Morgan 1986) where the organisation is adapting to the needs of the environment (that is in this instance responding to the demands of the public who own intellectual property and need to be recognised as such)
- from a cultural perspective
as systems of government drawing upon various political principles to legitimise different kinds of role as well as detailed factors shaping the politics of organisational life

Whilst these approaches above to research the UKIPO as a case study were legitimate a further approach was considered more apt. This approach was from a flux and transformation (Morgan 1986) perspective. Here the understanding rests in the logic of change shaping social life which arose in the UKIPO. I wished to gain research material in order to understand such change.

The case study scenario (Ritchie 2003) shed light on the fine detail of change in the organisation, from a policy, performance, strategies over time and management perspective, the rationale of decision making, and purpose etc. This in my view makes the transformational and flux analysis approach apt.

4.19 A framework for critical research

Critical research involved interaction with managers, operatives and Board members of the UKIPO and examination of documents, statistics, together with interpretations of material data gained from interviews and field notes. Attention focussed upon situations, relations, events, ideas, practices and processes (Alvesson and Deetz 2000).

The process provided:

- general understanding of the focussed issues
- identification of significant themes
- an identification and subsequent exploration of dominant ideas and understanding, vocabularies and discourses in the context of the focussed issues
- discourses in relationship to a specific theme and in terms of different theoretical ways of making sense of the empirical material

(Alvesson and Deetz 2000)
4.20 Interpretation

Interpretation was based upon studying the findings of the research in the context of the key features of agencification.

The process of constructing and using qualitative research interviews was split into 3 steps namely:

- defining the research questions
- recruiting participants
- carrying out the interview

(Cassell and Symon 2004)

4.21 The process of interview

Each interviewee had questions put to them under the headings of “General”, “Agency Policy”, “Agency Performance”, “Agency Strategy” and “Agency Management” (see Appendix A) with the opportunity at the end of the interview for the interviewees to express any view that I had not covered in the interview process. Notes were made during the interview and the interview recorded.

4.22 Analysis

What became evident in the analytical process of the transcripts of data was the differentiation between change related and unrelated to agency status and continuity, the reasons behind change and the factors of most influence.

Results from feedback from questions reflected opinions, views and practices. Correlation analysis determined patterns and trends etc which were emerging from the development of the agency and their work responsibilities etc. Analysis was based upon categorisation of key variables, key words and phrases, issues and themes taken from the raw data and responses on the basis of the themed investigation (Holliday 2002). Transcripts and field notes (Holliday 2002) were prepared and data recorded, stored and categorised and so analysis through themed organisation of data in the NVIVO system was readily utilised.
4.23 Presentation of findings

The presentation of findings is based upon documentation, views, opinions, trends, change, continuity and patterns which have common denominators emerging from the qualitative data collected. That is, change related and unrelated to agency status and continuity, reasons for change, conclusions about change and factors of most influence on change and continuity in the UKIPO. These have emerged from coding material. This information is supplemented by diagrammatical presentation. Tables were structured in standard layout format to include title, table number, referenced to the source of information (Nicols 1998). At each stage the tables reflected forecast and actual figures. Marsh (1979) and Sapsford (1999) support this view. Qualitative data was not presented in a specific format to provide for tabular data, however, such material is presented in categories and change influences (Holliday 2002) from analysis to allow for ease of understanding to readers as outlined above (Ritchie 2003 and Lewis 2003). Extracts from data are provided in the analysis as evidence to support arguments and interpretation of data (Holliday 2002).

Viewpoints together with pictorial representation were the predominant presentation tool (Nichols 1998) where presentation and illustrations fully provided a clear indication of what data represents.

4.24 Reporting the data

Reporting research findings follows closely the criteria set out by White, Woodfield and Ritchie (2003) in Chapter 11 of the book Qualitative Research Practice (Ritchie and Lewis 2003).

4.25 Reflexivity

Given that my research involved a case study in an environment in which I had spent some 15 years it was important to consider the issue of reflexivity. This is because all social research, especially qualitative social research, is considered to be affected by interpersonal dynamics and the researcher and researched 'co-produce' social encounters.
It was therefore necessary for me to demonstrate reflexivity in my approach; that is reflecting, or thinking critically, carefully, honestly and openly, about the research experience and process in order to present information unbiased and representative of research feedback. From this perspective I needed to:

- constantly be watchful and thoughtful in recording and interpreting the response information to questions
- be watchful in undertaking the interview or observation to ensure no influence was applied in gleaning feedback from interview questions or participative observation
- be constructive and impartial in the analysis and recording of the research material
- keep in mind the risks of reproducing relations of exploration for example responses linked to grading status

I was also conscious in my research not to be:

- inward-looking but to be open minded
- and install my knowledge and experience in the work environment at the centre of research so failing to focus on the research context and participants

To ensure impartiality I kept a research diary independently of my research material where I wrote reflections on the research which helped to ensure that an objective viewpoint was recorded from response material. Entries in the research diary were made after each interview and participative observation period, and were separate to my field notes.

The interactions with the people in the UKIPO were reflected in the research diary as follows:

- How did people react to my questions
- My approach which was friendly and appreciative of the time that the interviewee had given to me for interview
What did people say, what judgements did they make

Reflection upon the interviews and discussions conducted were also recorded as follows:

- What was good/what was unsatisfactory about the interview
- Did I fail to ask follow up questions on interesting topics
- Did I manage to complete the interview schedule
- Did I feel confident that I had understood what people were telling me
- Did I feel that the interview was generating reliable information

I approached the research in the UKIPO from the overarching policy, performance, strategy and management standpoint which from the historical review and agencification concept research had been identified as the key factors under which change could be effected. This perspective represented the conceptual framework under which my research would be conducted.

In the light of Malterud (2001) views it was important to ensure that my background and position in the organisation prior to my research did not influence or affect outcomes of the research from a participative observation, interviewing, discussion with UKIPO staff and analytical work perspective.

What became evident in the research feedback was that factors affecting change from each policy, performance, strategy and management perspective dictated the analytical outcomes since the data readily fell into categories of change related and unrelated to agency status and continuity.

The underlying reasons for change and continuity equally became evident in the analysis work, thus underlining the rationale for the UKIPO employees seeing change from these perspectives. Their voices were clear in their view of what, how and why changes in the UKIPO had arisen.

My role in the research was to record their views and analyse the data and therefore I acted as a “human research instrument” (Cohen and Crabtree 2006). Views on contradiction, problems, tension and trends arising in the UKIPO were
again recorded from the UKIPO staff comments and reported accordingly. At no time was any subjectivity applied to the data and information was reported from an objective perspective. My own experiences and interpretation could not influence these outcomes as the outcomes only became apparent from responses from UKIPO staff at the analytical stage of the process.

Therefore in terms of applying reflexivity in the research process I am confident that the research undertaken was objective, the findings were devoid of influence of my personal knowledge and experience and as such my relationship with the organisation/agency was dispassionate and unbiased. Albeit that I was conscious of the working environment under research, my research was conducted as an independent researcher having left the employment of the organisation some 3 years earlier. Analysis was done from transcripts of interviews etc and so at no time could any meaning be misconstrued from this recorded data.

I have no personal gain to report the findings in any particular way. The aim of the research was to determine the factors affecting change in the UKIPO over the 20 year period and to report those findings impartially. The research questions underlined this approach. The outcomes are those of the UKIPO staff not mine (Gilbert 2008).

I would argue that my use of reflexivity in this research process has improved the productivity and functioning of the qualitative research here and the quality of the research material (Barry et al in Goode 2006). This implies that the findings are more valid and reliable.

4.26 Summary

On the basis of the research material that was sought, the ethnographical and transformational/flux methodologies represented the best approach to undertake the research because individual, personal experience viewpoints and understanding of change over time, from staff of the UKIPO perspectives, was needed for analysis to meet the aims of the research. The material of this nature therefore needed to be obtained in a qualitative, ethnographical
methodological approach to get to the heart of individual views on change in the UKIPO. Quantitative data was also needed to balance the qualitative data at the analysis stage of the research as was documentary, secondary data in support of the primary data gained through the qualitative research methodology.

The research approach from the transformational/flux and change perspective is central to the research and analytical process because research covers the process of the UKIPO, a government department, moving to an agency of government, via the government's agencification programme. This approach presented an analytical framework (Figure 4.1) which could be applied whereby overarching variables of policy, performance, strategy and management in the context of historical evolution of the Civil Service in the UK and the Agencification concept could be explored.

Questions were put to interviewees, focus group members and individual staff members totalling 20 in number with knowledge and experience at Board, management and operational level with the opportunity at the end of the process for the discussants to express any view that I had not covered in the interview and discussion process. The information was underpinned with information gleaned from conversations with as many other staff in number over the time period of primary data gathering from which subsequent notes were made, catalogued in themed referencing and drawn upon at the analysis stage.

Interview questions were open-ended so interviewee responses were given in discussion form or descriptive, so responses were recorded so that findings could be analysed in this viewpoint form. NVIVO provided the means for categorising the data for analysis purposes.

The research determined the differences and changes that the UKIPO staff had experienced over the 20 year period and ultimately whether they were related or unrelated to agency status. Equally, continuity from pre and post agency status was determined from the data sources.

Data is descriptive and in diagrammatic and tabular form.
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CHAPTER 5

5.1 Introduction

The Patent Office was established at the end of 1852 with responsibility to provide intellectual property rights. Over subsequent years the movement of patent reform saw the office transfer to the Board of Trade under the Act of 1883 and to the Department of Trade and Industry (DTI) (created in 1970 and re-created in 1983). The department absorbed the functions of the Ministry of Technology and the Board of Trade. The Patent Office since its inception long remained at the site of its first home in London, however as a result of Government decentralisation decision making the office moved to Newport, South Wales in 1991 on a phased basis.


In June 2007 the UK Intellectual Property Office joined the Department for Innovation, Universities and Skills (DIUS) and in June 2009, The Business, Innovation and Skills (BIS) Ministry where it remains at the time of writing.

The new department brought together functions from the former Department of Trade and Industry, including responsibilities for science and innovation, with further and higher education and skills, previously part of the Department for Education and Skills (DES). The intention was for the new department to deliver the Government’s long-term vision to make Britain one of the best places in the world for science, research and innovation.
The department’s goal is to bring together the nation’s strengths in science, research, universities and colleges to build a dynamic, knowledge-based economy. The department works closely with the new Departments for Business, Enterprise and Regulatory Reform (BERR) and the Children, Schools and Families (DCSF) as well as other key departments to ensure the wider personal, community and cultural benefits of education and science are supported.

The UK Intellectual Property Office is the official government body responsible for granting intellectual property (IP) rights in the United Kingdom.

The UKIPO under agency status is governed by a Framework Document and is informally reviewed on an annual basis and fully reviewed by the parent Department, in consultation with HM Treasury and Cabinet Office. The Secretary of State and the Chief Executive may agree at any time to amend the Framework Document, following consultation with the Departmental Trade Union Side and with the agreement of HM Treasury and the Cabinet Office as necessary.

In addition to these functions the agency acts as a receiving office for international applications under various treaties and conditions, advising on Patents, Trade Marks, Designs and Copyright and is a source of information about science, technology, trade marks and designs and provides a search and advisory service giving access to scientific/technological information to assist customers. It promotes awareness of intellectual property, provides Ministers with policy advice on intellectual property matters and supervises on UK’s behalf operations of international bodies.

The framework of accountability for the above responsibilities has changed by establishment of the office as a Trading Fund agency and with the implementation of commercial accounting. Whilst Ministers continue to have overall responsibility for policy and a resources framework within the agency for
its operations there is evidence that the UKIPO has a greater say in policy matters than hitherto envisaged.

For ease of reference The Patent Office will be referred to as the UKIPO throughout.

In order to assist in the description of the changes that may have come about as a result of granting the UKIPO agency status the start of the case study compares and contrasts the organisation at the two dates 1988 and 2008 against similar criteria. The decision to select these two dates is because 1988 was the immediate period of time prior to the granting of agency status to the UKIPO in 1990 and the 20 year period to 2008 provides a timely expanse of time to allow for development of the organisation over time to have taken place in the organisation based upon the impact of agency status on the organisation, a period of stability under which agency practices have been embedded into the organisation and to determine change from the past to the present time the organisation as a result of the agency status being granted and its influence today.

5.2 The UKIPO context 1988

5.2.1 Structure

In 1988 prior to agency status being granted to the UKIPO staff members of the organisation were Civil Servants of the Crown.

The organisation of the department was set out as follows:
CHAPTER 5: The UK Intellectual Property Office (UKIPO) (formerly the Patent Office) Context
Pre and Post Agencification

The Patent Office (latterly the UKIPO) Organisation Chart 1988

![Organisation Chart 1988](image)

**Fig 5.1**


### 5.2.2 Status and line management responsibility

The organisation possessed statutory duties and responsibility for the granting of intellectual property rights. The UKIPO was responsible for the administration of the Patents Act 1977, the Copyright, Designs and Patents Act 1988, the Registered Designs Act 1949, the Trade Marks Act 1938, the Trade Marks Act (Amendment) Act 1984 and associated legislation all of which have been updated through amendments and enhancements by legislation over time. The principle elements of Patent Office business were:

- the granting of patents for inventions
- the registration of trade and service marks for goods and services, and
- the registration of designs of articles and
- copyright protection

The Office collected renewal fees for European Patents (UK) retaining a proportion and remitting the balance to the European Patent Office in
accordance with the decision of the Administrative Council of that organisation and as laid down by the European Patent Convention (EPC).

By means of its publications and databases, the Office was a key source of information about science, technology, marks and design in both a national and international context.

5.2.3 Aims

The principal aim of the Office in 1988 was to stimulate the growth and development of those areas and technologies, through the establishment of industrial property rights (IPR). The UKIPO also aimed to help literature and the arts to flourish through an effective copyright law.

5.2.4 Objectives

The objectives of the office were as follows:

- To ensure that the intellectual property system operated in a way which reflected the national interest
- To provide all customers with services which combine quality with value for money
- To ensure that industrial property rights issued under its authority carried with them a good presumption of validity in the market place
- To maintain the considerable knowledge and experience accumulated in the course of its work and to ensure this was available for the benefit of industry and commerce
- To promote an awareness of the value of industrial property and its exploitation, and
- To ensure that it performed its functions with increasing effectiveness, efficiency and economy

5.2.5 Work context

Over the previous 18 months to 1990 patent work activity had slowed from 32828 applications in 1984 to 29369 applications in 1989 while trade mark work had increased from 22796 in 1984 to 40052 in 1989 (Patent Office Corporate Plan 1991).

Promoting intellectual property was on a small scale and morale had suffered because of the loss of business to the European Patent Office (EPO) which had opened in 1978 and because of the protracted move to Newport, South Wales.

Within the management responsibility of the Patent Division was the conducting of Hearings on patent cases and policy work on proposed changes to legislation which all had resources implications.

The Trade Marks Branch administered the law regulating the registration of trade marks and service marks (see Fig.5.2). The registration offered a relatively straightforward and inexpensive mechanism for the protection of trade mark rights and made an important contribution to the conduct of industry and commerce. Trade Mark law had remained largely unchanged since the last comprehensive overhaul in 1938. An important exception was the introduction of service mark registration in 1986.

The Trade Mark Branch workload had doubled over the 10 years prior to 1990 and new applications were running at around 40,000 per year. Demand for trade mark registration was anticipated to increase but it was difficult to assess the impact on demand when the Community Trade Marks Office (Office for Harmonisation of the Internal Market (OHIM)) was established. Staff resources anticipated to deal with the anticipated increase in demand for trade mark registrations were put at 314 staff for 1990, 322 for 1991 falling to 320 in 1992 and falling to 318 in 1993 and 316 in 1994 (The Patent Office Corporate Plan 1990).
The activity flow of handling Trade Mark application is best illustrated as follows:

**Trade Mark Activity Flow**

![Diagram of Trade Mark Activity Flow]

**Fig. 5.2**


For Designs, applications were received for registration under the Registered Design Act 1949. Examination and search was made to establish novelty by reference to designs of similar articles that had been registered. Application of design registration was expected to increase over time as a result of amended design law under the Copyright, Designs and Patents Act 1988. Staff resources were expected to increase to deal with the increase, but tempered by more computerisation. For the period 1984 to 1989 design applications had increased from 7247 to 9317 applications (The Patent Office Report and Accounts 1992 to1993).

The work context within which the organisation was intended to function can best be illustrated by the information contained within the Patent Office Framework Document 1990 namely that:
• It should operate within the Department’s overall objectives to help secure an increase in prosperity and to create a climate that stimulates enterprise
• Work with and through the European Patent Office, the World Intellectual Property Organisation and the European Community Trade Marks Office when established, to ensure that the services available to industry are efficient and effective
• Foster more informed attitudes towards industrial property, disseminate information and encourage technology transfer
• Keep its operations under constant review in order to improve, wherever possible, services to its customers
• Consult its customers in order to keep abreast of their problems and to work effectively with them
• Maintain the policy of setting prices overall on the basis of the recovery of full costs, while keeping initial fees for entry into the industrial property system at a level which encourages commerce and industry, particularly small and medium-sized enterprises, to stake their claim to patent and other rights

5.2.6 Assets, resources and organisation

5.2.6.1 Location and assets

The UKIPO was located in London in 1988 where it had remained since its inception albeit that it had occupied different buildings over time. In order to achieve substantial long term savings in running costs and greater stability in staffing, the Patent Office was set to be relocated to Newport South Wales with small offices maintained in Manchester and London. Such a relocation meant the transfer of staff and its assets to South Wales, from London, such as comprehensive databases of industrial property information and its modern technology particularly in the form of on-line computer systems and video conferencing links.
CHAPTER 5: The UK Intellectual Property Office (UKIPO) (formerly the Patent Office) Context
Pre and Post Agencification

Total UKIPO staff within a totality of 12206 Department of Trade and Industry non-industrial staff on 1 April 1988 amounted to around 1150 people reaching 1154 in the 1991/92 manpower statistics (Patent Office Corporate Plan 1991).

5.2.6.2 Comptroller-General

The Office was headed by what was known as the Comptroller-General (hereafter referred to as the Chief Executive following agency status). The statutory powers and duties afforded to the Comptroller-General, appointed by the Secretary of State for Trade and Industry were applied under section 63 of the Patents Act 1907. His structured framework was to develop the Patent Office by:

- Ensuring that, when representing the UK in any international forum, the interests of all users of the intellectual property system were to be fully taken into account
- Seeking improvements in efficiency in terms of productivity and unit costs
- Improving the quality of service provided to its customers while maintaining the integrity of the UK intellectual property rights system

The improvements were expected to be particularly significant after relocation of the Patent Office from London to Newport South Wales.


5.2.6.3 Management Board and staffing structure

The Comptroller-General was supported by senior managers of the UKIPO and the heads of its service functions. The staffing breakdown (Table 5.1) following agency status was as follows and varied little from the 1988 figure.
Table 5.1

UKIPO Manpower Summary 1991/92

<table>
<thead>
<tr>
<th>Branch of the Patent Office</th>
<th>Manpower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Property and Copyright</td>
<td>29</td>
</tr>
<tr>
<td>Patents</td>
<td>534</td>
</tr>
<tr>
<td>Trade Marks</td>
<td>309</td>
</tr>
<tr>
<td>Designs</td>
<td>28</td>
</tr>
<tr>
<td>Marketing, Publicity and Commercial Services</td>
<td>15</td>
</tr>
<tr>
<td>London Front Office</td>
<td>30</td>
</tr>
<tr>
<td>Administration</td>
<td>209</td>
</tr>
<tr>
<td>Total</td>
<td>1154</td>
</tr>
</tbody>
</table>


In October 1989, one year prior to the UKIPO receiving agency status (1 March 1990) and Trading Fund status (1 October 1991) a Management Board comprising senior managers of the UKIPO and the heads of its service functions was formed.

The first task of the Management Board had been to oversee the production of the Corporate Plan. Prior to the establishment of the UKIPO as an agency, the senior members of the management, formed into the Management Board, oversaw policy issues relating to relocation of the Office to Wales, management of the Office and consideration of proposals for the establishment of budgets for the financial year 1990/91. This was the first Corporate Plan of its kind and for the first time, publicly, from an internal and external perspective the scope, focus and direction of the office was set out for all to see, albeit that the office objectives were not detailed at this time.
As regards staffing in the UKIPO, interviewee comments from those staff working in the UKIPO pre-agency status and working in London indicated that pre-agency and relocation to South Wales from London it was a Civil Service department and by reputation it had aging Patent Examiners and Civil Servants and not an organisation with a high reputation.

5.2.7 Information Technology

All new computer systems were developed only on a cost benefit basis where positive benefits had been identified. This was in the context of the requirements of the parent department as well as the needs of the Patent Office (now known as the UKIPO).

5.2.8 Reporting and accountability

5.2.8.1 Accountability to Ministers

The Comptroller-General reported to DTI Ministers on the work of the agency. The Chief Engineer and Scientist as Deputy Secretary, was responsible for advising Ministers. The Chief Engineer and Scientist was also responsible for monitoring on behalf of DTI, as parent Department of the UKIPO, the performance of the UKIPO and reporting to Ministers and others as required on its performance.

On matters of policy, the UKIPO reported to Ministers through the Chief Engineer and Scientist as the responsible line manager.

5.2.8.2 Parliamentary accountability and MP enquiries

Members of Parliament raised any matters concerning the UKIPO with Ministers and they in turn responded having sought advice from the office. However, if correspondence came directly to the UKIPO and had implications which went beyond its day to day work, the UKIPO was obliged to refer the correspondence to the relevant division in DTI.
5.2.8.3 Role of the Accounting Officer

The Permanent Secretary was responsible for all matters which affected the accountability of the UKIPO, including the policy of the department towards the Patent Office, its performance and the departmental resources allocated to it.

The Accounting Officer was liable to be required to appear before the Parliamentary Select Committee and the Public Accounts Committee when the affairs of the Patent Office were being discussed.

5.2.8.4 Financial delegations

Financial delegations were afforded to the Comptroller-General but financial delegations were limited in respect of allowing the UKIPO to commit expenditure without first gaining sanction from its parent department the Department of Trade and Industry.

5.2.8.5 General delegations of responsibilities from the parent department

The UKIPO and in particular its industrial Property and Copyright Department maintained its close links with the parent department. The day to day management responsibility of the Patent Office in effect fell to the Comptroller- General who reported to the Chief Engineer and Scientist on the conduct of the organisation.

5.2.8.6 Report and Accounts

In fulfilment of section 121 of the Patents Act 1977, section 42 of the Registered Designs Act 1949 and section 45 of the Trade Marks Act 1938, an Annual Report and Accounts was published on a calendar year basis and copies placed in the Libraries of the Houses of Parliament. The Report reviewed performance during the previous year and set out targets for the coming year.

5.2.9 Financial regime
The financial objective of the UKIPO was and always had been to break even taking one year with another. Its pricing policies were based upon full recovery of costs as required by the Treasury Fees and Charges Guide. The Department operated under the Financial Management Initiative (FMI) (House of Lords 1998:68).

Any decision making for example to invest in projects which developed its range of services in ways which offered value for money and reduce unit costs had to be conducted at the parent Department’s level.

Departmental funding to undertake respective activities was provided through central government and the Treasury. The UKIPO was funded by DTI to manage an effective system for the protection of intellectual property rights. Also, to stimulate innovation and enhance the international competitiveness of British industry and commerce through the promotion and awareness of these rights and by promoting the UK’s interests to harmonise, modernise and simplify international Intellectual Property laws.

The presentation of financial accounts and reports was the responsibility of DTI pursuant to section 4 of the Government Trading Funds Act 1973 (OPSI 2008). Parliament set the financial framework for departments. The UKIPO applied the principles of the Financial Management Initiative by operating a series of cost centres within the organisation.

5.2.10 Performance measures

The primary performance measure for the UKIPO was to record the work output over activity time, in terms of the granting of Patents and Trade Mark rights and registering Designs under the respective Acts of Parliament. The agency employed indicators to monitor Patent granting rights and at this time the UKIPO was one of few government departments recognised as monitoring performance.
Performance in this respect focussed upon output ratios for examining and other work. There were also qualitative targets upon which staff activity was measured on their performance within the branch (Patent Office Corporate Plan 1990). But they lacked feedback performance data from users of their service.

5.2.11 Management and accounting systems

The UKIPO operated a full financial control system supported by a management accounting system providing for a regular review of costs incurred against agreed budgets, operating performance and cash flow. The system allowed senior management to monitor results at all levels within the UKIPO.

The UKIPO accounting system was consistent with Treasury requirements, recognised appropriate interfaces with FINMIS the financial information system for Ministers, was capable where necessary of reconciliation with the Department’s Vote accounting arrangements and satisfied any departmental audit requirements as to security, comprehensiveness, separation of authorities and accuracy.

Financial Accounting procedures for the Patent Office, like other government departments was based upon the principles of Vote accounting, in other words allocation of monies to voting accounts for expenditure purposes.

5.2.12 Audit

The agency was subject to audit by National Audit Office, to DTI internal Audit and to staff inspection by the DTI and the Treasury.

5.2.13 Pay and personnel management

5.2.13.1 Staffing

The UKIPO had little delegated responsibility in the areas of personnel management, recruitment, promotion, performance bonuses and training.
The staff allocation was set each year and within the allocation the Comptroller-General did not have authority to recruit independently of the overall staff limits set by the parent department.

5.2.13.2 Recruitment

Any recruitment was undertaken through its parent department DTI who operated a Personnel department and administered recruitment processes and practices.

5.2.13.3 Personnel management

In support of the operational needs of the UKIPO DTI aimed to offer the UKIPO staff a well planned career with provision for staff to transfer into and out of the UKIPO and into other DTI departments and organisations within its control.

5.2.13.4 Promotion

The UKIPO staff members were eligible for DTI main and regional promotion boards which were held annually. No local promotion boards were held other than regional boards administered by the local DTI Personnel department.

5.2.13.5 Pay arrangements

The UKIPO applied nationally negotiated Civil Service pay arrangements.

5.2.13.6 Performance pay

DTI operated a performance pay system but this was linked to individual yearly performance and annual reports.

5.2.13.7 Training and development

DTI operated training and development for staff at all levels and applications for training and development from Patent Office (UKIPO) staff as well as other DTI departmental staff in different departments of the DTI were sent to DTI for them to attend courses. DTI utilised the facilities of the Civil Service College and external organisations.
5.2.14 Strategy

From interviews conducted with UKIPO staff who had been members of the Patent Office staff at this time it is perceived by these staff members that there was no strategy to which the organisation focussed its attention. Staff purpose was to apply the legislative criteria to the letter and if applications were successful on this basis then so be it. There was no proactive motivation to provide guided support to smooth the path for applications only to present the applications with the barriers or hurdles which needed to be overcome in order to succeed in obtaining statutory intellectual property rights.

Its only strategic direction at this time appeared to be to implement European Community legislation by 1992 which would simplify trade mark registration procedures.

Against this background with the establishment of the European Patent Office (EPO) and proposed Community Trade Mark Office (OHIM) the strategic options open to the UKIPO at this time were:

- To effect a controlled rundown of the UK Patent Office over the following 10-15 years as British firms would be able to protect their intellectual property rights at the European Patent Office and the proposed Community Trade Mark Office (OHIM) to be set up in Alicante Spain
- To maintain a patent, designs and trade marks service, especially for the benefit of individuals and small and medium-sized firms who may not need or be able to afford European wide protection for their intellectual property
- To build on the present sub-contractor relationship with the European Patent Office
- To develop non-statutory services aimed at securing more effective use in the United Kingdom of intellectual property and the technical information contained in patent documents
At this time the existing senior management team considered the options and felt that the UKIPO was in a strong position to maintain a trade marks service, especially for the benefit of individuals and small and medium-sized firms who may not need or be able to afford European wide protection for their intellectual property.

As regards patents, decision making was more difficult because as a result of the loss of business to the European Patent Office and uncertainties about the future of the Patent Office substantial numbers of high quality staff had left, recruitment had not taken place for 6 years and morale amongst staff was low.

5.3 The UKIPO context 2008

5.3.1 Structure

Post agency status being granted to the UKIPO on 1 March 1990, the UKIPO remained a department of the Department of Trade and Industry (DTI) and the staff members of the organisation retained their Civil Servant status.

Immediately following agency status the organisation of the department continued to be set out as that shown above in Figure 5.1 albeit that the Comptroller General of the UKIPO became known as the Chief Executive Officer.

Branch detail of the UKIPO organisation in 1990 (Fig 5.3) was as follows:
Fig. 5.3
Source: Patent Office Organisation Chart in 1990
By 2008 the UKIPO had developed and restructured into the following organisation structure as the organisation adapted to change and expectations:

UK Intellectual Property Organisation Directors and Departments 2008

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**Fig. 5.4**

Source: UK Intellectual Property Directors and Departments 2008

**5.3.2 Status and line management responsibility**

The inception of the UKIPO as a government agency did not affect the operating principles over time under which the organisation functioned. These operating principles and functions were reiterated in the Patent Office Framework Document 2006 namely:
IMPLEMENTING THE NATIONAL FRAMEWORK GOVERNING INTELLECTUAL PROPERTY RIGHTS (IPR) AND FOR PROMOTING THE UK'S INTERESTS IN THE DEVELOPMENT OF THE INTERNATIONAL INTELLIGENT PROPERTY RIGHTS SYSTEM

- The granting of patents for inventions
- The registration of trade marks
- The registration of designs
- The maintenance of rights granted or registered, including patents granted by the European Patent Office (EPO) under the European Patent Convention (EPC) and covering the United Kingdom
- Acting as the point of entry for UK companies and individuals to the EPC and the Patent Co-operation Treaty (PCT) where trans-national protection is sought
- Acting as a point of entry for UK companies and individuals seeking Community Trade Marks or Designs, or Trade Marks in other jurisdictions under the Madrid Protocol
- Formulating and implementing UK Intellectual Property (IP) policy
- Increasing awareness of business on the effective use of IP
- Acting as a hub in the network for fighting IP crime

In the introduction to the 2008 Corporate Plan the Chief Executive of UKIPO reiterated the responsibilities of the organisation saying that:

"The UKIPO (formerly the Patent Office) is responsible for the UK’s IP framework, for the delivery of patents, trade marks and registered designs to individual applicants, for the UK engagement on IP issues with the European Patent Office (EPO), the World Intellectual Property Organisation (WIPO) and (within the European Union (EU) framework) the Office for Harmonization in the Internal Market (OHIM), which is responsible for the community trade mark and design."

The Minister for DIUS determined the policy framework. He/she agreed the strategic objectives and set key financial and performance targets for the Patent Office and approved the Corporate Plan which is revised annually. As appropriate, the Secretary of State could delegate to the responsible Minister
approval of the Corporate Plan and agreement and monitoring of the key financial and performance targets.

The UKIPO had responsibility for providing Ministers with policy advice on intellectual property matters. The UKIPO was also responsible for the day to day management of its operation where the freedom under agency status provided much more freedom for the UKIPO to achieve the aims and objectives set out in the Framework Document. In turn DTI Ministers continued to answer to Parliament on the work of the UKIPO. These criteria were set out in the 1990 Patent Office Framework document under “Departmental Status” and endorsed by the then Secretary of State for Trade and Industry Nicholas Ridley. The 2006 Patent Office Framework document underlined this approach. The main departmental sponsor for the UKIPO under the 2006 Framework Document criteria was the Director for Innovation, Office of Science and Innovation subsequently renamed the Director General, Science and Research within DIUS in the 2009 Framework Document.

5.3.3 Aims

In 2008, the UKIPO aims were set out to support Government’s ambition to make the UK the leading place where innovative businesses, public services and third sector organisations can thrive through creating more effective products, services, processes and organisations. In the Government’s published White Paper “Innovation Nation” (Department for Business, Innovation and Skills 2008) the Government highlighted the changing nature of innovation as new technologies emerge and users become increasingly innovative. The 2008 UKIPO Corporate Plan set out a very clear and dynamic programme of activity for the next three years. It committed the UKIPO to creating the conditions in which IP can be used effectively and appropriately within the innovation ecosystem (Baroness Morgan of Defelin, Minister for Intellectual Property and Quality - UKIPO Corporate Plan 2008).
In the Chief Executive’s foreword he underlined the importance of the organisation’s rights granting and tribunal work and the need to combine the traditionally high standards of judgement and efficiency with the ability to meet the rising expectations of customers, as they seek to compete in the global economy. There was a single common theme to all of them: making sure that all the activities of the Office ultimately supported businesses competing in a global economy.

This seems a much bolder approach than hitherto. What had happened in the interim years was that the Government had recognised the changing nature of innovation as new technologies emerged and users became increasingly innovative. It had also recognised a greater importance of the role IP has to play in enabling the UK to compete in a global economy. The 2008 UKIPO Corporate Plan therefore set out a very clear and dynamic programme of activity for the next three years.

There is no doubt that the aims of the organisation, particularly in the context of granting Trade Mark rights took on a more proactive stance post agency status as opposed to pre-agency status where interviews with organisation staff indicated that pre-agency status attitudes were less inclined to grant intellectual property rights than after agency status where customer focus became dominant in the Office’s strategic direction.

5.3.4 Objectives

As regards objectives in the first of the Corporate Plans these were not detailed but in the 1991 Corporate Plan objectives were seen to be the thrust of UKIPO policy work and to continue work on international harmonisation of rules and procedures on intellectual property in fora established by the World Intellectual Property Organisation (WIPO) and also by the European Community and the European Patent Office. At the same time the objective was to ensure that the European Patent Office and organisations such as the Community Trade Mark
Office (OHIM) when established provided efficient, effective and economic services to customers.

This was in contrast to the 2008 Corporate Plan which set out the objectives of the UKIPO agency as follows:

The Office’s core objectives contribute to the achievement of the DIUS objectives in the following areas:

- Accelerating the commercial exploitation of creativity and knowledge, through innovation and research, to create wealth, grow the economy, build successful businesses and improve quality of life
- Pursue global excellence in research and knowledge, promote the benefits of science and society, and deliver science, technology, engineering and mathematics skills in line with employer demand
- Encourage the better use of science in Government, foster public service innovation and support other Government objectives which depend on DIUS expertise and remit

The achievement of the these objectives by the UKIPO were to be promulgated through the “Balanced Scorecard” (James 2004) approach and through the 10, 3 and 1 year goals set out in the Corporate Plan. This reflected a competitive edge in 2008 in comparison to 1988.

(UKIPO Corporate Plan 2008)

These strategic goals reflected a complete contrast to the lack of perceived strategy pre-agency status.

It is evident that a more “commercialism” approach to conducting the work of the agency followed agency status.

The contrast between the two comparative 1988 and 2008 years identifies the increasing scope and direction of the Office and the commercial and business orientated support in which it now sought to boost the UK economy compared
to the early days of the Office's agencification. What is also interesting is the cohesiveness it sought with government policy in undertaking its objectives indicating that its focus albeit as an agency remained a part of government policy.

5.3.5 Work context

The UKIPO operates in a national and international context as do its customers and in their work activities endeavour to influence the international agenda to ensure that they can operate effectively across national boundaries. The organisation continues to grant rights in intellectual property covering inventions, designs and trade marks to applicants who can lay legitimate claim to them. So the fundamental principles and functions of the organisation remain intact.

In 2008 the UKIPO published the Corporate Plan (the Plan) detailing its goals for the coming three years. This was the first Corporate Plan from the new Chief Executive of the UKIPO and was viewed as particularly important due to increasing competition in the global market. The Minister for Intellectual Property and Quality, Baroness Morgan of Drefelin, highlighted the important context of intellectual property (IP) in introducing the Plan noting: "Intellectual Property is an essential component in ensuring the UK's future economic prosperity".

Shepherd and Wedderburn (2008) in their “E Bulletin on the UK-IPO Corporate Plan 2008" acknowledged that the Plan builds on developments in Government policy over the past two years. In particular they pointed to the ‘Gowers Review’ (Dec 2006); Lord Sainsbury's review 'The Race to the Top' (Oct 2007); the Creative Economic Strategy (Feb 2008); and the Innovation White Paper (Mar 2008), all of which stress the importance of IP to the UK's "increasingly knowledge-based economy" and the context in which the UKIPO works.

The UKIPO identified six distinct external challenges Shepherd and
Wedderburn reported that needed to be addressed and the steps to resolve these issues form the basis of the UKIPO's three-year plan and work context over this time, namely:

- Developing and improving the economic evidence base
  This builds on the conclusion of the Gowers Review and the Sainsbury Review that the UK IPO needs to put in place a programme to develop and make effective use of economic evidence about the role of IP and wider intellectual assets in the modern UK economy. The launch of the Strategic Advisory Board for IP Policy (SABIP), "an independent body set up to give strategic advice to Ministers on IP", will aid this goal by using its research budget to commission research to underpin its thinking.

- Further attention and growing resources need to be given to copyright and related issues requiring partnership with enforcers

- Enforcement of IP
  For the UKIPO this area concerns better understanding of the impact of IP on the economy and partnering with enforcement bodies, such as the police and trading standards officers, to raise awareness and understanding of IP.

- Innovation, Business Outreach and Education
  The UKIPO believes that it needs to "connect more effectively with the Government's wider innovation policy and business support activities"

- New Rules: the Community Patent, EU patent litigation and the Community Trade Mark (CTM)
  The UKIPO identifies that there are still significant practical issues which need to be addressed concerning the Community Patent and it aims, in the coming three years, to influence the decisions made in the EU on this topic to ensure the needs of businesses in the UK are met.

It was recognised by the UKIPO that "a functioning global IP institution is a necessity, and putting new governance arrangements in place over the next two to three years is extremely important" (Shepherd and Wedderburn 2008).

The UKIPO Corporate Plan 2008 depicted far-reaching goals for the coming three year period in the context of their work and to get the immediate priorities in focus a "Balanced Scorecard" had been created which allowed monitoring of these goals monthly.

5.3.6 Assets, resources and organisation

5.3.6.1 Location and assets

In order to achieve substantial long term savings in running costs and greater stability in staffing, the UKIPO relocated to Newport South Wales with small offices maintained in Manchester and London. The office remains in Newport to this day. The decision to relocate to South Wales was taken prior to agency status being granted to the Patent Office so its status had no bearing on this decision. The relocation saw the transfer of staff and its assets to South Wales, such as comprehensive databases of industrial property information and its modern technology particularly in the form of on-line computer systems and video conferencing links. Turnover for the year ended 31 March 2008 was £63.3 million up from £59.1 million the previous year. This reflected both ongoing demand, falls in trade mark work in progress and increasing renewal income from patents, trade marks and designs.

5.3.6.2 Chief Executive Officer

The Office under agency status remains headed by the Chief Executive a Civil Servant. The statutory powers and duties afforded the Comptroller-General pre-agency status, who was appointed by the Secretary of State for Trade and Industry under section 63 of the Patents Act 1907, has not been affected by the change to agency status and subsequently Trading Fund status. The structured
framework for the Chief Executive Officer to operate under was for the UKIPO to:

- Ensure that, when representing the UK in any international forum, the interests of all users of the intellectual property system were to be fully taken into account
- Seek improvements in efficiency in terms of both productivity and unit costs
- Improve the quality of service provided to its customers while maintaining the integrity of the UK intellectual property rights system

The Chief Executive of the UKIPO is appointed by the Secretary of State for a fixed term, normally through open competition. He/she also advises the Secretary of State on all aspects of National Intellectual Property, related community and international legislation and on relevant policy issues.

A newly appointed Chief Executive Officer (CEO) of the UKIPO was made in April 2007 for a fixed term and under open competition. He is responsible for the day to day management of the UKIPO and is directly accountable to the Secretary of State/responsible Minister and the Permanent Secretary as the Principal Accounting Officer, for the efficient running, financial management, overall performance and strategic planning of the Patent Office. As CEO, he is responsible for the administration of statutes.

What is interesting is that in his foreword to the Corporate Plan of 2008 his responsibilities now emphasised intellectual property as central to the translation of knowledge and creativity into value through innovation, rather than seeking to represent interests of users of the intellectual property system, improvements in efficiency and quality which was the message back in 1990. His emphasis was now more vital than it had ever been that UK businesses should have support of an IP system that is as well-designed and smoothly operating.
What is also interesting is that the CEO underlines the fact that the office is an information business, and information technology presents them with a great opportunity to improve the way it works and provides services in the years ahead.

But more importantly he recognises that now as opposed to the early agency days there is now a single common theme: making sure that all the activities of the Office ultimately support businesses competing in a global economy.

5.3.6.3 Management Board and staffing structure

The Chief Executive is supported by an internal Management Board and comprises of senior managers of the UKIPO and the heads of its service functions with arguably a wider range of skills gained from different departmental and policy experience. In 2007/2008 the average number of persons employed in the UKIPO (including agency and contract staff and excluding staff on secondment to other organisations) during the period is analysed below in Table 5.2.

**Table 5.2**

Average Number of Persons Employed in the UKIPO 2007 and 2008

<table>
<thead>
<tr>
<th></th>
<th>Directors Staff</th>
<th>Staff in staff</th>
<th>Seconded out staff</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents</td>
<td>1</td>
<td>369</td>
<td>0</td>
<td>3</td>
<td>377</td>
</tr>
<tr>
<td>Trade Marks</td>
<td>1</td>
<td>178</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Designs</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>378</td>
<td>5</td>
<td>31</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

These figures represent a lower staff number of Civil Servants than the figure of 1154 in 1991/92 at the time just after agencification.

In 2008 the focus was very much upon a more balanced approach and to this end the “Balanced Score Card” had been introduced.

It is clear that the UKIPO Management Board of 2008 has a more wide ranging role between the Steering Board and line management to play. Equally, it has a monitoring responsibility since the CEO is required to report to the Steering Board on the range of issues.

The UKIPO Management Board had a key role to play in the early days of its existence in that it was required to re-orientate the UKIPO focus into a more commercial operation. This was clearly a step removed from its previous role of guiding and managing the Office brought about by agency status. The development of the Management Board as it is today reflects the emphasis upon a policy influence by the members who hold Management Board positions and their focus. Equally so, their emphasis upon the Office’s operational support for the economy above that of efficiency and output which was the goal of agencification for the Office supports this viewpoint.

5.3.6.4 Steering Board

Prior to 1988 before the UKIPO became an agency there was no external source of advice other than through line responsibility of its parent department or through communication with the Office’s customers and stakeholders who would have not been in a position to guide the Office in a commercial context as they are able to do today. So the introduction of a Steering Board was different to anything that had gone before.

The Director General has overall responsible for the UKIPO along with the Chief Executive and are the principal links between the UKIPO and the rest of the Department. The Director General is assisted by a Steering Board appointed
under the agency status which he chairs and the majority of those members are non-Civil Servants with relevant commercial experience.

Membership of the UKIPO Steering Board is made up of:

- five independent members appointed for their relevant experience from industry and commerce and to provide an external perspective and challenge. (An additional member may be appointed to provide necessary specialist skills, if required.) Members are appointed in line with best practice guidance issued by the Office for the Commissioner for Public Appointments
- a senior representative of the Department's Finance, Resources and Management Directorate (FRM)
- the Director General, or his designated Deputy with responsibility for the Patent Office within the Department
- the Chief Executive of the Patent Office (UKIPO)

The Board normally meets four times a year.

This membership continues today albeit that members’ of the Board have changed over time.

5.3.6.5 Role of the Steering Board

The Steering Board has no executive functions. Its role is, to advise Ministers, through the responsible Director General, on strategies to be adopted by UKIPO as set out in its Corporate Plan, the targets to be set for quality of service and financial performance (and monitoring and advising on performance against these) and on the resources needed to meet those targets. The Board also provides advice and guidance from a commercial standpoint on the Office’s performance, operation and development including its management of risk.

In analysing the role of the Steering Board through minutes of its meetings, it is important to recognise that its role is about the operational side of the Office’s activities and in that role the members are able to bring their commercial
experience and knowledge to the table in providing guidance or asking the right questions to ensure that focus is not lost in strategic direction or application of its business.

5.3.7 Information Technology

Under Trading Fund status the Chief Executive Officer as the appointed Accounting Officer is able to make decisions about the provision of expenditure to purchase information technology (IT) without needing the sanction from the parent department. This status provides the organisation with stronger financial negotiating powers to enhance its needed IT programme. Nonetheless, in order to expend money on any major IT programme or system discussions with UKIPO senior staff indicate that governmental procedures in initiating and validating a major information technology programme will need to be applied and so freedom to choose is not solely delegated to the agency.

5.3.8 Reporting and accountability

5.3.8.1 Accountability to Ministers

The Chief Executive reports to the Minister responsible for Intellectual Property on the work of the agency. The Chief Executive and other members of the Steering Board and UKIPO Management Board meet with the responsible Minister at least once a year to set targets and monitor performance, discuss risks and other such issues as might be appropriate at the time. The Chief Executive has the right of direct access to the Minister. The main departmental sponsor for the UKIPO is the Director Innovation, Office of Science and Innovation. The sponsor is the key link between the UKIPO and the Department ensuring that both the Department and the UKIPO have a clear understanding of each other’s objectives and methods of working.

The sponsor’s functions are in the main, fulfilled through the departmental sponsor’s membership of the Steering Board (see Section 4 and Annex A of the Framework Document 2006) on which the parent department is further
represented by a senior representative from the FRM Directorate which has overall departmental responsibility for agency financial resource management and best practice issues.

5.3.8.2 Parliamentary accountability and MP enquiries

Most UKIPO work arises from its statutory responsibilities for which the Chief Executive is answerable to the Courts as well as to Departmental Ministers and to Parliament. Ministers encourage Members of Parliament (including the European Parliament) to write direct to the Chief Executive on those operational matters for which he/she is responsible, but Members are entitled to raise with Ministers any policy issues or issues arising from replies they may have received from the Chief Executive on operational matters. The Chief Executive provides his own Minister with any information needed to answer Parliamentary Questions (PQs) or deal with any other Parliamentary business. The activities of the UKIPO fall within the jurisdiction of the Parliamentary Commissioner for Administration.

5.3.8.3 Role of the Accounting Officer

The Permanent Secretary remains responsible for all matters for which he was responsible as Accounting Officer, including the policy of the Department towards the agency, the framework document, agency’s performance targets and the departmental resources allocated to it.

The Accounting Officer and Agency Accounting Officer are liable to appear before the Parliamentary Select Committee and the Public Accounts Committee when the affairs of the agency are being discussed.

The Chief Executive was appointed by HM Treasury as Accounting Officer for the UKIPO at the outset and his/her responsibilities in this respect, including responsibility for the propriety and regularity of the public finances for which he/she is accountable and for the keeping of proper records, were set out in the “Accounting Officers’ Memorandum” issued by HM Treasury and published in
Government Accounting, and in the publication “Regularity and Propriety” (HM Treasury, July 1997). The Chief Executive’s financial powers were delegated to him/her by the Department’s Head of Finance through a formal delegation letter as amended from time to time. This remains the case today.

5.3.8.4 Financial delegations

The extent of financial delegations given to the UKIPO, under Agency status, was set out at Annex 3 of the Patent Office Framework Document 1990 and provides for authority to commit expenditure under a range of categories ranging from salaries to relocation expenses. The delegation of financial authority has subsequently been continued and was set out in Annex B of the Framework Document 2006. The current financial delegations are incorporated in the Intellectual Property Office Framework Document 2008/2009. This document provides a range of delegated authorities that pre-agencification would have remained with the parent department.

The delegated authority arises through the Director, Finance and Resource. It appoints the Chief Executive as the budget holder for the Intellectual Property Office and gives authority to commit and certify expenditure and to authorise payments, and to accept receipts, against any provision identified in the department’s expenditure plans as applying to the Intellectual Property Office, or against any budgets or budget allocations that may be allocated to his control. This authority is subject to the terms of HM Treasury’s delegated authority to the Department, and to the observance of any relevant requirements in Government Accounting, The Departmental Resource Accounting Manual, the DTI Finance Handbook, DTI Accounting Memoranda, scheme guidelines and other instructions issued from time to time.

This delegated authority is extensive in comparison with limited budgetary delegation pre-agencification. So whilst the delegated power is granted, the boundaries of delegated authority remain tied to the strict authorities that underpin the process and practice of accounting. Therefore the benefit of the
delegated authority is there to make a decision but the practice of that decision still remains within the confines of Treasury accounting rules and regulations.

5.3.8.5 General delegations of responsibilities from the parent department

The Framework Document, the Corporate Plan, and the financial and performance targets for the UKIPO, together establish the agency’s tasks, objectives and resources. The day to day management responsibility of the agency falls to the Chief Executive who reports to the parent department and Minister on the agency’s business.

5.3.8.6 Framework Document

The Patent Office Framework Document of 2006 ran until 2009 when it was superseded by the 2008/2009 publication and set out, like all Framework Documents under the “Next Steps Initiative” the scope of the agency in terms of its functions, aims, objectives, assets, resources and organisation. Framework Documents were tailored to reflect respective agencies. In the case of the UKIPO the framework document outlined the agency’s responsibilities in terms of its Reporting and Accountability; Corporate Planning and Performance Targets, Financial Framework, Accounts and Audit, Management of Resources, Delegated Responsibilities of the Chief Executive, Personnel Management; Industrial Relations; Support Services to the Agency; Review and Variation of Framework together with detail annexed information concerning statutory duties and functions; Administration; Financial Delegations; Audit Committee Terms of Reference, Personnel and Training Delegations.

5.3.8.7 Corporate Plan

The Corporate Plan, a requirement of any department given agency status, provides the basis for the management planning framework for the UKIPO. It sets out the strategy for the subsequent years including a detailed business plan for the first year and indicative targets for a longer period-10-3-1 years goals. This is in contrast to the objectives set out in earlier Corporate Plans.
The Chief Executive is required to prepare a Corporate Plan which is reviewed by the Office’s Steering Board before being sent for approval by the responsible Minister and the Secretary of State. This sets out the UKIPO’s programme of work and priorities during the succeeding years, including specific objectives and milestones contributing to the achievement of its core objectives. It provides the focus for the UKIPO’s strategic planning on finance, marketing, risk, business development, personnel, resources, information and management systems. The annual planning cycle begins with the Steering Board meeting held in July of each year with the Corporate Plan being presented to the Minister in March of the following year.

In essence the plan covers, demand and forecast, promotion of services, quality and standards of service, information technology, management and organisation, fees and charges strategy, manpower and other resource assessment, capital investment, performance measures and a training and development strategy (Patent Office Corporate Plan 2008).

The relationship between the Framework Document and the Corporate Plan is that the Framework Document sets out the key elements of the policy and resources framework for the agency and the relationship and respective responsibilities of the Chief Executive, the relevant Minister, the departmental Permanent Secretary, the appropriate HM Treasury spending team and other departments, agencies and other organisations. It also sets out the Chief Executive’s obligation to prepare a three year Corporate Plan (to match its three year budget) covering the agency’s strategy to meet its key performance targets. Within this framework the Corporate Plan sets out the programme of work including its objectives in detail in the context of carrying out its responsibilities operating within the Framework Document.

5.3.8.8 Report and Accounts

In fulfilment of section 121 of the Patents Act 1977, section 42 of the Registered Designs Act 1949 and section 45 of the Trade Marks Act 1938, an Annual
Report and Accounts is published on a calendar year basis and copies placed in the Libraries of the Houses of Parliament. The Report reviews performance during the previous year and sets out targets for the coming year.

The Chief Executive is required to produce an Annual Report and Accounts each year. These are produced as a single document and prepared in accordance with the Cabinet Office guidance “Next Steps Agencies, Trading Funds and Non-Departmental Public Bodies - Guidance on Annual Reports” (Cabinet Office October 1998), and HM Treasury’s annual Trading Fund Accounts Guidance. The Annual Report and Accounts contain:

- details of performance against targets for the year
- details of progress towards the Corporate Plan objectives
- a summary of the Office’s activities during the year
- a forward look for the coming year
- financial information

Both the Corporate Plan and Annual Report and Accounts can be found on the UKIPO’s website. The Chief Executive is responsible for commissioning internal audit services required to ensure proper conduct of the UKIPO’s affairs and to allow him/her to discharge his/her responsibilities as Accounting Officer. Internal audit is carried out in accordance with the objectives and standards laid down in the Government Internal Audit Manual.

These accounting “schedules” reflect the application of the accounting provisions set out under the Trading Fund Order pursuant to section 4(6B) of the Trading Fund Act 1973 (OPSI 2008) as amended and were present in all report and accounts subsequently produced.

The UKIPO continues to have a statutory duty to break even taking one year with another. In addition, the Secretary of State for Trade and Industry, with HM Treasury concurrence, set the UKIPO a financial objective of making a return on capital employed (6% until 31st March 2004 and a 4% average return over the five year period 2004/05 to 2008/09).
5.3.9 **Finance, planning and control**

5.3.9.1 Financial regime

The UKIPO continues to invest in projects which develop its range of services in ways which offer value for money and reduce unit costs. Any investment proposals which exceed the delegated financial authority of the Chief Executive require the endorsement of the Steering Board and the agreement of Ministers and Treasury.


As required by HM Treasury, the overall level of income received from fees and charges continue to need to cover the full costs of the services being provided. These costs are specified by applicable Orders under section 102 of the Finance (No 2) Act 1987 (OPSI 2008). Fees and charges are calculated in accordance with the Treasury Fees and Charges Guide. The UKIPO however continues to need to seek approval by HM Treasury and Parliament as necessary for changes to fees and charges.

5.3.10 **Performance measures**

The primary performance measure for the agency was to be the demonstrable ability to meet the needs of its customers, while fully recovering costs. The agency employed a range of indicators to monitor its performance, including:
- Targets reflecting the quality of service offered to customers, including turnaround times for specific operations
- Output ratios for examining and other work
- Unit costs of the granting of patents and the registering of designs and trade and service marks
- The level of resources devoted to common services
- Comparison of budget to actual costs for branches within the UKIPO

Performance measures and results against those targets are published in the Report and Accounts. In the 2007-2008 published accounts these were illustrated in the context of the “Balanced Scorecard” which reflects a management tool unlike anything that was hitherto published or by which performance monitoring was applied. The expansion on performance measures over the 20 year period had grown across the agency.

5.3.11 Management and accounting systems

The UKIPO continues to operate a full financial control system supported by a management accounting system providing for a regular review of costs incurred against agreed budgets, operating performance and cash flow. The system allows senior management to monitor results at all levels within the UKIPO. The UKIPO accounting system is consistent with Treasury requirements and satisfies any departmental audit requirements as to security, comprehensiveness, separation of authorities and accuracy.

Following agency status procedures for the payment of accounts and receipt of fees was subject to change and improvement with computer assistance and as part of the UKIPO’s drive to improve customer service a deposit account was introduced. A new Civil Service post of Financial Controller was also created and supported by two professional accountants and this is the case today.

5.3.12 Audit

The Agency remains subject to audit by National Audit Office, and the Treasury.
The Chief Executive, as the Accounting Officer, continues to be required to produce and sign audited annual accounts. As a Trading Fund the UKIPO prepares accounts in accordance with HM Treasury’s Accounts Direction to Trading Funds, which is issued annually. It requires the UKIPO to prepare accounts in compliance with the accounting principles and disclosure requirements of HM Treasury Publication “Trading Funds – Accounts Guidance”.

5.3.13 Pay and personnel management

5.3.13.1 Staffing

UKIPO staff have continued to be Civil Servants, but now within the Department for Business, Innovation and Skills (BIS) Ministry and employed subject to the Civil Service Management Code, and in accordance with rules and guidance issued by the Cabinet Office, the Office of the Civil Service Commissioners and HM Treasury covering the Civil Service as a whole. The Chief Executive determines the management structure and organisation of the UKIPO including staffing levels. He/she has responsibility for all aspects of human resource management of UKIPO staff (excluding members of the Senior Civil Service) subject to HM Treasury and Cabinet Office rules.

Under agency status the UKIPO has delegated responsibility in the areas of personnel management, recruitment, promotion, performance bonuses and training.

The staff allocation is set each year and within the allocation the Chief Executive of the agency has authority to recruit independently of the overall staff limits set by the parent department.

5.3.13.2 Recruitment

Under agency status the UKIPO was given greater delegated powers to recruit all non-mobile grades directly in accordance with the principles set out in the Office for the Minister for the Civil Service (OMCS) Recruitment Handbook. The
agency could make arrangements with the Civil Service Commission for recruitment of Patent examiners and in addition the agency could recruit its own generalist or automatic data processing executive grades in collaboration with OMCS/Civil Service Commission in accordance with their procedures and standards. The opportunity of local recruitment remains.

5.3.13.3 Personnel management

In support of the operational needs of the agency, the UKIPO aims to offer its staff a well planned career. This will include appropriate personnel management within the agency, together with provision for staff to transfer into and out of the agency. The UKIPO therefore strengthens its local personnel management capability so that it can take on a wider range of personnel functions to offer the planned career opportunities. The UKIPO was given full delegated powers relating to discipline, unsatisfactory attendance and performance in respect of staff.

5.3.13.4 Promotion

The UKIPO’s staff are eligible to attend BIS main and regional promotion boards. Separately the agency continues to run its own boards for Patent examining grades but more senior level posts require approval by the parent department.

5.3.13.5 Pay arrangements

The UKIPO operate Civil Service pay arrangements within Treasury pay limits (including performance increments) subject to any arrangements which may have been negotiated to apply to the agency. It is also able to seek to use available local and special pay flexibilities as necessary to maintain staff numbers to meet work requirements.

5.3.13.6 Performance pay
The Office operates an individual performance pay system but in addition it also operates an organisation wide scheme. This is set against the achievements or otherwise against targets which enables staff to share in any efficiency savings realised.

5.3.13.7 Training and development

The UKIPO continues to recognise the importance of training and development for staff at all levels. Feedback from interviews with UKIPO staff and participative observation indicate that there is emphasis upon training and development, in particular, to ensure that the employees are provided with the level of professionalism to undertake their duties.

5.3.14 Strategy

The strategic approach of the UKIPO during the 1990s and into the years 2000 and 2001 was to use its commercial freedom and disciplines associated with agency and trading fund status to secure improvements in the efficiency, effectiveness and quality of service provision within the UKIPO for the benefit of the customer in line with alleged higher standards of service within the private sector. Whilst this strategy remains a focus of the UKIPO today and underpins the performance achievements and targets of the organisation, other strategies developed over the subsequent years as set out in the Corporate Plans, and the core strategy now only forms a part of the wider strategic direction of the organisation.

The launch of the 2008 Corporate Plan coincided with the launch of the Strategic Advisory Board for Intellectual Property Policy (SABIP), a recommendation from the Gowers Review (2006) of the IP Framework. SABIP was set up as an advisory non-departmental public body chaired by Joly Dixon CMG who heads up a team of 6 members with extensive experience in a number of areas including copyright, healthcare, competition, finance, and innovation. SABIP’s role is to give strategic advice to Ministers on IP in general and on emerging issues in particular. It has a research budget which it will use
to commission the empirical research that must underpin its thinking. SABIP was formally established on 2nd June 2008.

This Corporate Plan is the first corporate plan for the UKIPO since the publication of the Gowers review. It follows a review of the strategy conducted by the Office’s Executive Board and its Steering Board and so the plan reflects the strategic direction identified. On this basis UKIPO has identified a number of significant strategic themes, which form a focus of the Office’s activities over the next few years. These are set out in the second section of the Plan in terms which show their 3 year goals, as well as more immediate objectives. UKIPO has revised its ten year goal, so that by 2018, they will:

“Play a central role in the support that Government provides business”

(UKIPO Corporate Plan 2008)

One of the early and consistent conclusions that the UKIPO has drawn from its own review of its strategy has been that they do not yet have enough understanding of the economic connection between the formal and informal IP systems and the value which firms and individuals in the economy derive from their intellectual assets or their IP. They do not have the evidence needed in order to draw robust conclusions about how near the UK is to making best use of its IP nor, as a result, about the most effective measures to help bring this about and in particular, in the copyright area.

The Chief Executive has indicated that none of this is in isolation. He recognises that increasing globalisation and the rapid growth of emerging economies, such as China and India (Baskaran and Muchie 2007) present extraordinary challenges and opportunities for UK businesses and for the IP system. To meet these challenges and help to equip the UK economy for the future, UKIPO recognises that it must develop an IPR framework and services based on sound economic evidence. For them this represents a significant shift in their strategic approach to planning and delivery. Like many other IP offices UKIPO have assumed that IPRs directly promote economic development and
have never sought to prove this assumption. To this end the UKIPO must now look to SABIP’s work.

From examination of the Steering Board and Patent Office Management Board meeting minutes from 1990 to the present day the most dominant discussion areas were the Corporate Plan, policy, financial reports, risk management, the Innovation Review, Information Technology, Information Systems and customer satisfaction. For the Patent Office Management Board they were the Corporate Plan, policy, budgets, quality, efficiency, Staff Attitude Survey and the Innovation Review.

These topics suggest that the driving force for the UKIPO and its aims and objectives for strategic direction were focussed upon these areas.

The UKIPO 2008 Corporate Plan identified key strategic focus for the forthcoming year. These strategies reflect the following direction:

- Support for the EPO reform agenda to tackle productivity and backlogs
- Agreement on a Community Patent will remain a significant strategic objective for the UK
- In order to ensure a full range of services are being reached by both current and potential users, with a particular focus on Small Medium Enterprises, the Office will gather economic evidence to explore whether businesses are being supported in making best use of their trade marks and other intellectual assets. They will do this with other partners in the business support community, as part of our wider evidence gathering activities over the coming year

5.4 Summary

Assessment of change under agency status from comparison over each time period 1988 to 2008 draws the following summary on the assessment of change and continuity (Table 5.3) in the context of a snapshot of the UKIPO pre and post agencification. The comparison reflects the constituent parts of
agencification and other factors which have affected the UKIPO, which are considerable, but also reflects a degree of continuity.

The elements of agencification reflect a much more outward looking, wider scope of responsibility for the organisation but it is recognised that the external environment impacting on the UKIPO and UK plc have necessitated the UKIPO to direct its strategic focus and operation to address these external influences which the following Chapter explores.

Continuity does remain which represents a generic and perhaps it might be argued to be a traditionalist standpoint from the organisation’s initial beginnings as a government department operating a regulatory role.

Whilst the changes here do not differentiate between those elements and factors related and unrelated to agencification that have brought about change and continuity in the UKIPO, it is evident from the table that factors such as the appointment of a Steering Board and Management Board with the introduction of Framework Documents and Corporate Plans and the Trading Fund status emanate from the “Next Steps Initiative” whilst relocation has emanated from a different policy within government.
Table 5.3
Assessment of Change and Continuity 1988-2008

<table>
<thead>
<tr>
<th>Time frame</th>
<th>Change</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>Department to agency</td>
<td>Civil Servants</td>
</tr>
<tr>
<td></td>
<td>Chief Executive/Agency Accounting Officer appointed</td>
<td>Statutory granting rights/Regulatory core</td>
</tr>
<tr>
<td></td>
<td>Steering Board and Management Board appointed</td>
<td>business standards and tribunal work maintained</td>
</tr>
<tr>
<td></td>
<td>Framework Documents and Corporate Plans</td>
<td>Development of a European and International IP system</td>
</tr>
<tr>
<td></td>
<td>Trading Fund status and financial delegations with self-funding responsibilities</td>
<td>Provides Ministers with IP policy advice</td>
</tr>
<tr>
<td></td>
<td>Relocation</td>
<td>Policy strategy continued to be Ministers responsibility</td>
</tr>
<tr>
<td>1990 onwards</td>
<td>Redeveloped and restructured organisation over time</td>
<td>Pay levels within Government/Treasury limits</td>
</tr>
<tr>
<td></td>
<td>Targets and publication of achievement against them</td>
<td>There continues measurement of performance for Patent, Trade Mark and Designs processing as there was pre agency status</td>
</tr>
<tr>
<td></td>
<td>More detailed Report and Accounts</td>
<td>Publication of accounts</td>
</tr>
<tr>
<td></td>
<td>More time devoted to corporate matters</td>
<td>Accountable to Treasury through NAO audit</td>
</tr>
<tr>
<td></td>
<td>No requirement to comply with central departmental staff number issues</td>
<td>Accountability to Parliament and Ministers</td>
</tr>
<tr>
<td></td>
<td>More professionalism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance indicators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emphasis upon Innovation and the intellectual property benefits being the route to economic success</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pay allocations and agency bonus for achievement</td>
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</tbody>
</table>
**Table 5.3 (continued)**

Assessment of Change and Continuity 1988-2008 (continued)

<table>
<thead>
<tr>
<th>Time frame</th>
<th>Change</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td>Moving back to the department centre</td>
</tr>
<tr>
<td></td>
<td>Competitive approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased customer focus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Making sure activities support business in a global economy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fewer staff</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information technology enhancements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Direct responsibility for staffing, human resources, personnel management and training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased performance measures across the organisation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Budgetary and commercial accounting system</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Determination of transparent strategy direction with Ministers and line department</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Efficiency ingrained in culture of agency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Self motivation of staff to perform</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marketing intellectual property not UKIPO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less emphasis on output quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Latterly policy higher profile gives UKIPO greater input opportunity and flexibility to influence and challenge policy with users and stakeholders support</td>
<td></td>
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</tbody>
</table>
The following Chapter analyses the research findings and makes a distinction based upon the impact of change about factors related and unrelated to agencification which have brought about change seen through the eyes of UKIPO staff and draws conclusions about these findings.

### Table 5.3 (continued)

Assessment of Change and Continuity 1988-2008 (continued)

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<th>Time Frame</th>
<th>Change</th>
<th>Continuity</th>
</tr>
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<td>2007</td>
<td>Change of name</td>
<td></td>
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<td></td>
<td>New parent department</td>
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<td></td>
<td>Balanced priorities</td>
<td></td>
</tr>
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<td></td>
<td>Strategic focus</td>
<td></td>
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<td>2008</td>
<td>Global outlook</td>
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CHAPTER 6
Research Findings on Change and Continuity in the UKIPO
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CHAPTER 6

6.1 Introduction

The research findings in the UK Intellectual Property Office (UKIPO), formerly The Patent Office over time reveals a number of developments and changes from pre-1988 before it was an agency through until 2008. The findings are based upon feedback from UKIPO staff emanating from the categorised research questions to UKIPO staff given in Appendix A and focus group comments together with participative observation and documentation.

This Chapter reports changes or otherwise in the context of the UKIPO’s General, Policy, Performance, Strategy and Management to see the change in the UKIPO.

6.2 General

6.2.1 Differences related to agency status

6.2.1.1 Departmental line management responsibility

As an Executive Agency with Trading Fund status, the UKIPO is governed by five key documents: the Framework Document, which provides the formal structure for its relationship with Business, Innovation and Skills, their parent Department; the Trading Fund Order, which sets out the activities it can undertake using the funds it recovers from fee payers; the Fees Order, which sets out the services it is entitled to charge fees for; the Accounting Officer Letter, issued to successive Chief Executives, setting out the requirements for financial control, governance and accountability (broadly applying to the Office the same standards applied to main departments, with certain exceptions in respect of staffing and some other matters); the Corporate Plan, which sets out the UKIPO’s programme of work (aims and objectives) and priorities during the succeeding 3 years, including specific milestones contributing to the achievement of its core objectives.
6.2.1.2 Agency status

The main difference that the organisation experienced as a result of agencification was that the UKIPO was given greater autonomy with for example the devolution of responsibility for pay and conditions of work (The Patent Office Framework Document 2000) and identifiable targets and results focus given in Corporate Plans. As an agency under the Department of Trade and Industry, its parent department at that time, the Treasury believed that the activities of the UKIPO were suited to a Trading Fund regime under the Government Trading Bill, which was under consideration at the time by Parliament, and, if approved make it possible for the UKIPO to become a trading fund. This subsequently was the case.

The establishment of the UKIPO as an Executive Agency of DTI recognised by interviewees in interview conferred greater freedom, control and flexibility on the organisation and engendered a more professional and accountable approach and faster customer response and was intended to lead to:

- Improved internal management
- Better motivation for managers and staff
- More effective delivery of services
- Improved value for money

(“Next Steps Initiative” Ibbs 1988)

In support of this an interviewee of the UKIPO quoted that:

“It (agency) has allowed us to give a much better performance I think to users. That’s partly about management things and partly that of the introduction of performance targets and that sort of thing. A lot of it is about keeping our own fees and funds, although this is not directly related to us but it is a result of the “Trading Fund” status given us. Not all agencies are “Trading Funds”. That has offered up a number of possibilities and opportunities so that Information Technology developments can be funded through the Patent Office agency rather than going ‘cap in hand’ to the department. This is absolutely key because the government has never got enough money to pay for public services. So access to our own money is equally important as having power to make decisions with it. Certainly in the early days emphasis
was on getting increase in performance to the public and the office set up in the move to Newport and getting a better performance than we had seen in London."

“All started to change about agency status and relocation to Newport. “Total Quality Management” was brought about in early 1990s. At that point a consultant came in and talked about “new stuff”, stakeholders, customer organisations, mission statements and in a short time the Trade Marks section had taken it up. All then started to talk about it. We then got a grip of backlogs and service to customers.”

It was evident that the agency now had responsibility for financial matters and budgets which prior to agency status was not so extensive in order to fund its operations. Greater focus was given to financial matters and corporate affairs from a business orientation and with a commercial ethos.

6.2.1.3 Trading Fund status

The main difference under agency status was that it enhanced the organisation’s ability to:

- Vary expenditure directly in response to changes in demand and to adjust resources accordingly
- To retain surpluses and create reserves in order to provide greater freedom of action over the use of resources
- To fund capital investment programmes from borrowing or by utilising any surpluses generated
- To further develop the sharper, more commercially minded approach on the part of management, backed by full commercial accounts

This is endorsed by the quote from a senior staff member saying of the UKIPO:

“Well before we were an agency going back to late 1980s when the office was in London it was very much department reliant and by that I mean reliant on the share of the department vote (money from the department ledger headings) and being in London it had problems like other departments at that time to keep hold of people for longer to give good service. So I would say that the biggest thing that’s changed is the agency has in fact that greater control given to the Patent Office over its affairs.”
As a Trading Fund the Office became self-financing and must meet any investments from its own resources. The granting of Agency Trading Fund status has allowed the Office to be more able to adapt to local conditions and finance expenditure in the areas it felt were needed without reference to its parent department and this has reduced the bureaucratic burden on the organisation. This brought a more corporate focus in determining expenditure instead of the disparate approach pre-agency status.

Trading Fund status given to the organisation has impacted upon the agency from a financial perspective. Comments from interviewees support this view evidenced by comments such as:

“Trading Fund status has brought more complexity to the organisation. Its autonomy means its financial responsibilities have heightened. But this has also given the agency a standing to influence decisions on resource allocation and spend. Such influence has been beneficial. The Chief Executive Officer of the agency now has individual influence where as pre agencification it was the Permanent Secretary of the parent department who would have that influence and so set the agenda in financial terms for the organisation. As Accounting Officer the Chief Executive Officer has financial power to authorise expenditure and its allocation. For example on information technology spend, marketing spend, recruitment spend.”

“The biggest change in the Intellectual Patent Office (IPO) has been the responsibility that it now has for financial matters and budgets and issues surrounding funding. The organisation has to be self-sufficient and cannot rely on its parent department (Department of Trade and Industry) (DTI). The UKIPO now takes risks and on the Patent side of the organisation targets have to be met in order that pay rises can be implemented.”

The agency status and autonomous policy at local level on information technology and financial resource allocation has enabled the EPO and the UKIPO to the extent of getting best features for application of information technology systems to meet requirements. Without such financial autonomy and local policy decision making utilising the Trading Fund framework this would not have been possible. The agency is able to deal directly with EPO counterparts.
rather than through departmental processes and so through such cooperation effect the best provision to suit all.

6.2.1.4 Customer focus

The organisation has embraced the customer focus. Partly perhaps as a result of the Charter Mark award system under the “Citizen’s Charter” related to targets and achievement but also because customer focus was a key factor in the criteria in the rationale for creating agency status for organisations that had an operational function for providing a service to the public and where the government of the day believed an increased standard of performance could be engendered in departments that dealt directly with the public. By the same token customer consultation has expanded considerably from the earlier pre-agency days where communication in terms of consultation arose within the profession of intellectual property attorneys.

This view is endorsed by comments from interview such as:

“Customer focus is evidently the strategic direction. The degree of flexibility brought about by Trading Fund status enables a more service-orientation to customers. Working with institutions more closely than pre-agencification gives a more circumspect perspective of what customers want and so the combination of flexibility and customer expectations allows for a better focussed service.”

“Clear customer focus in the agency-customer base approach. This was not so evident pre agency status. But the focus of Government, Ministers, Steering Board, IPO board, Senior Management Team is customers. There is a need to take in customer views. The Steering Board has a customer focus and what Whitehall wants, but policy still remains with Ministers and government officials.”

It is also a case where the UKIPO has become closer to the customer than pre-agency status and more receptive to customer requests and needs and this approach is a major difference to the somewhat limited customer communication in terms of customer scope (that is more wide than the Patent/Trade Mark Institutions with whom it communicated and met on a regular basis pre-agency status). This has given a more cohesive feeling between
customers, agency and Ministers policy decisions interviewees felt.

The customer focus and difference from the pre-agency status days of the Office is summed up in the comment from one of the senior members of the organisation who had experience of “customer focus” pre and post agency status. The comment was:

“Therefore when the agency came about with the idea of the customer being important and having legitimate aspirations and needs this would have been an anathema as he saw it as the enemy needed to be sorted out at all costs as it were rather than be pandered to.”

There was stronger evidence in interview of customer focus, typical quotes were:

“The organisation has moved beyond “agency status” and has made great strides and progress in providing a service to its customers.”

“There is a large focus on customers. It is now a question of what can we do at large for the UK customer. We are now very outward looking and continuing to look for more things to do for the customer thus broadening the horizon of activities for the organisation.” “In the past 16 years the main change I think certainly is the greater focus on customers and greater focus on what we can do for customers for the UK at large and very much more outward looking. Where as it was a very inward looking organisation pre agency status.”

This underlined the agency concept and the business and commercial ethos in corporate plans of the agency and the message through agencification of the organisation to focus upon customers and their needs and strategic direction.

Customer focus was the biggest impact brought about by agency status UKIPO staff thought with quality improvement. IT enhancement was also noted.

6.2.1.5 Finance

Comments from interviewees reflect their view of the funding of the UKIPO for example:

“Because we are self - funding the CEO needs to pay the payroll. If he cannot do that he would have to cut costs or be a failure. Before agency he could not fail he would have been bailed out. If the agency miss
targets the CEO would be gone and the Finance Director. Responsibility is on their shoulders."

“From a finance perspective we set things up so payment can be by credit card and online which is painless. We are being responsible to all customers, internal and external. We are not now high spending in March or losing the money like in the past. People have to set out why they want money. We have to pay examiners other costs are discretionary on the basis of income. A classic example is the Patent Electronic Case System (PECS). We didn’t have to ask Ministers, we had money to spend and get the best value system. We would not have had the freedom in the mainstream department to get this system.”

“Added to this has been the financial function that the agency now has. Pre agencification status the organisation had to operate with in house financial responsibilities and be dependent upon its parent department to fund operations etc. Under agencification it has a financial capability built from scratch operating a £50m turnover. The more joined up approach also with internal and external customers provides for a more coherent understanding which allows for a common focus. These factors provide for better performance because effort is channelled purposefully and is focused. There needs to be a financial system to deal with the financial business.”

These above views endorse the fact that from a financial perspective it was argued that the reason for change was the status of the organisation which required improved performance and a commercial ethos to fund operations (and make Return on Capital Employed to the Treasury (4 percent)).

6.2.1.6 Professionalism

There was evidence in interviews that a more professional attitude was being applied within the organisation with the appointment of accountants in the financial area of the agency and with professional qualification being sought and gained in other work domains of the agency. Typical comments support this view:

“More professional in Human Resources, Information Technology, Marketing, Finance. The Intellectual Property Office (IPO) now operates as a business and has done so since agencification. There is much more emphasis upon customer focus and the identification of targets and response to customers. The aims and objectives are high profile and represent a focus which everyone can see and read in the corporate
CHAPTER 6: Research Findings on Change and Continuity in the UKIPO

plans. There is more emphasis upon getting the message out to people about the benefits of intellectual property. Pre agencification it seemed to be a question of those in the know would utilise its services. The aims now are to tell as many as possible in business and education fields what benefits flow from protection of intellectual property rights.”

“The professionalism is coming through all you indicate is right, Intellectual Property Diploma qualifications, Chartered Institute of Personnel Development, Chartered Institute of Marketing qualifications. We have training material from the Training Development Unit who look after training.”

“Also there is an imperative need to receive intellectual property applications for protection of rights to fund its operations and a need for a professional approach which it applies, in finance and strategy in order to compete with other bodies like the European Patent Office (EPO) and the Office for Harmonisation in the Market (OHIM) who are also able to grant intellectual property rights.”

This emphasised to many interviewees the influence of agency status and the need to compete with other competitors in the field of intellectual property as well as provide the customer with the level of professional service expected. The marketing of intellectual property benefits on a professional basis was one example indicated.

Nonetheless it was recognised that the professional approach in granting intellectual property rights, undertaking Hearing decisions in disputes over intellectual property rights being of a high standard continues. In these respects this professionalism has always been present and recognised over time inclusive of pre and post agencification. So the professional approach has not changed in the organisation.

6.2.2 Differences unrelated to agency status

6.2.2.1 Relocation

Relocation, it has been argued by a number of staff members of the UKIPO was a bigger impact on the UKIPO than agency status one of which quotes that:

“The impact of relocation in the 1990s from London to South Wales I would argue has had a bigger impact on the Patent Office than
agencification and its corporate nature now in terms of its operation. Whilst the core business has remained, that is, its statutory and regulatory role, the core business is less of a profile than before in the context of the organisations operations in raising awareness of intellectual property and marketing activities. Focus is also upon an economic agenda and the organisation’s intellectual property work impacting on the economy rather than simply granting intellectual property rights. The organisation from such a perspective lacked economists and now this balance is being addressed.”

Therefore in some quarters it is considered that whilst change did occur the impact was less so than the Office’s relocation to South Wales.

Other comments in interview indicated that:

“There have been massive changes unrecognisable and it started to change before agency status with the relocation impact. We had senior managers viewing a new workforce keen to be here in South Wales. Job opportunities were not as good in this area.

Relocation changed management approach. Whether we handled trading fund status or not had little effect at grass routes level. Relocation was the huge change I noticed this because I was the training officer. We moulded the staff. We saw backlogs as not a good thing for customer focus. We needed to be proactive and raise objections to Trade Marks applications only if need be and this was a contrast from mentality of wanting to raise objections. We were there to object in those days, letters were called objection letters. Your objective was to maintain objectives and if a Hearing arose you maintained the objection. That mentality was the way the organisation was. We never talked about customers."

“The biggest impact I would say was obviously relocation it has been the main reason for the change. I think that it involved large numbers of staff and this helped to ride a wave of change in the organisation and we adapted to new procedures and new techniques. We became a re-born organisation - all new organisation. Relocation was more of an impact than agency status because if you compare all agencies we made greater progress and were not set in our ways so I think it did the organisation a lot of good, less resistance to change and therefore we were able to question targets and service.”

From these quotes it is evident that relocation was regarded as a very significant change to affect the organisation and some argued it led to more open management and an outward looking perspective.
6.2.2.2 Competition

Competition was believed by many to have affected the performance of the agency. Comments from interviewees support this view namely:

“Two things happened at the same time. Yes agency more long term, more fundamental. In the short term there has been culture change with a quicker responsive agency. There is now more competition. The quality of staff here are more able to change. Agency change would have forced culture change and there is now no place to hide.”

Interviewees were of the view that there has been a necessity to be more competitive in order to provide a quality service from staff and service to the customer to satisfy stakeholders and business and to compete with the private sector now in terms of the “common” skills applied in the private sector in dealing with intellectual property rights. There was pressure in respect of competition for providing intellectual property rights and so to compete with the EPO and OHIM who provide intellectual property rights the organisation had to add value to the service to win customers.

6.2.2.3 Performance

It is debatable whether performance should be considered as a consequence of agency status since a number of interviewees were of the opinion that relocation with new eager staff to perform and political pressure was the reason for improved performance. Two quotes to support this were:

“Relocation, starting from a low base, political pressure at the outset, published targets, psyche of staff”.

“We couldn’t carry on as we were in London. Even as an agency because the reception of the new wasn’t there with staff. It would therefore have taken longer to filter through and improve results. So coming to Wales with a fresh message/priorities/fresh staff enabled quicker progress to be made.”

Comments such as the following run counter to this view:

“Ancification has placed the responsibility on the organisation to perform otherwise income will not allow it to achieve what is expected
from Ministers. Money has to be repaid to the Treasury with interest and so income is especially important. Under agencification the organisation has more freedom to operate which is welcomed. If it was not performing to the levels it was expected or that it was not achieving its targets, aims and objectives under the Framework Documents and Corporate Plans this freedom could be withdrawn and the agency would be taken back under the wing of the parent department and so limiting the freedom it has for decision making.”

In addition coherence to the “Citizen’s Charter Mark Award” scheme had also played a role in performance attainment.

Nonetheless there are clearly opposing views to this debate as to the increased performance achieved in the UKIPO.

6.2.2.4 Finance

Financial Accounting procedures for the UKIPO, like other government departments is in accordance with a generic direction issued by Treasury under section 4(6)(a) of the Government Trading Funds Act 1973 (Office of Public Sector Information (OPSI) 2008). This reflects commercial accounting practices emanating from when the UKIPO gained Trading Fund status and so is a prerequisite of practice under agency status unlike pre-agency status being afforded the organisation.

What appears to have changed from the past is the awareness of the impact of income for the organisation and the economic link and its effect on the operation of the Office. Comment by financial staff such as that below underlines this viewpoint saying:

“Um, yeah, it is harder to finance the operation even though income/turnover has gone up, but remember the context is also changing. There is an economic downturn so other things will come into play. We know for example OHIM are reducing their fees so does that mean that people will want to apply there, on the other hand if they come to the UK they get a good assessment whether someone is applying for trade mark or patent, so there are balances all the way and so that’s why its so appropriate to look at the strategy to see where it is leading and whether you have the right impacts to keep the ship on an even keel.”
“On the financial side the perception is that we do a good job and costs are ok so no one will complain as we have built up trust and capital. If, every year, finance needed to increase its costs to solve its own problems, then the policy would be questioned.”

“I would say that the finance has not been an issue. There have been tweaks since agency status but it has always been the intention of the Office to fund its operations itself. We have no control over the money that comes in and in the current situation we don’t know whether we are going to get more or less money.”

6.2.2.5 Other factors

One quote indicated a culture change in working terms and conditions which he believed impacted upon the agency. He said:

“Since 1988 it has changed where every aspect of culture to working conditions and customer orientation, Flexible Working Hours, home working, information technology has changed. We are a modern organisation now and it’s a good place to work.”

Others made mention of the latterly introduced “Balanced Scorecard” in 2007 which reflected a management tool to balance organisation priorities having no bearing on agency status as well as the newly formed SABIP group which reflected the importance of intellectual property rather than the type of organisation in which the regulatory functions were administered.

6.2.3 Continuity pre and post agency status

6.2.3.1 Governance

The effect of agency status on the governance of the organisation was that on balance the House of Lords Public Service Committee accepted that the creation of executive agencies had not recast the architecture of the state, so long as accountability of Ministers to Parliament for the work of executive agencies remained the same as their accountability for any other aspect of their Department’s work.

The organisation continued to have a parental department to which it reported albeit that over time such departmental line responsibility changed with
government departmental restructuring. Performance was emphasised but from mid-2005 there was a feeling that the agency was being subsumed into the centre of government on the basis of intellectual property having a higher profile with respect to policy decision making in relation to the UK economy.

6.2.3.2 Customer focus

The parallel of pre and post agency status in terms of customer focus was to continue to provide a valid intellectual property right to intellectual property right seekers and that communication with intellectual property attorneys was of importance to ensure that each party gained the maximum benefit from providing a valid right for the customer whether that customer dealt directly with the Office or through one of the many attorney firms. The extent of customer focus emphasis today as opposed to pre-agency days is significant for although there was a degree of customer focus pre-agency status the degree of emphasis nowadays reflects a much more determined attitude to meet customer needs than in the past. This is endorsed by research feedback from UKIPO staff who worked in the organisation pre-agency status who regularly dealt with users of the intellectual property system. But the customer focus for a valid intellectual property right remains.

6.2.3.3 Finance

What did not change was the fact that the agency’s budget remained subject to overall Treasury control. Albeit that the organisation had more autonomy it was still subject to the Fees Order, which sets out the services it is entitled to charge fees for and could not arbitrarily increase its fees. Consultation would have to take place with the Treasury if such a move was contemplated.

6.2.3.4 Audit

The annual accounts are subject to external audit by the Comptroller and Auditor General who is required to give an audit opinion as part of his/her Certificate and Report to the Houses of Parliament on the UKIPO. The audited
Annual Report and Accounts must be laid before both Houses of Parliament, by the Comptroller and Auditor General, before the start of the summer recess after the financial year end. The Department’s Internal Audit Service has a right of access to the UKIPO, after consultation with the Chief Executive and the Chair of the Audit Committee, to perform any work necessary to provide independent assurance to the Principal Accounting Officer as to the quality and integrity of the UKIPO’s internal audit process. The cost of such examinations is borne by the Department.

Comment from a staff member of the organisation indicates that since audit requirements of government departments has always been required the transparency and higher profile of financial information in the public domain has not increased pressure to increase performance:

“because government organisations/agency have and always will be subject to audit transparency in policy/finance operations and performance this has not increased pressure to perform in my view.”

“Outside interest from the National Audit Office (NAO) to ensure value for money again reflected the outside stakeholders who continued to oversee/evaluate, monitor performance of the agency, albeit its status continued to provide it with autonomy (with limited degree perhaps) in managing its finances and expenditure programme as part of the agency operating criteria.”

6.2.3.5 Performance comparison

An interview with a staff member who worked in the UKIPO pre-agency status quoted that:

“Comparison cannot really be made. In the days pre-agency work output was measured in terms of production-number of searches divided by the time taken to undertake the searches and such measurements of time have not always been possible in assessing work undertaken on policy and marketing activities and outcomes as a result. This is particularly so in terms of measuring awareness raising and innovation creation. But it should also be noted that such measurement was also in place even before agencification and so the Patent Office was rather unique in having performance measurement in those days compared to other Civil Service government departments.”
“It is true that performance measurement and target setting has been incremental which provides for a degree of consistent measurement and so judgement is possible here to determine better performance. But this is not the whole story.

It can be argued that performance is better because customers say so and want to come back to the agency for its custom. There is also the fact that people in the agency are better qualified and experienced from the top of the organisation down.”

There is debate as to whether any realistic comparisons can be made with the past in terms of performance but it is evident from interview comments that the incremental increases in measurement of performance do provide for a comparison year on year improvement where fundamental process has remained stable.

6.2.3.6 Legislation

The organisation still has statutory requirements to provide an intellectual property protection service and this had not changed since agency status. The core business remains.

6.2.3.7 Information Technology

Before agencification any information technology provision decisions and recommendations would have had to be put to the department and its decision makers. Decision making is now done at local level and is recognised as a big improvement because it is the Chief Executive Officer who is the Accounting Officer and is able to make and endorse such decisions. This was regarded as positive because it is the agency’s own decision based upon its budget resources and authority and choice of information technology not that of others based perhaps upon loyalty to any particular customer on a departmental wide scale.

The decision making powers past down to local level is one of the main reasons why the organisation has been able to speed up processes and decision making and adapt and be more responsive to customers in this aspect of the work process was the overwhelming view. But there is a caveat to this. Decision
making on capital expenditure projects must follow a set protocol set by government departments-so perhaps autonomy in such decision making is not so unbound. So there is an element of continuity of decision making at “the centre” if protocols continue to have to be adhered to as indicated under “Trading Fund” status.

6.3 Section summary

Summarising the above research material identifies the following general factors as set out in the Table 6.1 below affecting change and continuity in the UKIPO in response to research questions 1a, 1b and 2a (Appendix A).

**Table 6.1**

<table>
<thead>
<tr>
<th>General Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
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</thead>
<tbody>
<tr>
<td>Change and continuity</td>
<td>High profile aims and objectives evident to all</td>
<td>Relocation</td>
</tr>
<tr>
<td>Greater autonomy</td>
<td>Competition</td>
<td>Parent department</td>
</tr>
<tr>
<td>Financial responsibility</td>
<td>Citizen’s Charter Mark</td>
<td>Moving back to the centre since mid-2005</td>
</tr>
<tr>
<td>Trading Fund status</td>
<td>Performance</td>
<td>Statutory granting rights/Regulatory core business</td>
</tr>
<tr>
<td>More targets and results focus</td>
<td>Economic link</td>
<td>Pay levels within Treasury limits</td>
</tr>
<tr>
<td>Corporate Information</td>
<td>Outward looking</td>
<td>NAO Audit</td>
</tr>
<tr>
<td>Business orientation</td>
<td>SABIP</td>
<td>Fees order compliance</td>
</tr>
<tr>
<td>Technology better</td>
<td>Introduction of the “Balanced Scorecard” Management Model 2007</td>
<td>Performance measurement</td>
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<tr>
<td>Return on Capital Employed</td>
<td>IT enhancements</td>
<td>IT expenditure approval based upon parent department guidelines</td>
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<tr>
<td>Substantial customer focus</td>
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<tr>
<td>More responsiveness to customers</td>
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<td>More professionalism</td>
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<tr>
<td>Increased awareness of intellectual property benefits</td>
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</table>
The information indicates that the agency has had to adapt to change as a result of outside influences unrelated to agency status and so agency status has not been as central and relevant to change in the context of the bigger picture.

6.4 Agency policy

6.4.1 Differences related to agency status

6.4.1.1 Determination of policy and practice

Comments of interviewees here indicated that there is a majority feeling that the agency now has a more transparent and bigger contribution to policy and input than pre-agency status albeit that it had a policy function and department pre-agency status. Comments such as the following from interviewees endorse this viewpoint:

“Agencies do have the opportunities to make recommendations and be heard more so now. Recommendations are based upon feedback with customers and members of institutions with whom the agency has dealings. There will always be conflicts and discussion to determine the recommendations that are put forward but this is seen as positive and providing the opportunity for interests to express their views and have them aired. Agencies therefore do have the opportunity to influence decision making based upon evidence and grass roots knowledge and feedback gleaned from communication and consultation with customers. So it is inevitable that some conflict will arise but it is open for discussion and decision making to take place.”

“The opportunity to influence policy is present now and input from customers, institutions, staff and through consultation allows this input to be passed on to Ministers. The outcome of this feedback is that in the main the aims and objectives of all sides are being met and suggest a harmonious focus. For general policy the approach is one of diversification and more emphasis on the scrutiny of policy on intellectual property and emphasis on awareness and engaging with the system so that the economy benefits. The policy is one of economic value to the UK, individuals and commerce.”

“Customer surveys, regular meetings with customers and institutions as well as consultation provides the opportunity to influence policy with customers, institutions, staff passing on their view of what they want and this allows such input to be passed on to Ministers.”
“Post agencification there is greater opportunity to influence policy. Feedback from customers, institutions, business customers, issues affecting world economies, ethical issues and development of issues relating to piracy and copyright fraud all provide means of influence on policy decision making.”

“In pre agency days the Minister and the department in which the organisation operated had the decision making powers on policy and there was little flexibility in the UKIPO to influence such political decision making. Under agency status we have an opportunity to hear more of what stakeholders and customers want through consultation and communication with institutions etc and this is evidence based. So feedback has substance. The government agency also possesses the largest expertise on intellectual property available in one place so feedback to the Minister has substance. The need to understand what is done in the organisation allows for a better opportunity to determine aims and objectives and so determine better policy which allows customers and stakeholders to benefit from policy making most.”

“The office whilst operating with a customer focus has mechanisms for feedback and so this plays a part in the process of discussions on policy and finding out what interests in intellectual property and the IPO customers want. So although Ministers/Whitehall set the policy centrally, there is more opportunity for a closer understanding and awareness of what is wanted and so perhaps influence policy decision making at the centre.”

The more transparent policy on agency practices has been advantageous to the agency because customers know what the agency policy is and look to the agency to prescribe to that policy. It has also meant that consistency of policy has been possible over time without pressure (for example staff numbers) hence the comments from one interviewee:

“No chopping and changing in policy determination unlike pre-agencification. Post agency degree of consistency, themes, policy set around resources leading to IPO providing an enabler role provision more so than a regulator.”

Because policy on intellectual property has risen up the political agenda over recent years the policy in relation to economic benefits for the UK plc has become more significant with the operational side of the agency becoming less high profile, a reversal of the agency policy agenda at the outset.
6.4.1.2 Application of policy

Application of policy, had a dominate role in the agendas of both the Steering Board and UKIPO Management Board meetings during the periods 1990 to 2008 and has been a key theme throughout the 1990s to the present day. The application of policy has reflected government strategic direction and the development of policy decisions can be seen from the corporate plan material and contents over time. The Steering Board have provided guidance as to how best to implement policy to the betterment of UKIPO strategies and practice to meet such policy UKIPO staff believed.

Policy through the 1990s was focussed upon application of commercial disciplines, marketing and intellectual property and private sector management techniques. The Steering Board established in October 1989 and a Patent Office Management Board with associated budgets for all the senior managers and a commercial accounting system with a marketing effort together with performance measurement through performance indicators for line business underlined the commercialisation intent.

By publication of the 1992 corporate plan the main thrust of UKIPO policy had shifted towards an orderly and comprehensive framework for the protection of all aspects of intellectual property. This involved the international harmonisation of rules and procedures. It also involved keeping UK law under review, seeking to simplify and modernise it where necessary and ensuring that potential users were able to make informed choices. This work involved close consultation with private sector businesses and interests in the UK for example through bodies such as the British Copyright Council (Corporate Plan 1992) or SACIP the Standing Advisory Committee on Intellectual Property.

On this basis the UKIPO work activities sees the work of the operational branches of the UKIPO being linked to these policy priorities, to provide an efficient, effective and economic UK patent, trade mark and designs service
which would benefit not only large industry but also individuals and small, medium enterprises.

But it was clear from all interviewees that UKIPO now plays a key role in the contribution to and application of policy in a far wider more outward looking context than was envisaged when the agency concept of focus upon operational activities was instigated through agencification implementation.

What is interesting is the view from one UKIPO staff member saying that:

“Members of the UKIPO Management Board are interested in being associated with policy as it’s on the political agenda and they are less interested in purely managing the system and of course Ministers are interested and their performance can be measured by this policy. The parent department of the agency doesn’t want to take on policy costs because they would have to pay for it so the policy work is paid out of fees and it is more likely that this will continue because the department is “strapped for cash”.”

The fact that the agency has a Minister with Intellectual Property in their title was regarded as a positive move for the organisation in the development of policy.

It was felt that the opportunity to influence policy is present now and input from customers, institutions, staff and through consultation allows this input to be passed on to Ministers. Pre-agencification customers would not have had the same opportunity to express their wishes on what specifically they would like the organisation to do for them in terms of service delivery like now, was the view from UKIPO staff with pre-agency status knowledge.

6.4.1.3 Commercialisation policy

Research data indicates that policy has seen a drive to establish a more business, financial and commercial ethos and responsibility within the UKIPO. The policy therefore is seen to reflect:

- More effective promotion of the awareness of the value of intellectual property rights
Incremental improvements in quality of service, efficiency and effectiveness especially following the move of the Patent Office to Wales

- Increased demand for UKIPO services
- Enhanced financial viability through Trading Fund status

As part of policy on the financial strategy front it was determined that revenues would also be utilised: to build upon improvements in productivity, unit costs and quality of service, coupled with effective marketing to compensate for loss of business to the EPO; for retention of existing business and new business (small and medium sized enterprises); ensure effective exploitation of current and future information technology investment. These activities underpinned the business and commercial perspective and new ethos of the agency.

Comments from staff acknowledged that the UKIPO does now operate as a business and has done so since agencification and successfully and there is much more emphasis upon targets and response to customers. The aims and objectives are high profile which was not so the case before agency status and represent a focus which everyone can see and read in the corporate plans.

There is more emphasis upon getting the message out to people about the benefits of intellectual property in the business and education fields and what benefits flow from protection of intellectual property rights and this can be argued to be a business ethos rather than an agency one.

6.4.1.4 Policy transparency

Comments from interviewees on policy transparency indicates that the general feeling amongst interviewees was that in reporting service delivery input and output, common goals, aims, objectives etc, there was less chance of unclear strategy and policy.

When asked about policy transparency and how the agency handles its customers now in comparison to pre-agency status the view was that the agency policy is towards a more enabler than regulatory role in its approach to secure customer intellectual property rights post agencification which was now
embedded into the organisation’s staff psyche. There is emphasis upon this approach in policy and practice with more emphasis upon what more can the agency do for customers that it is not doing now and would want to do.

Legislation as well as the agency focus it is believed has increased the “enabler” role of the organisation and this has been in line with policy to provide customers with better opportunity to take advantage of intellectual property rights. The wider role of the agency reflects this in terms of its policy to raise awareness in the UK through its marketing campaigns and liaison with customers as well as through its consultation exercises. The agency approach is not out to “taut” for business interviewees believe but to help business and in the educational field understand intellectual property and the benefits that it can bring.

Interviewees thought that there were advantages and disadvantages of policy transparency. If policies and open reporting are transparent the agency has to make them happen. However other viewpoints were that transparency of policy and open reporting made no difference because the organisation has always endeavoured to provide a service that gives validity to intellectual property rights. In addition, because government organisations/agency has and will always be subject to audit, more transparency in policy/finance operations has not increased pressure to perform.

6.4.1.5 Process or results policy

From interviewees feedback it is clear that the measures for output in Patent, Trade Mark and Designs terms remains in place and have always been there every since the 1970s. But today and since agency status it is a case of policy transparency with measurement and performance being more publicly available for comment with more activities being measured and more detailed.

Over time process has been improved through the benefit of information technology for example and this has led to improved results but there can be no doubt that the publication of performance by the agency under agencification
criteria has led to a more results than process organisation orientation. Interviewees felt that information technology and publication of performance has emphasised the “Results” focus as opposed to “Process” which has emanated from information technology support enhancements leading to improved performance and quicker response to meet customers’ needs.

6.4.1.6 Overcoming policy tensions and contradictions

From interviewee feedback it is apparent that the closer relationship of the UKIPO and its customers has played a major part in overcoming some policy tensions and contradictions. This has been down to better communication links with the institutions and interests in intellectual property rights. More knowledgeable people on policy process and practice have provided for better communication and relaying of understanding and information which in turn engenders better consultation practice and feedback and portrays a sense of contribution to policy debate by stakeholders. This relates very much to the agency concept of being able to focus upon customers and so respond to their needs in a more responsive manner than hitherto.

But another interviewee comment suggests that some tensions have arisen as a result of agency status given that budgets have to be adhered to:

“Yes. Corporate policy debates have arisen and tensions have existed. This has involved the timely fashion of service provision versus budgets and resources. There has been a reluctance to hire staff in some sectors. As noted above the hiring of Patent Examiners in anticipation of an increase in applications etc is one typical example. The timing and balance of this recruitment has to be set against income/volume of applications and resources to meet targets and post agencification this is not an easy decision to make because financial budgets have to be adhered to. Hiring large groups of Patent Examiners as was the case pre agencification is not now an option given the corporate climate the UKIPO now works in.”

6.4.2 Differences unrelated to agency status

6.4.2.1 Conflicts, contradictions and tensions in determining policy
There was some evidence of policy conflict unrelated to agency status with some interviewees reporting that:

“In policy no difference whatsoever from what was said earlier but in essence it is as though policy is being done in the department. So there is no real difference whether the policy is being done here or in the department. The only difference is that we might devote more resources to it than the department on the basis of what I have said. We have just now created new policy posts in the directorate. We have been able to create them overnight whereas the department in the present economic climate would not be able to do it. We have flexibility so that is one thing that we can do. We can get rid of post openers and take on policy staff. That is changing operational jobs for policy jobs. Policy is now more important but we can keep the operational side going leading to benefiting the economy.”

“Intellectual property policy and practice has risen up the political agenda. The development in the internet, pharmaceuticals, piracy of goods etc, biotechnology genome and embryo technology and their ethical links have raised the political stakes higher than ever before. This has brought focus upon the granting of intellectual property rights on a positive and negative level. These issues have consequences for the UK economy, links with other government departments who are directly involved in these issues (for example Trading Standards) and so the IPO has become a major player in these issues. These issues also have an impact on policy decision making relating to the agency’s aims and objectives. These are not therefore agencification related but related to the times. First in the context of boosting the economy with granting intellectual property rights protection against the counter claim that such protection damages the competition providing monopoly rights or from an ethical perspective of depriving the third world of cheaper drugs. So it can be seen as to the links that the agency has to other government departments, political issues such as education and manufacturing industries and the relationship to the UK economy.”

“It is now a question of whether the agency should be more involved with policy. So it might be a case of fighting over whether the agency or another department should be leading on an issue – more typical of competitive tensions existing between departments, rather than an agency.”

But the conflicts were seen as a healthy state of affairs to help develop policy constructively.

So the agency policy it was argued is being affected by events and issues in the world and political pressure and it does not have a direct relationship to whether
the UKIPO is an agency or not as decisions are being affected by factors concerned with intellectual property not the organisation and its operational effectiveness under agency status.

6.4.2.2 Harmonisation of policy

By publication of the 1992 corporate plan the main thrust of UKIPO intellectual property policy had shifted towards an orderly and comprehensive framework for the protection of all aspects of intellectual property. This involved the international harmonisation of rules and procedures. This work involved close consultation with private sector businesses and interests in the UK for example through bodies such as the British Copyright Council (Corporate Plan 1992) or SACIP the Standing Advisory Committee on Intellectual Property.

On this basis identification of the UKIPO work activities sees the work of the operational branches of the UKIPO being linked to these policy priorities, that is, to provide an efficient, effective and economic UK patent, trade mark and designs service which would benefit not only large industry but also individuals and small, medium enterprises.

But policy for the UKIPO could not be insular. The external environment had major implications to which policy also needed to be considered in the light of external factors. For 1996 the EPO in making major reductions in the procedural fees in July 1997 and the OHIM overcoming difficulties would place competition pressures on the organisation meaning price policy considerations for the UKIPO had to be on the agenda for it to remain competitive. This apart European initiatives to harmonise European Union states intellectual property laws had shifted focus of policy away from the development of UK law to shaping the outcome of European policy.

As a consequence the UKIPO has been required by government to ensure that the merits of the UK system were maintained and that comparable levels of protection are offered by other member states. Consequently, the move to harmonise laws was unrelated to agency status.
6.4.2.3 Competition policy

The policy of the agency was refocused in 1999 from a strategic perspective on the basis of a drive by government to meet the commitment of the ‘Competitiveness White Paper’ (President of the Board of Trade et al (1995)). This was to modernise the intellectual property rights system by promoting enterprise, innovation and increase productivity; making the most of the UK’s science engineering and technology; creating strong and competitive markets and creating a fair and effective legal and regulatory framework. These objectives required a reassessment of agency activities and focus (Corporate Plan 1999) to ensure that by 2002 the UK provided the best environment in the world for electronic trading.

In essence it is clear that the issue of competition has no bearing on whether the UKIPO was an agency or not since the UKIPO needed to compete to survive given EPO and OHIM competitors in the intellectual property field.

6.4.2.4 Flexibility in determining policy

In essence the view was that it is as though intellectual property policy is being done in the department. The difference is that the agency might devote more resources to it than the department now because of the higher profile of intellectual property and the economic link. So it is ironic that the agency status has given flexibility to recruit policy posts to do policy work (not increase productivity and performance) unrelated to agency status based upon external events and influences.

There was certainly a feeling from interviewees that intellectual property policy is likely not to be placed outside the agency confines. There had been no change in policy as such as the organisation still has statutory requirements to provide an intellectual property protection service albeit that emphasis upon different areas of policy are applied to meet with central government strategic thinking. It was felt at the outset that the policy perspective had received a negative impact because of the focus upon the agency operational perspectives.
and that policy appeared to have become “second rate”. This perspective has now altered because attention is now towards a more outward looking and economic policy rather than a results/outcome, underlining the agency purpose and role. Policy is of late now becoming more of a core department and counters the agencification concept.

Ironically, under agency status the Office has an opportunity to hear more of what stakeholders and customers want through consultation and communication with institutions etc and this is evidence based. So policy feedback has substance. So the rationale behind agency status leaving Ministers to policy decisions is questionable in the context of the UKIPO it was believed. Added to this respondents saw themselves as not a purely operational division and are not expected to be, but they believe that they do have to balance policy and operation with resources available.

The policy is set in consultation with Ministers and Government who can influence the internal organisation policy. The question had been asked whether policy should be close to the agency. The “Gowers” (2006) review considered this and in the end it was decided that as policy was decided separately in a part of the UKIPO organisation and they saw the big picture it was acceptable to be closest to decision making. This endorses policy work being undertaken in an agency again ironic given the rationale to create agencies to focus upon operations was the view.

6.4.2.5 Influencing factors on policy

What is significant is that in 2008 the appointment of a Minister for Intellectual Property highlighted the raising of the profile of Intellectual property and hence the UKIPO in the role of trying to benefit the UK economy also, its role in complying with the expectations and influence of its customers.

This is underlined in the comments from the Chief Executive of the UKIPO in the Corporate Plan 2008:
“IP is central to the translation of knowledge and creativity into value through innovation. The importance of IP is reflected in the Government’s decision to appoint a Minister for Intellectual Property. It is more vital than it has ever been that UK businesses should have an IP system that is as well-designed and as smoothly operating as it possibly can be. We must continue to maintain the delivery of high quality and timely statutory services to our customers. This presents a huge and exciting challenge to everybody who works in the UK-IPO. It means that in our rights granting and tribunal work we must combine our traditionally high standards of judgement and efficiency with the ability to meet the rising expectations of customers, as they seek to compete in the global economy. It means that more than ever it is essential that in our policy work we contribute to creating the right legal framework. It also obliges us to recognize that as well as providing first class services and getting the legal framework right, we must redouble our efforts to ensure we understand how far UK firms and institutions are making the best decisions to turn IP into value, and that we are providing the support they need to help them do that.” (Corporate Plan 2008)

There is certainly a feel about the organisation that there is more policy influence now than pre-agencification, a view put forward by a number of interviewees and that policy input was from a combination of sources. This was endorsed from the line of questioning to interviewees about what influence was seen being shown from the agency perspective. Response was that they saw more opportunity for customers to have a say in policy because the ethos of agency status is to focus upon the customer and customer expectations for a service delivery that meets their needs. Therefore they saw this influence as positive and the customer feedback endorsed this view since the customer reports its high degree of satisfaction with the service that is provided to them.

Over time the Management Board members have been replaced by more experienced policy maker members from other parts of government was the view and this is in contrast to the Management Board members who occupied the senior management roles pre-agency status and who had a wealth of UKIPO work experience over many years and who had spent the majority of their career lives in the organisation.

It has also been commented upon by a staff member in interview that:
“it is no longer the Patent Office it’s now the Intellectual Property Office and that demonstrates the movement, IP being the important thing and the Office facilitating that and whether that’s because of our involvement in the EPO (European Patent Office) or our influence there or in WIPO (World Intellectual Property Office) and whether because we are developing policy and prompting and feeding in on things like copyright and the breadth of policy. There has been a movement that has then meant that organisations within the Office (although we still have the patents and trade marks) that we had previously have obviously got bigger focus on outreach and the standing of IP and then we have got policy angles/international policy angles and particularly strengthening on the copyright side."

The decision to relocate the organisation to South Wales was reported as an influence on the organisation in the context of a cost saving financial policy decision as opposed to that of an intellectual property policy making decision. But government policy issues have now dwarfed the significance of operational standards and performance improvement the main rational of agency status it was believed albeit that sight has not been lost of these issues.

6.4.3 Continuity pre and post agency status

6.4.3.1 Core business

The core policy of the organisation has and always was to provide a valid intellectual property right. This is borne out by comments in interview feedback on policy questions such as the following:

“Latterly we started off as an agency and uniquely we kept a policy function and we had control over Intellectual Property policy as well as operational aspects of registrations (of intellectual property). Um, and when the agency was created there was a small element of policy retained realistically since the government had regarded us as a political backwater and it didn’t matter what policy we applied. But more in recent times the government has analysed the economic outlook and has come up with this thinking that Intellectual Property (IP) has quite an important role and can help the development of the economy because we cannot compete with the likes of China on labour rates and all that sort of stuff. Or even on quality. The one thing we have got better than them is better ideas and more innovation, um so there is not any point in having all that unless you can protect it. So not just the UK but the rest of the world is now looking at protecting its Intellectual Property as a means of maintaining a competitive advantage. So all of a sudden IP has gone
from virtually nowhere to being an important political issue. So the policy of IP is perhaps now belatedly catching up with that and so we see an increase in interest and so from the Management Board that is the big potato-policy on IP actually. The operational side of the office as an agency is there but actually to be brutally honest about it, it is secondary to the main government policy issues and then there is ordinary policy in the agency and the operation."

"There has been no change in policy as the organisation still has statutory requirements to provide an intellectual property protection service albeit that emphasis upon different areas of policy are applied to meet with central government strategic thinking."

On this basis the core business of the UKIPO has been retained.

6.4.3.2 Policy department location

Intellectual property has risen up the political agenda so the focus has naturally raised the intellectual property profile. But what is significantly important is that policy is expected to stay inside the organisation when at the outset of the organisation becoming an agency and the rationale behind agency status it was expected that policy would find itself part of Whitehall government departments while agencies concentrated upon the operational aspects of their business. The comments below in interview underlines the view of policy remaining with the UKIPO and the comment has a financial implication which in current times is particularly relevant albeit that Ministers and Whitehall remain influential as comments indicate below.

"Should we have a policy close to us? Activities are reflected in policy as we set the policy as we see it and it may be a question of us being too close to policy decisions. The “Gowers” review questioned this and in the end it was decided that as policy was decided separately in part of the organisation and they see the big picture it is OK to be closest to decision making. Policy is diverse and not influenced by the regulatory parts of the organisation. There is always a role to raise awareness of understanding of intellectual property and there is no focussing on a product."

"Policy will stay inside the organisation because people dealing with policy in the organisation will be paid for. It has the usual side effects in that it can be paid for without the government having to pay the cost from the central Vote so the reason that it will stay here is that there is a
Coincidence of interest in the agency and from the government perspective staying in house is advantageous financially. So we can also shape it and members of the Board are interested in being associated with policy and it’s on the political agenda and they are not interested in purely managing the system and of course Ministers are interested and they can be measured by this policy – it’s their crown jewels so to speak. The department doesn’t want to take it on because they would have to pay for it instead of us. So at the moment it is a happy coincidence that we are prepared to pay for it out of fees and it is more likely that we will continue to spend on it because the department is strapped for cash. It probably doesn’t care one way or the other but if it stays here it won’t have to be paid for by the department, so it will stay.”

“Because we are developing policy doesn’t mean we cannot operate the operational side of the Office. It’s not ‘either’, ‘or’ but ‘and’. There is alternatively more focus on policy than there has been, yes, but does that mean there is lesser focus on operations? I wouldn’t suggest that was the case. It is still at a level that it was previously – you know we still have the same directorate dealing with those things. The Office is still managed in the same way, um if you are suggesting that the bandwidth is stretched then the Board does need to address it. We are trying to do ‘and’ (policy development and operations) and balancing this with resources available. But as you know the resources are not unlimited in a sense that we would be robbing Peter to pay Paul. That is not the case.”

The most significant quote endorsed by others in their comments indicates that there was recognition that the organisation in the work context is moving back to the centre and in effect could be argued to be losing its agency tag. The following quote from a senior member of staff stated that:

“I have been here about three and a half years and the last year has changed a lot. There is more alignment with central government and Ministers which is high on the agenda and there are differences in what we do now such as raising awareness and enforcement of intellectual property rights rather than granting rights.”

6.5 Section summary

Summarising the above research material identifies the following policy factors as set out in the Table 6.2 below affecting change and continuity in the UKIPO in response to research questions 1a, 1b and 2a (Appendix A).
### Table 6.2

Policy Factors Affecting Change and Continuity in the UKIPO 1988-2008

<table>
<thead>
<tr>
<th>Policy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
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</thead>
<tbody>
<tr>
<td>Change and continuity</td>
<td>Transparent policy</td>
<td>Policy on Intellectual Property higher up the political agenda with economic link</td>
<td>Statutory granting rights/Regulatory core business</td>
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<td></td>
<td>Policy input greater</td>
<td>Outward looking for decision making on additional services</td>
<td>Pay levels within Government/Treasury limits</td>
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<td></td>
<td>Freedom over head count</td>
<td>Competition</td>
<td>UKIPO Policy</td>
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<td></td>
<td>Steering Board policy</td>
<td>Harmonise EU IP laws</td>
<td>Department retained in-house</td>
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<td></td>
<td>implementation advice</td>
<td>Intellectual Property Minister appointed</td>
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<td></td>
<td>Commercial accounting</td>
<td>Relocation</td>
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<td></td>
<td>Business orientation</td>
<td>Policy influenced by external events</td>
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<td></td>
<td>Substantial customer</td>
<td>Government influence</td>
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<td>and objectives in</td>
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<td>Corporate Plans</td>
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<td>Financial responsibility</td>
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<td>Better communication</td>
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<td>contribution on policy</td>
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<td>with interested parties</td>
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<td>Budgets</td>
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<td>Targets and results</td>
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<td>focus for customers</td>
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<td>(less so mid-2005 onwards)</td>
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Table 6.2 (continued)

Policy Factors Affecting Change and Continuity in the UKIPO 1988-2008
(continued)

<table>
<thead>
<tr>
<th>Policy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
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<tbody>
<tr>
<td>Change and continuity</td>
<td>More enabler than regulatory role</td>
<td>Policy influenced by external events</td>
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<td></td>
<td>Trading fund status</td>
<td>Government influence</td>
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<td>More responsiveness to customers</td>
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<td>Local decision making day to day to respond to change quicker</td>
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<td>Outward looking</td>
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6.6 Agency performance

6.6.1 Differences related to agency status

6.6.1.1 Performance pre and post agency status

From responses from interviewees on this subject area it was evident that in terms of performance because it was considered that the organisation was “starting from a roughly low base” (a comment from one interviewee) there were significant performance increases in the early days. There were differences in the performance when the office was in London and in comparison to performance in Wales as work processes changed so interviewees commented who had experience in the UKIPO pre and post agency status.

So there was clearly an early impact upon performance output at the outset of agency status and relocation and the expectation to meet targets set and published. But as to whether this was a case of agencification and the emphasis upon results and customer focus the essence of agency status, greater effort or new enthusiastic motivation of new staff against improved processes,
competition from the EPO or OHIM who also now competed with the UKIPO for intellectual property applications, budgetary considerations or professionalism (albeit that this was applied by intellectual property examiners pre-agency status) all referred to in data collection is open to interpretation and debate on the evidence of the range of interview comments. But interviewees commented that customers remarked that performance was better now and the overall view was that pressure to improve performance through targets and results focus and published performance emanating from agency status had some substance for the reason behind improved performance at the outset of agency status.

However, interviewees were of the view that from mid-2005 emphasis has not been on performance but upon policy issues.

Respondents said that it is true that performance measurement and target setting has been incremental which provides for a degree of consistent measurement and so judgement is possible here to determine a trend of better performance. But this is not the whole story. It can be argued, staff say, that performance is better because customers say so and want to come back to the agency for its custom. There is also the fact that people in the agency are better qualified, managed and experienced from the top of the organisation down they argue.

6.6.1.2 Improvement in effectiveness and efficiency

The Office has a number of performance monitoring arrangements, for example looking at the internal processes to ensure that to provide good service reliable access to IT systems is possible.

When respondents were asked to explain how difficult/easy it had been to improve effectiveness/efficiency and record performance responders indicated that work measurement output had been increased incrementally in some instances without wide swings to cater for such specific requirements. So the agency was responding to customers’ needs in a more intelligent way and not
making improvements for the sake of them just to show increased effectiveness to satisfy government performance targets year on year.

These measures and comments from interviewed staff such as that below reflect the degree with which performance of the organisation is assessed in terms of effectiveness and have developed over time in the organisation.

“It has allowed us to give a much better performance I think to users. That’s partly about management things and partly that of the introduction of performance targets and that sort of thing.”

It is evident from the above that a focus has been heavily applied and widespread in terms of performance measurement and that such focus emanated from the initial inception of the agency. This is underlined by comments from interviewed staff of the organisation borne out by comments such as the following:

“from knowledge, my perception is rather different - a series of changes: department to agency, London to Newport, Agency to Trading Fund to develop better processes and systems for customers and at that time the management of the office lacked political pressure which changed to get performance improved.. From experience this was brought about by targets which were intended to show you were getting more efficient. And that lasted until about the middle of 2005 after which my perception is that after this time the management of the office got less concerned with performance of the office, more pressure to get Civil Servant numbers down was relaxed and the management of the office got less concerned with how many people it was taking to do the job and started to look at the wider perspective which meant we went into this low opposing mode (of trade marks).”

Comments from interviewees over time indicates that there does appear to be a lessening of emphasis upon performance targets being hit consistently as reflected by a comment from a member of staff in 2008.

“There is no pressure now whatsoever from the management for us to improve customer service or efficiency. The drivers for this do not come from the top, or the Treasury. Efficiency for this in my view is from within, focus from the top has lost its way here. It hasn’t though lost its impetus.”

“so if you talked to the Management Board now about what it is doing, it wouldn’t be looking at efficiency output, performance, time scales. Now it
CHAPTER 6: Research Findings on Change and Continuity in the UKIPO

would be ‘What can we do to solve the ‘Copyright’ issues problems, along with file sharing and government issues, projects. Now it is only about reporting performance at Board level. Now pressure is off on numbers etc. and now is about how best to shape the Intellectual Property system and to fit in with wider government objectives of an innovative society.”

An aside comment however does reflect culture change (Newman 1994) from the past in the pre-agency status but perhaps cannot be attributable to agency status per se that is the comment:

“Being an agency now would probably not make a difference because no organisation in this country could hardly get away with the culture that we used to operate under. We are a well performing organisation and a well regarded organisation. Society wouldn’t allow you to operate the way we used to under that culture of the past. This is whether it was DVLA or the Inland Revenue.”

“If you don’t perform you won’t survive today so irrespective of agency status we would have to perform. We can orchestrate ourselves under our own rules. We have an organisation whose management want us to perform to our best to move forward. We are where we are and we are not going back!”

So the legitimate needs of the customer are far higher up the agenda than used to be in many responders eyes. Interviewees therefore thought that the balance was now right in that the agency are now giving the customer what they need not what they want and when they want it.

6.6.1.3 Targets for performance

The feedback from interviewees, focus group and participative observation indicated that it was the targets reflecting customer needs that were a key influence in the changes post agency status. So the identification of what customers wanted from the agency was a significant factor in setting the targets for the agency from the past approach. The publication of such targets interviewees believed provided the focus for achievement and hence the incentive to attain those targets of performance. The incentive was underpinned with the bonus scheme related to the agency performance which pre-agency days had not been a factor in performance attainment.
Other views were that there were not many targets too stretching but targets were challenging. Many believed that it had not been easy to improve effectiveness because the office has budgetary responsibilities and income dictates expenditure. But running costs have been reduced and staffing costs (mainly as a result of the organisation’s move from London to South Wales).

6.6.1.4 Target setting process

Under agency status interviewees recognised a move to setting specific targets rather than general targets with greater detail made accountability and measurement more determinable. Target setting was also more widespread throughout the organisation and reviewed more regularly.

Target setting was now incremental which made for easier comparisons and consistency of reporting and lessened potential tension for setting targets. They were more aligned with interests evidenced by their publication in the Framework Documents and Corporate Plans (The Patent Office Framework Documents 2000, 2003, 2006, 2008/2009 and Corporate Plans 1990-2008). It was also evident that the target setting was influenced by the Chief Executive Officer who had his/her particular focus during his tenancy in the agency.

All interviewees saw the key targets of the UKIPO reflecting the focus of agencification features namely concentration upon service delivery, productivity, financial efficiency and value for money. Performance and performance measurement against these targets on the basis of agency performance is published in the Annual Report and Accounts for the agency.

Targets were seen to be aligned with parent department goals, the agency’s Corporate Plan and Framework Document. The introduction of such targets have become part and parcel of the agency focus and culture since agencification and performance has a bearing on pay of the agency staff, any bonuses that may be given and charter mark assessment criteria. The staff recognised this. Not since agencification they believed has such emphasis been
endorsed and emphasised or reported in such detail evidenced through publications of Report and Accounts of the agency’s achievements.

It was custom that each Chief Executive Officer had a particular focus during their tenure. These focuses have been finance, quality, international networking and currently economic influence. So setting targets in these different areas has not been straight forward and without debate.

6.6.1.5 Process versus results

The responses from interviewees when they were asked whether performance of the UKIPO stemmed from “Results” or “Process” indicated that “Process” has been swamped by a “Results” focus but the push has been toward “Process” to achieve results. Hence the view was that better processes led to better results and led to better value for money.

Reasons behind the better process were considered to be helped by better use and development of information technology and the quality of the staff and commitment. It was believed that the “Results” focus had forced a “Process” review which in turn led to better results where process was improved.

The agency was number orientated when it came to reporting performance and so a results orientation was now prevalent and part of the agency culture. Nevertheless, it was recognised in probing performance attainment that in the latter part of the new millennium, since around mid-2005 focus on results has been waning and replaced by an upsurge in policy focus.

6.6.1.6 Value for money

Comments from interviewees as to whether customers were getting better value for money now, in comparison with pre-agency status, showed the assessment to be positive. The reasons given by many were that they believed that the customers were getting a better service and more quickly since the right questions of customers were being asked of their needs. There had been a greater desire to understand customers and in the past the mistake had been to
listen to customers but not ask the right questions so customers might want things not asked them.

It was felt that the meeting of customer needs was not necessarily down to agency per se, but the agency was about what customers wanted and a business ethos, a rationale behind agency status and it was the staff that generated the motivation to do more. It was about what customers wanted, reflected in targets, not what can the agency give them and also what more could the agency do for them related to the customer focus concept.

Therefore their view was that while relocation from London to South Wales had provided a better quality of service from the agency staff, with information technology facilities - unrelated to agency status - closer communication with customers - a rationale of agency status added up to a better value for money service and a range of services not otherwise available pre-agencification.

6.6.1.7 Consistency of reporting

The reporting of performance in Corporate Plans and Report and Accounts of the agency and the incremental nature of some reporting over time had in many interviewees minds provided continuity and consistency of reporting performance output. Albeit that some comparisons could not be made as no continuity existed from the early days of reporting with reporting performance nowadays. Equally, it was possible to identify trends which hitherto pre-agency status was not possible in the wide range of activities that the agency performs. So overall the views expressed identified a degree of consistent reporting of performance and trend setting but recognised that continuity and comparability from agency performance pre and just after agency status to the present day was not realistic but that agency reporting under agency status had brought about a more open opportunity for the assessment of performance by the organisation and improvement in performance was identifiable over time.

6.6.1.8 Performance indicators
Looking at the Patent Office Framework Documents (2006 and 2008/2009), a requisite document for operating under agency status, provides information on key target areas of performance and reflects the continual focus for the agency to follow. These are reviewed regularly and set by the Secretary of State, in the context of agreeing the Corporate Plan, following consultation with, the Minister responsible for the Office, the Chief Executive and the Steering Board. The key targets of the UKIPO in the early days concentrated on service delivery, contribution to the UK’s innovation and productivity agenda, financial efficiency and value for money. These targets contributed to the Department’s overall performance against its Public Service Agreement (PSA) targets in the areas of productivity, science and innovation, fair competitive markets and successful enterprise and business. The Key Performance Indicators (KPIs) for 2007-2008 are now set within a balanced scorecard framework and allocated to 4 perspectives. There is not the emphasis on efficiency and increased performance as there once was. This is endorsed by interviews with UKIPO staff.

6.6.2 Differences unrelated to agency status

6.6.2.1 Relocation

Relocation and its associated factors of new motivated quality staff with a cost reduction out of relocation appear from research feedback to be the prominent factors for change in interviewees’ minds.

6.6.2.2 Competition

The existence of the agency now interviewees said depended upon its customers given the economic and competitive environment that the organisation now works in, so there was more of a need to satisfy those customers with an outward looking perspective to ensure that they continue to have dealings with the organisation instead of going elsewhere. This would not have been the case pre-agencification and without the competition now with the
EPO and OHIM organisations. So competition has enforced an improved performance perspective they believed.

Perhaps importantly ‘competition’ brought about by the EPO and OHIM was cited as influential to the UKIPO, needing to ensure its performance bettered those organisations to maintain or increase its customer base. The development and widening of the global capability of these institutions to grant intellectual property rights could have put the UKIPO in a position which could have seen it operate in a recycling mode and perhaps led to its closure some thought.

6.6.2.3 The “Citizen’s Charter”

The award of the Charter Mark to the agency in 1993 brought recognition of standards of quality and performance and so provided landmarks by which subsequent target setting could be measured and improved upon in order to maintain the award in conjunction with input from stakeholders in the intellectual property system. But this could be argued to be unrelated to agency status interviewees said.

The year on year Corporate Plans and Report and Accounts of the UK Intellectual Property Office (1990-2008) have indicated at the UKIPO that agency performance has improved over time and the Charter Mark accreditation awards to the UKIPO underlines such continuous improvement, the criteria for gaining 3 year accreditation is based upon this principle.

6.6.2.4 The “Balanced Scorecard”


The Report and Accounts for 2007-2008 at Chapter 5 provide a detailed breakdown of the performance against targets and illustrate over time how performance against targets have differed on the basis of the emphasis and
government focus for the Office. Clearly the “Balanced Scorecard” introduced in 2007 is a new phenomenon by which the organisation is now measuring its performance. The basis of the “Balanced Scorecard” is to balance the aims and objectives of the organisation for example in return on investment, marketing and raising awareness at the right level to meet the whole organisation focus and be going in the right direction some believed. So this matrix was regarded as a useful means to measure performance.

There is no comparable listing pre-agency status that would allow a parallel comparison to be made about expectations of the organisation and its Management Board, but it would suffice to say that the detail in which current targets across the organisation are set out in this measure/agency target were not evident pre-agency days of the organisation by which performance was assessed or indeed the outward looking perspective it has today could be seen. Individual departments of the Patents, Trade Marks and Designs had their own work output measurement (work output divided by activity) but not to the extent as evidenced in the “Balanced Scorecard” of today.

Comments from interviewees suggest that the introduction of the “Balanced Scorecard” has provided a more effective agency focus. Nonetheless there was equal criticism of the model because it was felt that the contents of the card had not been properly formulated and was seen as a passing fashion without substance to guide the agency.

6.6.2.5 Performance improvements

There was no doubt in many peoples eyes that there was greater focus upon performance and performance indicators up until about mid-2005. But the corporate element was not the main issue they thought, albeit that everyone is conscious of it. It was as much about the vibrant and quality staff that the organisation has which was not the case in London or that such individuals could be retained when they were employed in London. This they said was important to remember in the context of performance and viewing this
perspective of new staff as a measure of agencification was important rather than performance indicators per se.

Overall people interviewed believed that new processes, information technology supported processing facilities enhancements and relocation were the key factors in Patent Office performance improvements post agency status.

6.6.3 Continuity pre and post agency status

6.6.3.1 Monitoring performance

The performance of Patent and Trade Mark examiners and Designs examiners was monitored pre-agency days in terms of output and validity. This was unique in terms of performance measurement in days prior to agency status in government departments. And so to a degree performance monitoring has remained a constant in the organisation irrespective of its agency status, though naturally a bigger focus was placed upon performance measuring and monitoring at the outset as performance criteria played a big role in the fundamental rationale of creating agencies to improve the standards and quality of performance. Such organisations were anticipated to improve achievement on the basis of being granted agency status to concentrate on the operational side of its activities for the benefit of its customers.

6.7 Section summary

Summarising the above research material identifies the following performance factors as set out in the Table 6.3 below affecting change and continuity in the UKIPO in response to research questions 1a, 1b and 2a (Appendix A).
# Table 6.3

Performance Factors Affecting Change and Continuity in the UKIPO 1988-2008

<table>
<thead>
<tr>
<th>Performance</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change and continuity</td>
<td>Targets and results focus reflecting customer needs</td>
<td>Relocation</td>
<td>Statutory granting rights/regulatory core business</td>
</tr>
<tr>
<td></td>
<td>Substantial customer focus</td>
<td>Staff quality</td>
<td>Activities measured and monitored</td>
</tr>
<tr>
<td></td>
<td>More professionalism</td>
<td>Motivated staff</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Risk taking</td>
<td>Economic link</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Published performance measurement against performance indicators and agency targets</td>
<td>Outward looking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Targets more widespread in agency</td>
<td>Competition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stronger management ethos to perform initially</td>
<td>Citizen's Charter Mark</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business orientation</td>
<td>Introduction of the “Balanced Scorecard”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wider customer input to decisions</td>
<td>New processes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>More responsiveness to customers needs and a wider range of services</td>
<td>Enhanced Information Technology facilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff bonus scheme for organisation performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consistency of reporting performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6.8 Agency strategy

6.8.1 Differences related to agency status

6.8.1.1 Strategies and operations pre and post agency status

Interview material obtained from members of the UKIPO who were in post prior to agency status were of the view that if a strategic direction was in place it was not evident in the context of their activities which were focussed upon undertaking the responsibilities set out under the respective Intellectual Property Acts at that time. A quote by a staff member reflected this as follows:

“Pre agencification strategy was not evident particularly in terms of aims and objectives or plans for the future and why. The only strategy that was evident was to provide intellectual property rights to those who sought it and that such rights met with legislation. The organisation provided a regulatory service and so focus was upon this work output. Today aims and objectives are highlighted in Corporate Plans and Framework Documents with defined public awareness targets. Strategies and policy are looked at in a corporate focus from the Steering Board to the Patent Office Management Board and to the Senior Management Team and recommendations are considered and made and put to Ministerial level and where endorsed are regarded as Whitehall approval.”

Other comments from interviewed staff members of the UKIPO clearly suggest that pre-agency status no strategic direction or strategy was evident in the organisation:

“Um, I think that’s easy because I don’t think there was any strategy going on. Strategy then was probably ‘we are here this year and we hope to be here next year’. There wasn’t any strategy before agency. I think that since we’ve become an agency as you will have gathered from what I have said to begin with we had a very clear strategy improving public services, efficiency, customer standards but that strategy ran out at the beginning of the millennium and then we coasted for a few years and we had ‘Patent Office for the 21st century’, international focus and it was really all confused and nobody really understood what the strategy was. Now under the present CEO we have a clear strategy again. Now it is partly about customer service, but much more now is making progress on the policy agenda and correcting a perceived deficit in where we are in having neglected our policy over the years where we have been busy and time is now right to make amends.”
“Pre agencification there appeared to be individual strategies and plans but no concrete one. This is not now the case and this approach cannot be followed. Work is coordinated from the top. The customer focus provides for a coherent approach and the corporate plan devised and put forward for Ministers input and approval demonstrates what has changed since agencification. The organisation is seen as a single team. A lot of work has gone into getting the organisation as a whole team.”

“Pre agencification strategy was not evident particularly in terms of aims and objectives or plans for the future and why. The only strategy that was evident was to provide intellectual property rights to those who sought it and that such rights met with legislation. The organisation provided a regulatory service and so focus was upon this work output. Today aims and objectives are highlighted in Corporate Plans and Framework Documents with defined public awareness targets. Strategies and policy are looked at in a corporate focus from the Steering Board to the Patent Office Management Board and to the staff and recommendations are considered and made and put to Ministerial level and where endorsed are regarded as Whitehall approval.”

Attempting to determine in what ways has the UKIPO strategy and operation changed from pre and post agencification in their experience relating examples to Framework Documents, Corporate Plans, customer choice, focus, right to manage etc interviewees indicated that what has probably changed is the organisation trying to find out about what it didn’t know about its customers and more emphasis on how businesses use IP which to a certain extent in the past was taken for granted albeit that there was work in the 1980s which did look at that. In 2008 there were 4 points to the strategy:

1. Continuous granting of services at a good level
2. Engaging with the policy debate on strategy which has always been up and down
3. More about how businesses use IP
4. Reaching out to people who don’t use us at the moment

It was acknowledged that Board strategy formulation included a team approach-staff input, Ministers liaising with officials leading to strategy incorporated into Framework Documents and Corporate Plans and customer focus. Sometimes Ministers took a personal interest in something and this led to a one off strategy.
But in the majority of cases strategy was one of building (for example enforcement strategy) rather than direction changing and known by all through the Corporate Plans.

Further comments were that in 1988 people were involved in some publicity to promote awareness of intellectual property and what strategy there was, was ensuring that the organisation’s core business met the standards required to provide valid intellectual property rights to people who used the Office. This apart there was not an identifiable and definitive strategy known throughout the organisation.

It was therefore believed that no discernable strategy was in place pre-agency status or at least one that people were aware of.

On the above basis it is evident that there is a significant change under agency status with the introduction of Framework Documents and Corporate Plans.

From comments by interviewees and reading UKIPO Management Board meeting minutes it is clear that the range of topics discussed now are far reaching and involve considerable strategic thinking. There is also evidence of a cohesive nature in that, the Steering Board/Patent Office Management Board depend upon information from the agency in order to be provided with information on which to make decisions. Staff members are also invited to input their views on strategic direction.

Strategic actions were seen to be in raising education awareness in intellectual property and in the business community along with encouraging partnerships with Trading Standards concerning fraud and copyright infringement which had been a focus for the agency in previous years to combat the counterfeit of goods.

Underpinning main strategy was envisaged to be – being proactive in policy making, educating people of intellectual property and innovation, evaluating the
CHAPTER 6: Research Findings on Change and Continuity in the UKIPO

effect of innovation on the economy and delivering a world class rights service that is engaging with the policy debate on intellectual property strategy.

When interviewees were questioned about what were the current 2008 features of UKIPO strategy and operation interviewees thought that since the organisation had become an agency there was a very clear strategy - improving public services, efficiency, customer standards but that this strategy was curtailed at the beginning of the millennium. Now in 2008 under the present CEO there was a clear strategy again and this emphasised the role played by the Chief Executive Officers in post. Now it is partly about customer service, but much more now is making progress on the policy agenda and correcting a perceived deficit in where the organisation had neglected policy over the years.

Views expressed by interviewees indicated that all stakeholders have the opportunity to air their views. Although strategy comes from the top colleagues were trusted and strategy was approached on a teamwork basis. There were certainly interest groups who were more vociferous but they tended to balance each other out. But it was seen that Government overall directs strategy.

Views also expressed were that stakeholders did also drive the strategy and these tended to be the institutions such as the Chartered Institute of Patent Attorneys (CIPA) (major customers). Working in close liaison with them ensured expectation was identified if the agency was to compete. This led to strategy and the partnership approach needed to be obtained and acknowledged for the benefit of all.

6.8.1.2 Influences on strategy

There were clearly a variety of influences that interviewees saw affecting strategy. In the main the influences related to customer preferences, input from staff members (not evident pre-agency status) and Ministers guided by Government. Financial targets and revenue were also included as being influential for determining strategy while the succession of Chief Executives had also had an effect on strategic direction.
It was also clear that the publication of strategic direction in Framework Documents and Corporate Plans and the focus upon harmonisation of legislation in Europe and internationally played its part in influencing policy and strategic direction for the agency. The current economic climate was also an influential factor that some interviewees saw as having a bearing on future decision making for determining strategy.

But the overriding observation in the development of the UKIPO under the Steering Board/Patent Office Management Board is that other government bodies such as National Audit Office, Office of Government Statistics, Finance and Resource Management (FRM) (also having representation on the Steering Board) equally retained ability to influence and direct the UKIPO from a financial perspective. Consequently, decision making on agency operations is not solely autonomous for the UKIPO as government representatives continue to play a part in the strategic process.

Interviewees said that they were all asked about their views, and that strategy is now about consultation and dissemination of information. If there are major policies/strategies, staff are always asked every year, every member of the organisation has a chance to feed into the year objectives.

Other interviewees made reference to the influence of the Chief Executive Officers. The present Chief Executive interviewees thought has:

“raised the economic push and he wants to “up-skill” the organisation”. “He wants up-skilling of examining staff at the expense of administration staff. He wants to maintain policy and enforcement areas of the organisation’s work.”

The previous CEO’s focus was raising the profile of the agency in government department circles and provoking its development to meet its 21st century commitments. So there was an element that a personality factor of the respective CEOs had made a mark on the agency and its strategic direction.

Analysing the strategic direction of the agency from its inception from documentation of the Framework Documents and Corporate Plans it is evident
that the strategic approach of the UKIPO during the 1990s and into the years 2000 and 2001 was to use its commercial freedom and disciplines associated with agency and trading fund status to secure improvements in the efficiency, effectiveness and quality of service or its core business provision within the UKIPO for the benefit of the customer in line with alleged higher standards of service within the private sector. Whilst this strategy remains a focus of the UKIPO and underpins the performance achievements and targets of the organisation, other strategies developed over the subsequent years as set out in the Corporate Plans, and the core work now only forms a part of the wider strategic direction of the organisation.

6.8.1.3 Steering Board influence on agency strategy

A significant difference from the pre-agency days has been the creation of the Steering Board when the agency was established which provides input to the organisation on matters of implementing strategy and direction for the Office. Comments from staff members indicate the input of the Steering Board members reflected in the comment below by one staff member.

“As indicated earlier, input of decision making on strategies to implement policies, application of knowledge, expertise, experience to determine methodology to undertake activities to achieve policy aims and objectives the members assess risk and the impact upon the organisation.”

Throughout the 1990s minutes of the Steering Board meetings reveal that a more commercial orientation policy of the office had been sought and this has been borne out by views from interviewees indicating:

- Improvements in productivity, unit costs and quality of service (Annual Report and Accounts 1990-1999-performance against Ministerial targets and customer standards)
- Retention of sufficient existing business and generation of new business especially from small, medium enterprises (private application units to help them with the process were set up)
- Effective exploitation of current and future investment in new technology
  (to provide electronic filing services for its customers)

The Steering Board minutes of meetings over time show there to have been a
widening of contributions from members in the latter years of the Board’s
existence. Issues such as innovation activities, information systems, ministerial
targets, customer service standards, monitoring and reporting performance,
financial audits and long term view of the organisation, DTI 5 year plan and
other intellectual property issues, which effectively outlined the financial
responsibilities of the UKIPO, all figured in discussion throughout the years,
indicating an even more “hands on” approach at this senior intermediary level
between Ministers, DTI, UKIPO Management Board, senior management and
staff in considering how best the UKIPO could take forward its strategy in
practical terms.

Interviewees recognised that the influence of the Steering Board was input of
decision making on strategies to implement policies, application of knowledge,
expertise and experience to determine methodology to undertake activities to
achieve policy aims and objectives.

All interviewees believed that the relationship between the Office and the
Steering Board was good. All saw their role as to provide guidance and focus
which they believed they did. This was evident in the minutes of the Steering
Board meetings and reflected a supportive role with the members providing
expertise, know how, understanding of the private sector and being in touch
with the private sector.

It was thought that the relationship with the Steering Board had got better over
time at knowing what its responsibilities were. One interviewee had been
involved with the Steering Board in the early stages of its process and believed
that when it first started it was very much adversarial in its approach exercising
what they saw as their proper role - as challenging the agency. Nowadays it
was viewed that the agency is now ready for that challenge and the Steering Board members now display a more supportive role.

Overall opinion from interviewees was that direction, guidance on the application of practice based upon experience, expertise, knowledge, wisdom and know how brought from the private sector as well as the public sector all helped to provide a helpful import resource as well as support for the agency. The relationship was good and one of commitment to seeing that the agency does well.

6.8.1.4 Strategies

The Table 6.4 below identifies the perceived agency change/no change strategic focus for the UKIPO in the progressive strategic focus over time of the research identified in Framework Documents and Corporate Plans from 1990 to 2008.
Table 6.4
Table of UK Intellectual Property Office (formerly The Patent Office) Agency Change/No change Strategies 1990-2008

<table>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Administer the intellectual property Acts</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Ensure the intellectual property (IP) system operates to reflect national interest</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Provide customers with services which combine quality with value for money</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Provide valid intellectual property rights</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Have knowledge and experience available for the benefit of industry and commerce</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Promote awareness of intellectual property and its exploitation</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Ensure it performs its functions with increasing effectiveness, efficiency and economy</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>To create a climate that stimulates enterprise</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Review its operations to improve services to customers</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Consult customers and work with them</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Maintain policy of setting prices for recovery of costs and encourage industry and commerce to claim rights in IP</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Invest in new technology</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Quality of service</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Continuous quality improvement</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Training for employees</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Increasing market awareness of intellectual property</td>
<td>x</td>
<td>x(2001)</td>
<td></td>
</tr>
</tbody>
</table>
### Table 6.4 (continued)

**Table of UK Intellectual Property Office (formerly The Patent Office) Agency Change/No change Strategies 1990-2008 (continued)**

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<tbody>
<tr>
<td>17</td>
<td>Give advice to targeted audiences</td>
<td></td>
<td>x(2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Build up cash reserves for information technology investment</td>
<td></td>
<td>x(1990)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Provide value for money and cost competitiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Provide a pricing policy to be competitive</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Market a research and advisory service</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Provide facilities for electronic trading. Consult customers and work with them</td>
<td>x (1995)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Develop more flexible information technology solutions which increase empowerment of staff and reduce paper based process</td>
<td>x (1995)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Reduce costs and make activities more user friendly</td>
<td>x (1996)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Promote innovation and international competitiveness of British industry and commerce through IP rights</td>
<td>x (1996)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Concentrate on core business</td>
<td>x (1996)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Work within national and international law framework and seek improvements in it</td>
<td>x (1997)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Consult users on policy and management issues</td>
<td>x (1997)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Promoting enterprise, innovation and increase in productivity</td>
<td>x (1999,2002)</td>
<td></td>
<td></td>
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</tbody>
</table>
Table 6.4 (continued)

Table of UK Intellectual Property Office (formerly The Patent Office) Agency Change/No change Strategies 1990-2008 (continued)

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<tbody>
<tr>
<td>32</td>
<td>Build partnerships with other Patent Offices to provide an international dimension to the elimination of duplication of key operational investigations</td>
<td></td>
<td>x(2002,2003,2005,2006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Develop a strategy to integrate knowledge of intellectual property into education and business</td>
<td></td>
<td>x(2001,2002,2003)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Improve consultation to engage the full range of interests in developing policy using flexible and appropriate mechanisms</td>
<td></td>
<td>x(2002)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Work with European and international partners to reduce duplication and burdens on applicants</td>
<td></td>
<td>x(2002)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Initiate the regulatory to enabler strategy to help customers get the most out of the system</td>
<td></td>
<td>x(2002,2004,2005,2006)</td>
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<td></td>
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### Table 6.4 (continued)
Table of UK Intellectual Property Office (formerly The Patent Office) Agency Change/No change Strategies 1990-2008 (continued)

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<tr>
<td>42</td>
<td>Promote economic world trade building on the Doha development agenda</td>
<td></td>
<td>x(2003)</td>
<td>No change</td>
</tr>
<tr>
<td>43</td>
<td>Promote a culture in which people are willing to take risks of starting and growing businesses</td>
<td></td>
<td>x(2003)</td>
<td>No change</td>
</tr>
<tr>
<td>44</td>
<td>Implement 10.3.1 year goals</td>
<td></td>
<td>x(2004)</td>
<td>No change</td>
</tr>
<tr>
<td>45</td>
<td>Develop new services beyond traditional role</td>
<td></td>
<td>x(2004, 2005, 2006)</td>
<td>No change</td>
</tr>
<tr>
<td>46</td>
<td>Develop into a flexible and diverse workforce</td>
<td></td>
<td>x(2004)</td>
<td>No change</td>
</tr>
<tr>
<td>47</td>
<td>Apply technology transfer by helping universities to commercially exploit their research</td>
<td></td>
<td>x(2002, 2003, 2004, 2006)</td>
<td>No change</td>
</tr>
<tr>
<td>49</td>
<td>Deliver commercial services that business and government want to buy</td>
<td></td>
<td>x(2006) x(2007)</td>
<td>No change</td>
</tr>
<tr>
<td>52</td>
<td>Creative Industries in Education context</td>
<td></td>
<td>x(2008)</td>
<td>No change</td>
</tr>
<tr>
<td>53</td>
<td>Pursue Global Excellence in research and science knowledge related to climate change</td>
<td></td>
<td>x(2007)</td>
<td>No change</td>
</tr>
<tr>
<td>55</td>
<td>More supportive role of business</td>
<td></td>
<td>x(2008)</td>
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<tr>
<td>56</td>
<td>Develop an intellectual property rights framework and services based upon sound economic evidence</td>
<td></td>
<td>x(2008)</td>
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</tr>
<tr>
<td>57</td>
<td>Support for the European Patent Office reform</td>
<td></td>
<td>x(2008)</td>
<td>No change</td>
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</table>
It is evident from the tables that a wide range of strategies have been followed over time but a core of strategies undertaken have continued to be applied and remained a focus for the agency.

6.8.2 Differences unrelated to agency status

6.8.2.1 International strategy

From interview material it is clear that events taking place on the international and European front enforced a strategic focus to deal with other intellectual property granting institutions.

One interviewee remarked:

“The EPO and OHIM ability to grant intellectual property rights from a European and widening global perspective forced strategies to be adopted which were not in existence before.”

Given the increase in attention to intellectual property having a higher profile with respect to its relevance to economic prosperity primarily of late given the economic conditions in the UK, than in the early days of the UKIPO becoming an agency, raising awareness, raising the intellectual property profile has become a core activity in the organisation. The marketing area of the agency has undertaken this more prominent role in reaching industry through its contacts. This is supported by comments from UKIPO staff namely:

“Certainly raising awareness of intellectual property in the fields of education and business are strategies not previously core activities under the pre agencification era. Ministers are more interested in marketing and policy then reporting numbers of patent/trademark/design applications received and processed.”

“Strategies have changed to deal with raising awareness of intellectual property, the marketing approach link, innovation agenda and need to take account of customer feedback and service delivery.”
This coincides with the change of line department of the UKIPO when it joined the Department for Innovation, Universities and Skills (DIUS) in June 2007 and subsequently the Department for Business, Innovation and Skills in 2009.

6.8.2.2 SABIP

The launch of the 2008 Corporate Plan coincided with the launch of the Strategic Advisory Board for Intellectual Property Policy (SABIP), a recommendation from the Gowers Review of the IP Framework. SABIP was set up as an advisory non-departmental public body chaired by Joly Dixon CMG who heads up a team of 6 members with extensive experience in a number of areas including copyright, healthcare, competition, finance, and innovation. SABIP’s role is to give strategic advice to Ministers on IP in general and on emerging issues in particular. It has a research budget which it will use to commission the empirical research that must underpin its thinking. SABIP was formally established on 2nd June 2008.

This IP focus reflects the change that has happened in the context of the work associated with the organisation since agency status but in many respects is unrelated to agency status interviewees believed.

The 2008 Corporate Plan was in a different form to previous years, reflecting the development of the Government’s thinking on IP over the past two years 2007 and 2008 as well as a different approach to planning activities. To achieve the destination the organisation outlined in the plan key targets in the form of a “Balanced Scorecard” setting out immediate priorities, in addition to 1 and 2 year goals.

The Chief Executive indicated that none of this was in isolation. He recognised that increasing globalisation and the rapid growth of emerging economies, such as China and India, present extraordinary challenges and opportunities for UK businesses and for the IP system. To meet these challenges and help to equip the UK economy for the future, UKIPO recognised that it must develop an IPR framework and services based on sound economic evidence. For them this
represents a significant shift in their strategic approach to planning and delivery. Like many other IP offices UKIPO have assumed that IPRs directly promote economic development and have never sought to prove this assumption. To this end the UKIPO it was believed must now look to SABIP’s work.

The creation of this advisory board is a significant difference in strategic terms to anything that the Office has been associated with both pre and post agency status granted to the Office and so it is clear that the determination of strategy for the use and direction of intellectual property in the UK has high importance in political and economic terms and reflects the higher profile and significant change from the past. The appointment of an Intellectual Property Minister endorses this.

6.8.2.3 Steering Board and Management Board communication

From examination of the Steering Board and Patent Office Management Board meeting minutes from 1990 to the period of research time span the most dominant discussion topics are set out in the Table 6.5 and Table 6.6 below. It is also possible to see the focus which has come and gone over time.

### Table 6.5

Steering Board Main Subject Areas Discussed 1990-2008

<table>
<thead>
<tr>
<th>Subject/Year</th>
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Steering Board Main Subject Areas Discussed 1990-2008 (continued)

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Table 6.6

Patent Office Management Board Main Subject Areas Discussed 1990-2008

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Table 6.6 (continued)

Patent Office Management Board Main Subject Areas Discussed 1990-2008 (continued)

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Some comments from staff members interviewed were of the view that:

“Analysis of the Patent Office strategy and themes from UKIPO Steering Board and Patent Office Board minutes puts into perspective the Patent Office strategic context over time from 1990 to 2008 and the development of different strategies. In making comparisons between all the strategies over these times it is evident that some strategies have remained as core to the Patent Office focus while other strategies have developed and emerged over time.”

The strategies in the above table show that many have remained a core part of the work strategies of the organisation and others that have been implemented
through events are unrelated to UKIPO agency status. These strategies have emanated in the main from competition, short, medium and long term focus, a higher intellectual property focus and link to international, European and economic events.

When asked about the Steering Board and Strategic Advisory Board for Intellectual Property interviewees said that the Steering Board and SABIP (Strategic Advisory Board for Intellectual Property) are quite different. The present Steering Board is about how the agency runs the business so they are more of a typical board where they are looking at the processes the agency has in place, whether the agency are managing the direction or responding to external influences, so very typical an executive board.

SABIP on the other hand is concerned with the strategic direction of Intellectual Property and relevance to business so one is about the Office the other is about Intellectual Property direction. But they are interlinked, SABIP was set up to advise departments etc on what strategically the government and UKIPO should be doing on intellectual property.

Gowers had recommended that funding for SABIP should come from the UKIPO. SABIP is looking at the economic benefits of intellectual property so clearly that will give the UKIPO a strong steer as to where the management of intellectual property and its value to international organisations will go, so those that are fee payers will benefit from that research and stakeholders of intellectual property.

6.8.2.4 Working practices

Strategy it was believed by some staff has been affected by the changes brought about by the impact of working practices such as part time working, Flexible Working Hours and home working opportunities. These working conditions were not practised by London staff and so strategy of working would have been different and affected by relocation and the changing times not necessarily related to agencification.
6.8.3 Continuity pre and post agency status

6.8.3.1 Core business

Interviewee comments indicated that the core business of the organisation has not been affected. Its aims and objectives in providing intellectual property rights remains. Nonetheless its role has expanded such as increasing its activities to raise awareness of intellectual property protection to industry and commerce.

It was the view of many that the UKIPO is being expected to undertake additional responsibilities which have a wider perspective than what the UKIPO by statute is expected to do, for example providing education of intellectual property to the masses and by providing the enabler role and this was stretching resources and finances. Some took a dim view of other activities which they felt were diluting the work of the Office.

6.8.3.2 Standards

It is evident from the strategies over time that “continuity” represents similarities in strategic impact pre and post agency status which underlines the view of many interviewees that the standards of the core business of the UKIPO to provide a valid intellectual property rights system has remained in place albeit that the scope of activities and strategic direction has increased.

6.9 Section summary

Summarising the above research material identifies the following strategy factors as set out in the Table 6.7 below affecting change and continuity in the UKIPO in response to research questions 1a, 1b and 2a (Appendix A).
### Table 6.7
Strategy Factors Affecting Change and Continuity in the UKIPO 1988-2008

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<th>Strategy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
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<td>Change and continuity</td>
<td>Finding out what is not known about customers</td>
<td>IP has higher profile</td>
<td>Core business</td>
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<td></td>
<td>Emphasis on how business use Intellectual property (IP)</td>
<td>SABIP</td>
<td>Continuous granting of IP rights at a good level and standard</td>
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<td></td>
<td>Strategy known by all based upon customer wants</td>
<td>Better enabler role to support customers</td>
<td>Validity of intellectual property rights</td>
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<td>Partnerships</td>
<td>Competition</td>
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<td>Team approach to strategy decision making</td>
<td>International and European influences</td>
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<td>Engage with policy debate on strategy</td>
<td>Short term/medium term and long term view</td>
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<td></td>
<td>Customer preferences</td>
<td>Evaluation of innovation to the economy</td>
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<td></td>
<td>Improving customer services, efficiency, effectiveness and customer standards</td>
<td>Relevance of intellectual property to business</td>
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<td></td>
<td>Reaching out to people who don’t use service</td>
<td>Working practices</td>
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<td>Ministers liaising with officials leading to Framework Documents/Corporate Plans</td>
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<td>Finance</td>
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<td>Chief Executive Officer</td>
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<td>Steering Board</td>
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CHAPTER 6: Research Findings on Change and Continuity in the UKIPO

6.10 Agency management

6.10.1 Differences related to agency status

6.10.1.1 Management under agency status

In interview feedback on the question of management in the UKIPO under agencification it would seem that the organisation is better managed from comments made albeit there is recognition that there is more to do:

"Yes, definitely better managed. There is more of a linkage between what is spent and what comes in. You have to balance the books every year. So we spend the money we have got but we can’t spend the money we haven’t got and we have to justify budgets from the money that is available, we are running a business-more financial consideration and knowledge to run the business that we would otherwise have done."

"Better tools, better work environment (relocation) closer working relationship with managers and an enlightened management in terms of understanding what the agency is about and the work it is doing. It attracts quality people - the best in the region and also the quality of the staff is of the highest."

"The organisation has become more complex in its agency role and management has had to adapt to this. My view is that management is not so remote from its staff in this agency environment as in the past pre agencification and staff are brought into the picture at different times and are more involved. There is much more interaction and communication between management and staff these days. The Patent Office Management Board provides the sounding board between the customers, Steering Board, Whitehall and Ministers. The personal style of the Chief Executive Officer has huge influence as the agency Chief Executive Officer."

"A lot more well meaning we have a benign management regime, it’s the culture-we’re still Civil Servants. Is it better? It’s more visible, more high profile, certainly grown a lot more senior managers than I can remember when I first started. The Comptroller (Chief Executive Officer) was someone you heard of but rarely saw. You might catch them in the corridor occasionally but now you see the Chief Executive Officer on a regular basis-much more human face to current Chief Executive Officers."

Other comments were that pre-agencification senior management was remote and tended to be unapproachable whereas today management is more open
and they have better management values which say more about the people perhaps than agencification. Staff members are asked now for their views and there are team sessions.

It was recognised that more time is given to corporate matters and performance indicators which would have had to be done by the department. The organisation now has to spread resources on this activity now.

On the organisation front it is thought that communication wise the organisation is more informed and has a better chance under agency status to respond to change than when they were not an agency and now can influence policy.

It was felt that from the early days of the UKIPO agency it was seen that the UKIPO Management Board concentrated upon the aims and objectives of the Office which were now clear. In this respect focus was upon how best to stimulate the growth and the development of the areas of commerce and industry and so generate revenue for the UKIPO. In this context the UKIPO Management Board was very much focussed upon ensuring that the intellectual property system worked effectively and provided value for money for customers (Corporate Plan 1990). This meant that the UKIPO Management Board members needed to ensure that the operations ran smoothly and that there was greater accountability and adherence to budgets by senior line managers and attention to costs, productivity and quality of service. Aims and objectives for people were now clear to all.

It was clear that the UKIPO Management Board had a crucial intermediary role between the Steering Board and line management to play. Equally, it had a monitoring responsibility since the CEO was required to report to the Steering Board on the range of issues. This meant that the UKIPO Management Board was required to provide feedback from their respective line management responsibilities on:

- The preparation of the Corporate Plan, including the objectives, strategy and targets progress within the plan
- The performance against the budgets and expectations for the subsequent years finance bids for resources, etc
- The effectiveness of the agency’s management systems and appropriateness of the agency’s internal measures and targets to meet expectations
- Progress on major investment and developments
- Performance against plans
- Issues not covered by the Corporate Plan or which may result in deviation from the plan

What is interesting from the UKIPO Management Board minutes is that as the organisation developed over time to meet changing circumstances and to handle change in the office from outside influences the UKIPO Management Board shows readiness to involve others in employing Change Management Consultants to smooth the path of change.

Interviewees indicated that agency status had allowed each Chief Executive Officer to influence the management, direction and strategy of the organisation within the Framework Document and Corporate Plan. Each Chief Executive Officer had been able to resource activities based upon their focus preference for the organisation. Hence the organisation during their respective tenure has been more focussed and active towards individual aspects of management, performance and direction at a local decision making level at particular points in time.

It was considered that management strategy has led to greater operational effectiveness, efficiency, quality of output and service delivery leading to customer satisfaction evidenced from customer surveys etc.

There was also a feeling from interviewees that the agency is managed in a more flexible and transparent way, more people know what’s going on but also the agency has to move a lot quicker, things are not set in stone. The organisation is a lot closer to Ministers and Ministers have to act a lot more
quickly to do things, sooner rather than later and that has an effect on how things are run.

Another view was that there does seem to be a focus on professionals and training not seen in other places. There is more drive towards project management, human resources and qualification.

With a more professional outlook and the UKIPO more professional this has had a knock on effect for staff professionalism. It was felt that there is a clear link from the Board members to staff and knowledge of effort and professionalism.

Posts are now externally advertised rather than in the past where such posts would be internally advertised and the scope of identifying the person most suitable for the post is now enhanced.

6.10.1.2 Trading Fund status

Comments from interviewees in response to the question about Trading Fund status indicates that the Trading Fund status was looked upon as allowing greater scope and autonomy for management decision making in terms of directing finance to parts of the organisation which would support its activities in response to changing demands and expectations. This was particularly so in respect of retaining surpluses to fund future projects and capital investment programmes, such as improved information technology support. It also introduced the commercial aspect of business to the agency and focus for operating at a corporate level which hitherto had been the responsibility of its parent department.

Although a few interviewees consider the Trading Fund status to be a straightjacket in so far as setting down financial criteria to adhere to in applying Trading Fund regulations to its practices overall interviewees saw the status as an opportunity to make financial decisions at a local level without departmental interference. The stipulation that the agency was required to make a return on
investment to the Treasury (4 percent) does represent a constraint in financial activities to ensure that such capital is returned to the Treasury as does the restrictions to spend revenue streams in some areas of its business.

There was a view that Trading Fund status has brought more complexity to the organisation. The UKIPO’s autonomy in this respect means its financial responsibilities have increased with a more budgetary focus. But this has also given the agency a standing to influence decisions on resource allocation and spend. The Chief Executive Officer of the agency now has individual influence where as pre-agencification it was the Permanent Secretary of the parent department who would have that influence and so set the agenda in financial terms for the organisation. As Accounting Officer the Chief Executive Officer has financial power to authorise expenditure and its allocation.

6.10.2 Differences unrelated to agency status

6.10.2.1 Management

Views of interviewees were that the status of agency has no relevance as the organisation has to perform in today’s climate to survive and the culture of the management of the organisation pre-agency status could not be sustained in a competitive environment.

There are also differences which in many respects do not have a bearing on the effect of agency status evidenced by the comment from an employee of many years. He commented that:

“The last 3 years experience has blown me away with the changes in management skills that are needed to cope with managing people. It is difficult to manage people who are home working, on flexible working hours etc.”

So the development of organisations and changes in work practices impact upon all organisations and do not differentiate between those that may be agencies or otherwise.
CHAPTER 6: Research Findings on Change and Continuity in the UKIPO

The UKIPO in 2008 identified six distinct external challenges that needed to be addressed and the steps taken to resolve these issues by managers to form the basis of the UKIPO's three-year plan and work context over this time to manage intellectual property, they are namely:

- Developing and improving the economic evidence base
- Further attention and growing resources need to be given to copyright and related issues requiring partnerships with enforcers
- Enforcement of IP
- Innovation, Business Outreach and Education
- New Rules: the Community Patent, EU patent litigation and the Community Trade Mark (CTM)

Source: The 2008 Corporate Plan

These challenges would appear to be unrelated to agency status and reflect the times.

### 6.10.3 Continuity pre and post agency status

#### 6.10.3.1 Finance and intellectual property validity

The only similarities pre and post agency status on the management front was seen to be related to ensuring spending did not exceed income and was within Treasury financial constraints with focus upon providing a valid intellectual property right to users of the intellectual property system.

### 6.11 Most challenging factors in managing the UKIPO

Comments from interviewees suggest that risk and balancing income with expenditure in a competitive environment stands out from other challenges as an agency. The UKIPO Management Board minutes suggest that challenges
stem from application of the Corporate Plan, policy, budgets, quality and efficiency in processing the work.

Others spoke of keeping a motivated and highly skilled workforce and the effect on the agency emanating from the UK economy at the present time.

Other views about challenges for the future were expressed as competition that will be generated from the Community Patent legislation. It was thought that this would be the biggest challenge on the agency’s existence. This would be coupled with the level of income and business management focus given the present circumstances of the economy. As one interviewee put it:

“So, revenue is going to be a big thing in terms of the agency management and it can’t predict what it is going to get in, nor can anyone else and the agency will have to mend spending accordingly. In some areas that is very easy where the agency don’t do marketing campaigns but in areas where you are taking on specialists, that is more difficult to manage.”

“Managing expectation, viewpoints, stakeholder expectations and on the finance side managing success are seen as challenging for the agency.”

The ability for the agency to continue to be a success depends upon risk assessment it was believed not necessarily about efficiency. With pay of public sector workers being of concern at this present time in terms of low pay level increases being offered it is easy to see how those organisations in the private sector who are working in the same field (intellectual property attorneys) who want the skills of public sector workers could entice them away.

6.12 Section summary

Summarising the above research material identifies the following management factors as set out in the Table 6.8 below affecting change and continuity in the UKIPO in response to research questions 1a, 1b and 2a (Appendix A).
## Table 6.8

Management Factors Affecting Change and Continuity in the UKIPO 1988-2008

<table>
<thead>
<tr>
<th>Management</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change and continuity</td>
<td>More freedom for allocation of resources and decision-making through Trading Fund status</td>
<td>Results equal organisation survival</td>
<td>Spending with Treasury financial constraints</td>
</tr>
<tr>
<td></td>
<td>Local decision-making</td>
<td>Management of knowledge on intellectual property</td>
<td>Focus upon providing valid intellectual property rights</td>
</tr>
<tr>
<td></td>
<td>Return on Investment to Treasury required</td>
<td>Competition</td>
<td></td>
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<tr>
<td></td>
<td>More management time to corporate matters and budgets</td>
<td>Application of management skills to deal with new ways of working such as Home-working,</td>
<td></td>
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<tr>
<td></td>
<td>Aims and objectives clear at the outset which lead to accountability and adherence to</td>
<td>childcare and part and full time working staffing</td>
<td></td>
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<tr>
<td></td>
<td>budgets</td>
<td>Development and improve economic evidence base</td>
<td></td>
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<tr>
<td></td>
<td>Better communication</td>
<td>Enforcement of IP rights</td>
<td></td>
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<tr>
<td></td>
<td>Managers are more visible and less remote</td>
<td>Innovation focus</td>
<td></td>
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<tr>
<td></td>
<td>Feedback to Steering Board and Management Board on Corporate Plan preparation, objectives,</td>
<td>Business and education issues</td>
<td></td>
</tr>
<tr>
<td></td>
<td>strategy, targets, performance, budgets</td>
<td>Manage and implement EU IP laws and rules harmonisation</td>
<td></td>
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<tr>
<td></td>
<td>Managers more commercially orientated</td>
<td>Manage financial reform re EPO and WIPO reform</td>
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<tr>
<td></td>
<td>Retention of income surpluses</td>
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<td></td>
<td>Management more flexible and transparent</td>
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</table>
Table 6.8 (continued)

Management Factors Affecting Change and Continuity in the UKIPO 1988-2008 (continued)

<table>
<thead>
<tr>
<th>Management Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change and continuity</td>
<td>More professionalism and qualification orientation</td>
<td>More risk taking</td>
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<tr>
<td></td>
<td></td>
<td>Risk assessment</td>
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<td></td>
<td></td>
<td>More business management focus</td>
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</tbody>
</table>

6.13 Interviewee overall observations

The comments from interviewees about their observations and conclusions of agency status and change from the past suggest that the overriding verdict is that whilst agency status provided the impetus for change, agency status has not now driven change. It is the leadership, external influences and competition that has driven change. Efficiency has improved and costs of the UKIPO services were very competitive and the organisation adapted to change more rapidly and continued to maintain its effectiveness.

There is closer attention to financial matters and there was recognition that the agency was a business but that the organisation did not have to be an agency to be a business. It was clear that those running the organisation identified with running a business and their understanding, experience and approach reflected this particularly in today’s economic climate.

There was acknowledgement that the organisation had more freedom in decision making and that more attention had to be given to corporate matters which pre-agency status would have been the responsibility of its parent department. But equally central and departmental matters impacted less upon
the organisation for example staff numbers in the Civil Service and managers needed to deal with issues unrelated to agency status.

What is most interesting is that interviewees believed that the efficiency drive ethos has diminished because the customer focus and recognition of achievement and standards now attained are part of the organisation ethos and so concentration is now upon policy with a results focus of the agency losing its higher profile. The emphasis is not now about the agency. It is now about the provision of knowledge on intellectual property through the agency and marketing intellectual property not the agency and this raises issues about funding and whether this should be from the centre.

Interviewees recognised that the agency didn’t just change things to stand still

“the trick is to try and not lose the benefits that have been gained before”

was one view. It was important to recognise that the organisation needs to adapt to change and build on its strengths. The trick is to:

“continue improving but to go back and review what you have done”

was a view expressed by some interviewees.

One interviewee thought that agency status allows operational things to be done more efficiently because having a business unit that fits together and its boundaries are understood allows individuals to know where you are able to influence it and change, or knowing what your sphere of influence is makes it easier to administer activities.

The view from interviewees generally was that what has happened is that those that are running the UKIPO under the agency framework that it now has have grasped that they are running a business. It was so before but it’s more obvious now, but now there are different people in acceptance or willing to do that and have the different levels of understanding and experience and responsibility to do that.
It is evident from all the above research information under the respective categorisations that change was brought about by related and unrelated factors to agency status and some continuity remained in the UKIPO. The following chapter looks at the research findings for the reasons behind change and continuity from the UKIPO staff perspectives.
CHAPTER 7
Research Findings of Reasons for Change and Continuity in the UKIPO
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CHAPTER 7

7.1 Introduction

It is evident that there were reasons behind why change and continuity occurred in the UKIPO. Not all reasons it has been argued have been related to agency status. Research information below differentiates change between key factors related and unrelated to agency status and continuity and from an overview, categorised from a general, policy, performance, strategy and management level perspective.

7.2 Differences related to agency status

7.2.1 Personnel

There was a feeling that the organisation has become more top heavy in managerial terms since agencification. This is evidenced by the following comment made by a senior member of staff:

“No doubt the organisation has become more top heavy. The Management Board is bigger than it was in those days and interestingly the working level is pushed down. In days gone by in Trade Marks the Registrar would have issued Trade Mark decisions, all decisions were issued under his name, now he doesn’t issue any decisions he is so busy. Work is taken up at corporate level re agency requirements so the idea of issuing decisions is not strongly featured in their job description as was so before agency status. Also as a Trading Fund we have more people on the finance side.”

So it would seem that the responsibilities of the organisation, having widened and increased under agency status, have shifted the balance of grading level into a more managerially structured operation.

7.2.2 Accountability

At the outset in terms of accountability the agency had clear targets which were published, so for the first time people, customers, clients etc could hold the agency to account. Officers of the agency were visible which traditionally in the Civil Service was not so. High visibility remains the position today.
Comments from a staff member indicated that:

"From a central government perspective pre-agencification it was easy to avoid accountability. The executive agency re-enforces accountability. Agencies were used as a test bed for accountability and it has been proved that agencies in this respect produce more accountability. In central government reference is made to IPO showing accountability for its actions and this underlines the test bed theory."

Similarly from a financial perspective with the comment from an interviewee saying:

"Accountability, more so than pre agencification because of its financial responsibilities under Trading Fund status"

So from these comments it would seem that from an employee perspective greater accountability was brought to bear as a result of agency status and Trading Fund status, a pre-requisite of the rationale behind agency status.

7.2.3 Pay and personnel management

Under agency status the UKIPO was given greater delegated responsibility in the areas of personnel management, recruitment, promotion, staff grading, performance pay and bonuses and training. This is still the case today.

The staff allocation is set each year and within the allocation the Chief Executive has authority to vary the grade mix on the basis of existing guidelines up to and including Senior Executive Officer in the case of the administrative grades and Principal Examiner in the case of patent examining grades. The rationale behind this delegation would appear to provide for the flexibility the government sought for service delivery to meet customer needs interviewees believed.

7.2.4 Operational activities

There was clear evidence in interviewee responses that greater marketing had been undertaken in the business and education fields than pre-agency status with a more proactive approach in granting intellectual property rights through the enabler role rather than the standard regulatory approach of the past pre-
agency status. Commercialisation was also noted as a recognised perspective for the UKIPO and the need for the staffing of the UKIPO to have a wider skill base than pre-agency days to meet the wider range of responsibilities the staff were now expected to undertake post agency status. This instigated a more focussed operational strategy than hitherto had been the case pre-agency status and the evidence was supported through material gleaned from the Steering Board and Management Board minutes.

7.3 Differences unrelated to agency status

7.3.1 Personnel

It was commented that around about 1995/6 many ‘Patent Office’ (UKIPO) “old school” staff retired. This left the opportunity for a new vibrant staff to be employed. Instead of the UKIPO continuing in its same old style, new trade mark legislation and new enthusiastic staff boosted the organisation and these factors provided the agency with impetus to develop. So, new pieces of legislation and a more flexible system of granting intellectual rights with less bureaucracy together with the agency status combined to give the organisation the opportunity to provide a service delivery to the customer not previously paralleled. The pre-agencification of declining applications for intellectual property rights and a staid service provision was reversed.

7.3.2 Aims

The agency now had to engage with policy in the wider context and so its aims and objectives reflect the political focus and global relevance of intellectual property. This will have a bearing on operational intellectual property grant rights issuing decision making in relation to the pharmaceutical industry, generic medicines and their benefit to the community, the UK economy and legislation since these issues reflect today’s focus of attention in the intellectual property field (Baskaran and Boden 2006). These issues and decisions as to whether to grant intellectual property status in the above fields are unrelated to whether the UKIPO has agency status or not it was believed.
7.3.3 Objectives

In the 1991 Corporate Plan objectives were seen to be to continue work on international harmonisation of rules and procedures on intellectual property in fora established by the World Intellectual Property Organisation (WIPO) and also by the European Community and the European Patent Office. At the same time the objective was to ensure that the European Patent Office and organisations such as the Community Trade Mark Office, when established, provided efficient, effective and economic services to customers.

It is evident that international influence was already being recognised albeit that the Patent Office Framework Document 1990 referred to operating in the national interest. Quality and service and validity of right granting also remained important. Although not specifically stated in the objectives of the 1980s it is clear that the Office recognised the importance of validity of rights but did not recognise its global significance as the Office does today, hence the reasoning behind the objectives set out in Corporate Plans over time as its significance became more apparent. This is a major and significant leap from the past and again is not related to its agency status albeit there was clearly a sharper focus upon customer care.

7.3.4 Management Board

Composition of the Management Board has changed over time this is borne out by the comments from some interviewees, for example:

"The Management Board’s function and operation has changed and the CEO has changed the team in his own image. We have far more people on the Board who are traditional Civil Servants who would otherwise be working in the main stream Civil Service departments so the people on the Board when the agency was created have largely been eliminated."

"Um my boss is a senior Civil Servant and comes from a department as do others on the Board. Our CEO himself and other Board members are those who would otherwise be in the senior Civil Service posts in main departments. So their interests are now very close to their line department because they all see themselves as going back there after
their time here. The idea of them coming here to run an agency is a bit of an illusion, it's a tour of duty."

These comments substantiate the fact that the organisation is coming closer to its departmental and government roots and indicates the reasoning behind why the perspective is that agency status has lost its significance.

7.3.5 National and international context

The current organisation operates in a national and international context as do the customers and in the agency's work activities it endeavours to influence the international agenda to ensure that customers can operate effectively across national boundaries. In the days pre-agencification this perception was not evident.

In the 20 years since agencification it is clear that the influence on the Office brought about by globalisation has forced the organisation to focus upon internationalisation in its operations. The UK Intellectual Property Office (UKIPO) 2008 Corporate Plan bears testament to this perspective. The profile of intellectual property now compared to 1988 and the work of the Office is reflected in the Minister for Intellectual Property and Quality, Baroness Morgan of Drefelin’s comments where she highlights the important context of intellectual property (IP) in introducing the Corporate Plan noting:

"Intellectual Property is an essential component in ensuring the UK’s future economic prosperity".

This quote substantiates the reasoning behind the UKIPO’s strategic focus.

7.3.6 Legislation

The differences that have arisen in statutory terms in granting intellectual property rights post agency status of the organisation have not been a consequence of agencification. The statutory changes have come about through international influences on intellectual property legislation and the effort of countries to harmonise practice and application of intellectual property legislation.
The inception of the UKIPO as a government agency did not affect the statutory or operating principles over time under which the organisation functioned or its statutory duties and responsibilities which it had operated under pre-1988, evidenced in the Framework Documents of 1990 and 2006 for the agency which runs until 2008/2009. However its operational practices have been affected by this influence of harmonisation of laws in intellectual property fields and to a significant degree reflects the rationale behind the agency’s operations not that of agencification. In this respect it has brought the agency closer to its parent department and government policies.

7.4 Continuity pre and post agency status

7.4.1 Personnel

UKIPO staff are still Civil Servants and responsible to Ministers. A newly appointed Chief Executive Officer (CEO) of the UKIPO was made in April 2007 for a fixed term and under open competition. Each Chief Executive appointed has brought his/her own perspective and influence to the organisation. In the current situation the emphasis and hence rationale is upon using the organisation and its responsibilities and statutory obligations for the benefit of the economy.

7.4.2 Aims

The rights granting and tribunal work and the need to combine the traditionally high standards of judgement and efficiency was never an issue and was paramount pre-agency days. And so despite the divide of 20 years the organisation has maintained its position in recognising that as well as needing to provide a first class service it should continue to get the legal framework right to ensure validity of the rights issued and that the Office is providing the support needed to achieve this.

Whilst raising awareness of the intellectual property system for the benefit of UK firms has taken on a much more significant role there is no doubt that pre-
agency status such activities were taking place albeit at a much lower profile than hitherto. So there is a parallel of raising awareness of intellectual property and a rationale to help business benefit from intellectual property rights.

7.4.3 Objectives

Irrespective of the organisation’s status both pre and post agencification its staff’s objectives were always to give a high quality service to its customers in granting intellectual property rights to ensure their validity and this is borne out by interviews with UKIPO staff who experienced pre and post agency status.

So there is reasoned justification for the core UKIPO aims and objectives to remain.

7.4.4 Core activities

The Office was and still is required to help secure an increase in prosperity and to create a climate that stimulates enterprise through the granting of intellectual property rights and ensure that the services available to industry are efficient and effective.

Over time the Office has continued to be a key source of information about science, technology, marks and design in both a national and international context. The Office also continued to publish series of law reports on patent, trade mark and design cases decided by the Office or the Courts. The Office has also continued to promote awareness of industrial property, for example by providing speakers for talks and seminars albeit that the awareness campaign is more focused and centralised than was the case pre-agencification and just after.

This rationale remains today.

What is interesting is the perception that the UKIPO continues in the vane of a government department rather than an agency with an interviewee saying:
“But the current CEO has made it very clear that he is interested in what the government is interested in and is doing what he can to deliver it. The interesting thing about that is that you see the thing come full circle. You started off with the Patent Office being in DTI in the 1980s driven by Department’s objectives and needs of the department, aspirations etc then a process to disentangle the process to an operational process as an agency so it has its own customer-facing view. It devolves its responsibilities to the CEO and you get Trading Fund status to manage all this stuff and now you see the wheel turning around again and now the Board sees its role/job as furthering government policy. Um, now it has to keep its users as happy as it can and generally they feel satisfied but there are a lot of Ministers who think that Intellectual Property has a lot to offer the economy and government wants to further this. So my perception is actually that the original idea of agency is first looking after the customer on an operational basis rather than the mandarin culture just at the creation of the agency, and then Trading Fund, but now that has largely gone around and now it’s ‘voluntarily remarrying the department’ and subjecting our aspirations now to theirs. So that’s how I see it.”

An interviewee put this in context in answer to the question put to Office staff about what has not changed pre and post agency status, saying:

“I think you can see the elements coming through in other ways when agencies were coming in they were semi-detached and largely autonomous under the CEO. So it was very much arms length like in other countries. But now as the government and the agencies have got closer and closer and reunited in all but name, policy comes from the centre. If you wanted to do an IT project there would have to be a ‘gateway’ review and people from the department and other government agencies would come and assess projects to make sure it wasn’t going in the wrong direction. Governance is in fact that you are told which methodology to use in making an assessment and what’s expected and who is to be on the Board for decision making, so there is a model to follow like before.”

“So you might have an IT project which you think is yours, but you are doing it as part of the government and so government has re-asserted itself. It is not as if there is a book to instruct you, but you have to have reviews, programme management methodology which you have to follow. But overall there is no absolute requirement to follow it. You can opt out, but if you do, you have to explain why and what methodology you follow is as good. So, government still has got a lot of control over us so in the end you have so many people in the Cabinet Office looking over your shoulder that you have to explain your decisions in spending our money. You haven’t got the freedom now that was envisaged-frustrating.
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It’s your hand on the decision making tiller but there are 20 other hands on yours guiding.”

Such remarks reflect upon a no change position and rationale in facilitating operations when the parent department in following government guidelines was required to oversee process and practice of its line departments.

To some extent this is borne out in a further interview when the interviewee asked about change responded that:

“What Changes!!! I think that several times the office reinvented itself in what it was actually doing. In the 1980s we were reaching out to customers, we had a publicity unit and examiners were involved in that but today we are more used to there being changes.” “I would argue core values haven’t changed only focus around the edges in some ways.”

7.5 Section summary

Summarising the above perspectives identifies rationale for change in the UKIPO related and unrelated to agency status and continuity.

From a related to agency status perspective there is a perception of a top heavy management, increased and widening responsibilities, accountability and greater delegation of personnel matters in the main.

From an unrelated to agency status perspective there is a perception of a global relevance and significance of intellectual property more so than ever before alongside new staff and legislation affecting change pre and post agency status.

The Table 7.1 below sets out the findings in detail in response to research question 2b (Appendix A).
Table 7.1
Reasons for Change and Continuity Pre and Post Agency Status in the UKIPO

<table>
<thead>
<tr>
<th>Perspectives</th>
<th>Related to Agency Status</th>
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<td></td>
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<td>High standard of intellectual property validity</td>
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<tr>
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<td>Legislation</td>
<td>Ministerial and parent departmental influence</td>
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<td></td>
<td>Greater marketing of intellectual property benefits</td>
<td>Decision making on granting intellectual property rights to medicines etc</td>
<td>Influence by Treasury on expenditure in some respects</td>
</tr>
<tr>
<td></td>
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<td>International and European influence</td>
<td>Core activities remain in the organisation</td>
</tr>
<tr>
<td></td>
<td>Commercial approach</td>
<td>Closer relationship with parent department</td>
<td></td>
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<tr>
<td></td>
<td>Wider range of departmental skills</td>
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<tr>
<td></td>
<td>Operational strategies discussed at Steering Board and Management Board level</td>
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7.6 Categorisation by key factor of the reasoning behind change and continuity

Taking the above information a step further the research material indicates a range of reasons for change and continuity following agency status at the general, policy, performance, strategy and management key factor level. The findings are set out below.

7.6.1 General

At the general level in relation to agency status research indicates that the European and international competition from organisations in the intellectual property field had necessitated the UKIPO to become more professional to
meet customer expectations. Trading Fund status had also underlined the need
for a professional approach since budgetary responsibilities etc required
accountancy professionals to administer the commercial accounting practices
introduced under this status and have a return on capital employed for the
Treasury. Political pressure and the emphasis upon target achievement and
attention to corporate matters reflected a changed culture in the organisation
from pre-agency status with a more local decision process leading to better
informed staff.

In contrast the unrelated factors for the reasons for change were argued in the
research to stem in the main from better motivated enthusiastic staff following
relocation to South Wales, a total quality management perspective and level of
income.

Continuity it was argued remained in the areas of capital investment decision
making where departmental guidelines continued to be followed, policy input to
the parent department, the high standard of validity and professionalism of
granting intellectual property rights to users of the system, the retention of Civil
Servant status and retention of the core aims and objectives of the UKIPO.

The essence of these factors is set out in the Table 8.11 from UKIPO staff
perspectives.

7.6.2 Policy

Perhaps the most telling reasons for change from the past in terms of policy
from the research material has come about as a result of European and
international competition and the drive for harmonisation of the intellectual
property legislation system in granting rights. The endeavour to harmonise
intellectual property legislation on a European and international level has forced
an intellectual property policy in the UKIPO unprecedented from the past in
order for UKIPO to compete on equal terms as the establishment of the
European Patent Office and the Office for Harmonisation of the Market was
completed. As intellectual property has risen up the political agenda, so it was
argued that the effect on the UKIPO has been external and governmentally driven rather than as a result of agency status. The UKIPO has contributed significantly towards policy in respect of intellectual property legislation and to this extent has diminished the rationale behind agency status as criteria for becoming an agency was to focus upon operational every day responsibilities interviewees believed. Emphasis has shifted to policy and support for the UK economy from a corporate perspective rather than performance, efficiency and cost effectiveness. This is the message coming from interviewees of the organisation in feedback on policy and operational activities indicating a closer move of the UKIPO to the centre of government department policy making.

In terms of continuity following departmental practice and continuing to be Civil Servants reflects a continuity of pre and post agency status.

From an observational, participative and qualitative research perspective there is evidence to substantiate the reasons why changes have occurred and others have not, such that some continuity of the Office pre and post agencification has been maintained alongside significant change from the past. Relocation policy remained a key factor in change at the UKIPO and policy towards quality.

7.6.3 Performance

Improved performance, better motivation, more effective delivery of services, cost effectiveness and efficiency and arguably improved value for money for the customer has been achieved by the agency as reported by interviewees of the UKIPO and seen in published documents reporting agency performance against targets over time. It is argued that the reasons behind these achievements are a result of political pressure to improve performance, relocation and associated factors primarily not agency status for example motivated, enthusiastic, quality staff, a need to survive against competition and giving the customer what it wants in a more responsive manner.

Also, staff views are that customer focus to meet needs was a prerequisite of agency status and so this could be said to have been fulfilled not only on a
CHAPTER 7: Research Findings of Reasons for Change and Continuity in the UKIPO

performance basis but equally in providing feedback to shape policy. Documents containing agency target achievements bear this out. Information technology and better processes have also played their part it was believed.

Accountability to government, the Treasury through Trading Fund status and to UKIPO customers apart from documentary accountability published in Framework Documents, Corporate Plans and agency targets has increased endeavour to meet performance expectations and this is remarked upon in interview feedback by some as the reasoning behind change and improved performance. Prior to agency status publication of such targets was not made and so there is now recognised ownership of achievement and performance which can generate more focus to meet set targets. Better processes and information technology were also believed to have played their part - unrelated to agency status.

By placing financial responsibility and a return on capital employed to government requirement on the UKIPO for example to cover costs, fund operations, meet budgets and make a profit has enforced a performance-related focus and rationale for change interviewees believed. Failure to break even on costs of operation would mean withdrawal of agency status and all that is associated with the status. There is also a likelihood that such staff would be replaced as has been mentioned in interview should such events arise.

The above reasons were believed enhanced the continued quality of intellectual property rights granted, the professionalism of Civil Service staff granting intellectual property rights and the UKIPO’s core aims and objectives.

7.6.4 Strategy

The most telling reasons for change from the past in terms of implementing and determining strategy has come as a result of European and international competition and the drive for harmonisation of the intellectual property legislation system in granting rights. The endeavour to harmonise intellectual property legislation on a European and international level has forced an
intellectual property strategy in the UKIPO in order for UKIPO to compete on equal terms as the establishment of the European Patent Office and the Office for Harmonisation of the Market was completed. Such competition provides strong reasoning for the strategic direction of the Office. So the effect on the UKIPO has been external and strategic direction for the UKIPO has been governmentally driven rather than as a result of agency status. However the UKIPO has contributed significantly towards strategy in respect of intellectual property legislation supported by customer preferences and to this extent the research material suggests that it could be argued that this has diminished the emphasis behind agency status to focus upon operational every day responsibilities. The emphasis has shifted to a more strategic outlook and support for the UK economy, through innovation, enforcement of rights, investment in people (IiP) a “Balanced Scorecard” approach and better processes and a higher intellectual property profile of the UKIPO rather than performance, efficiency and cost effectiveness. This does appear to be the message coming from interviewees of the organisation in feedback on strategy and operational activities in a wide role, Framework Documents and Corporate Plans. The commercial focus, finance, profiling education and business needs were also identified as key strategic reasons for change with support by the Steering Board on implementation.

It can be seen that Framework Documents and Corporate Plans have played a significant part in the reasons behind setting out the strategic aims and objectives for the organisation but equally that competition unrelated to agency status has also played its role. Continuity of core business activities from funds received remains.

7.6.5 Management

The UKIPO’s increased management level has had to adapt to meet its widening responsibilities under agency status but this could be argued to be more to do with its responsibilities than its status as an agency. Organisation aims and objectives have changed over time but this has been more about
management adapting to external influences such as customer expectations and focus and added responsibilities determined through policy and strategy decisions to survive in a competitive environment than its status as an agency and performance focus again borne out by interview comments.

Operationally the Management Board members have changed to more policy orientated officials in recent years, which feeds more into a government policy departmental role as opposed to a managerial and operational focus to meet the higher intellectual property profile and this trend reverses the operational emphasis and focus of original Management Board members. This has been a result of the spotlight on intellectual property to which the Office has a central role to play in applying intellectual property rights.

At the outset customer focus from a managerial perspective, an agency requirement, had enforced a drive towards customer satisfaction and quality of service delivery as well as speed of response and change but it has been argued by some staff noted above that emphasis upon targets is not so high profile since about mid-2005. The endeavour to satisfy customers though remains.

Financial delegation has provided greater managerial autonomy for the Office to respond to change in decision making to allocate funds and authorise expenditure. This has placed financial and corporate responsibility on the Management Board members and managers so enforcing a business ethos upon the organisation it was believed.

By placing financial responsibility on the UKIPO for example to cover costs and fund operations this has enforced a corporate and business management, performance related and leadership focus and professional attitude to the extent that the Management Board consider that they run a business and so decisions are based upon a business rationale.

To this end it is evident that the number of professional people in areas such as finance has increased and this is also across all areas of the Office including
Human Resources. Training, qualification and expertise in all areas is a high priority and the reasoning behind this from feedback from interviewees is that to be competitive it is important that the organisation is professional and delivers its service to a high standard since customers do not have to come to the Office for their intellectual property rights, they can go elsewhere.

Irrespective of the reasons for change above accounting to Ministers and line department has remained.

7.7 Overall summary

Summarising the research findings in the UKIPO of reasons for change and continuity identifies a number of factors. From the related to agency status perspective a need for, better response to customers through local decision making, highlighted aims and objectives seen in Framework Documents and Corporate Plans, greater accountability, an introduction of a business mindset and more professionalism appear to be the key reasons behind change.

From the unrelated to agency status perspective, relocation, new legislation and competition appear to be key factors behind reasons of change. The nature of the organisation and its directed strategy to link intellectual property to the economic well being of the country since mid-2005 has brought it even closer to central government and its parent department. This raises the question of the rationale of the UKIPO agency status continuing into the future some 20 years on from its inception as a government agency.

The changes that have affected the UKIPO as well as the level of continuity pre and post agency status over time and how they have come about reflect a mood that the government department/agency would not have survived in the early days based upon its previous outlook compared to now which is one of expectation today that the agency will continue to thrive in support of UK plc through its policies, performance, strategy and management. Also, that factors other than those related to agency status have in many UKIPO staff’s eyes have had a greater impact upon change and reasons for change.
The following Chapter now analyses the research findings with those of commentators and writers who reported on the Civil Service and public sector background to change and the concept of agencification both observed and anticipated and draws conclusions on their observations and analyses the comments on change viewpoints etc from an UKIPO perspective.
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Analysis of Findings
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CHAPTER 8

8.1 Introduction

Analysing the findings of the research in relation to the background historical review of the Civil Service, the agencification concept and from the UKIPO perspective, the following is determined.

8.2 The Civil Service - a historical review

8.2.1 General

With respect to the comments of whether policy and operational activities have remained apart under the “Next Steps Initiative” and whether the trend to support business and private sector expectations (Carter and Greer 1993), (Gray and Jenkins 1995) has been fulfilled the evidence from interviewees of the UKIPO suggests that policy and operation whilst operating separately in the organisation (Gowers 2006) have remained key inter-related components and the interface of the UKIPO operation (Chapter 6 at 6.4.2.2). Since mid-2005 it is argued that intellectual property has brought the agency closer to government in terms of policy input, influence and application. Given that intellectual property has risen up the political agency (Chapter 6 at 6.4.1.1) the trend has been to support business and private sector expectations so envisaged by Carter and Greer (1993). On the basis of change the essence of “New Public Management” whose constituent parts have been identified under the historical review material do seem to have been integrated into the public service delivery in the UKIPO and support the view (Hoggett 1991, Barberis 1996, Farnham and Horton 1999, Pollitt and Bouckaert 2000) and Boden, Cox, Nedeva and Barker (2004) of roots in the “results” ethos (Chapter 6 at 6.6.1.5). Albeit, “that rather than a planned, strategic change process directed at improved economy, efficiency and effectiveness, what occurred was a poorly processed ideologically driven attempt to achieve political aim” (Boden, Cox and Nedeva, 2006). A more business style (Metcalfe and Richards 1990) approach has been recognised in my UKIPO research.
And so the research has determined that the interface of work practices of the public sector and the private sector under “New Public Management” within the agency under agencification have provided for an integrated system of public service delivery performance (Hoggett 1991, Pollitt and Bouckaert 2000).

This is evidenced by the integration of Trading Fund practices, performance management and performance indicator measurement, budgetary financial controls, customer focus, efficiency measures in the UKIPO work environment and supported in the Framework Documents and Corporate Plans setting out strategic goals etc. Process has remained a key part in the UKIPO in applying the regulatory criteria for granting intellectual property rights but has been applied in a results oriented way within its core activities.

The move to apply a “Raynerism” (Metcalfe and Richards 1990) style business approach in the public sector has been applied and comments from interviewed UKIPO staff identify a business ethos.

### 8.2.2 Agency policy

#### 8.2.2.1 Policy input

Feedback from UKIPO interviewees determined that the UKIPO had a very large contributory input to policy (Chapter 6 at 6.4.1.1) influenced through customer feedback, international and European network and Minister contacts. This is evidenced by the comments from UKIPO staff and material contained in Framework Documents and Corporate Plans underlining the involvement of Ministers (now an Intellectual Property Minister from 2008) and staff in policy and strategy direction decision making. There was clearly some extended autonomy in operational decision making and budget spending but nonetheless government guidelines needed to be adhered to under budgetary spending (or non-spending) in some quarters and so autonomy did have its boundaries.

The ideas and values which formulated the decision making policy to change the Civil Service focussed upon efficiency (Boden, Cox, Nedeva and Barker...
competition (Flynn 1997) consumer choice and the strengthening of the right to manage (Pyper 1995) and have been promulgated in the UKIPO evidenced by interview comments on customer focus (Chapter 6 at 6.2.1.4) international and European competition and management of budgets and human resources etc. This endorses the perspectives and values formulated into what became known as “New Public Management”, reflected upon by numerous writers (Hoggett 1991, Barberis 1996, Farnham and Horton 1999, Pollitt and Bouckaert 2000, Boden, Cox, Nedeva and Barker 2004, Boden, Cox and Nedeva 2006) and had their roots in the “results” ethos (Chapter 6 at 6.6.1.5). The philosophy to deliver better services to the public found its trust in policies directed at tighter control on spending, decentralisation (through agency creation), private sector consultancy, management by objectives and performance-related management systems, Pollitt (1990) observed.

A shift from policy to management (Greer 1994) with particular focus upon efficiency and service delivery costs, together with a shift from process to outputs and results, the essence of what “Next Steps” envisaged has arisen in the UKIPO. But sight has not been lost of process commentated upon earlier because “results” have been built on effective “process” interviewees contend (Chapter 6 at 6.6.1.5).

Gains (2003) contention that input to policy making and the network’s level of integration affected how well policies were determined is readily reflected in the UKIPO as feedback from UKIPO research underlines the input to policy decision making through the UKIPO network of customers, interaction and EU fora, staff and intellectual property field users. Framework Documents and Corporate Plans underline this view.

8.2.2.2 Structuring and policy based upon political consensus

Osborne and Gaebler (1992) in their critique of the emerging policies and strategies considered that government being “run like a business” was misconceived. They argued that government and business are fundamentally
different institutions. Their respective focuses are profit and re-election. These differences have underlying elements of each perspective Osborne and Gaebler (1992) argued and hence, in their view added up to one conclusion that government could not be run like a business. Analysing the comments of UKIPO interviewees acknowledges that senior staff recognise this and are applying a business perspective to their activities, certainly from a financial and customer focus perspective (Chapter 6 at 6.13).

Osborne and Gaebler (1992) conceded that government could be more “entrepreneurial” in their approach. In consideration of common threads they saw competition, empowerment of citizens, measurement of inputs and outcomes, focus upon “missions”, “customer focus”, anticipation of problems, generation of income for profit, decentralisation of authority, operation under market conditions and catalysing of public, private and voluntary sectors as means of solving community problems. For them, the emergence of a more entrepreneurial government was reflective in the strategies associated with these principles. The question here then from commentators was whether such policies, strategies and structural reform have, in the context of “New Public Management” application, been successful to produce a more responsive, efficient and accountable, government service for the public, the essence of the radical changes that have come about since 1979 under successive Conservative and Labour governments.

Analysis of UKIPO interviewees’ comments etc supports this view retrospectively in relation to these aspects particularly with focus towards customers and performance (Chapter 6 at 6.2.1.4 and at Chapter 6 at 6.6.1.3).

The introduction of “Next Steps” agencies, emanating from the Efficiency Unit (1991) team recommendations Theakston (1995) reflected, raised familiar administration dilemmas and problems: the absence of a clear cut distinction between the themes of “policy” and “operation” and “accountability” and “autonomy”. This does not seem to have been the case at the UKIPO. A policy department remained in-house and is now expanding to provide for greater
policy input to government and is separate from operational activities which the Gowers (2006) review supported. Accountability remains and Trading Fund status provides for autonomy to fund its operation.

The July 1994 White paper (Cabinet Office 1994) set out the government’s policy aim to remove layers of management and reduce the size of the Civil Service. The White paper outlined details of restructuring of the Treasury and more delegation to departments, such that the Treasury would play a more strategic role, setting the framework and the objectives of agency business. With the Civil Service Management Functions Act passed in 1992 (OPSI 2008) to facilitate greater delegation of personnel management functions to departments and agencies, opening the way for a redefinition of the managerial role of the centre of Whitehall, the status of the agency and the “Next Steps” project had now been acknowledged and accepted by Treasury (Theakston 1995). The UKIPO has embraced this approach but has not found its layer of management reduced or its staff numbers to any extent since agency status at the time of research.

From a different perspective efficiency, economy, effectiveness for the public benefit argued for by O’Conner (1973) Pollitt (1990) Barberis (1996) could be interpreted from a political viewpoint as an opportunity to reduce the size of the public sector, the protection of jobs, inflation proof pensions of Civil Servants and to dissipate trade union power (Dawson and Dargie 2002). This has not been the case in that within the UKIPO the organisation operates within budget and is not influenced by central government decision making on staffing numbers, Civil Servants pension rights remain for now and the Trade Union movement is still active.

8.2.3 Agency performance

8.2.3.1 Measurement

The measurement of performance and its ability to determine improvement in public sector practice and service delivery (Mayston 1985, Clarke and Newman
1997, Hyndman and Eden 2002, Talbot 2004) was argued to be a yardstick for accountability. Responses from interviewees in the UKIPO recognised that performance measurement on an incremental scale did not necessarily identify improvement. But accountability was normal for the UKIPO, in terms of its validity of rights granting, and financial activities through the National Audit Office because it had to account for public money spending.

For the 1980s, criticisms levelled at targets set in agencies (Pratten 1987) were that there was no proof of agency improvements in performance. Mixed views on performance improvement were in equal part made by Hyndman and Anderson (1998) and Talbot (2004). The UKIPO interviewees saw improvement through published material such as the Report and Accounts and the Corporate Plans where comparability was possible and even where this was not possible a trend of improvement was evident (Chapter 6 at 6.6.1.7).

The “Next Steps Initiative” had given performance targets, standards of service and performance indicators a higher profile by linking them to the strategic objectives of the executive agencies and raising the issue of resource implications. They were seen as key features in generating performance improvement.

The themes which emerged from the work of the Efficiency Unit under the Ibbs Report (1988) as seen by Metcalfe and Richards (1990) and Pollitt (1990) which formed the process and development of government reform arguably concentrated emphasis upon an overarching outcome of “results” rather than “process”. This is supported by interviewees. But the rivalry between process and results reported by Greer (1994) has not been evident in the UKIPO and research data suggests process has been the platform for improved results (Chapter 6 at 6.6.1.5).

Observers such as Mellon (CIPFA 1994) in the context of the “New Public Management” (NPM) raised issues of whether NPM is more concerned with
whether managers are free to manage in order to increase efficiency or that NPM provides for institutional economies which offer customer choice.

Equating these comments with those of staff at the UKIPO determined that from the UKIPO perspective the need to be competitive underlined the need for efficiency because without the management of performance the UKIPO would have lost customers to international and European competitors. Therefore efficiency was not just about agency status (Chapter 6 at 6.11).

Interviewees at the UKIPO have seen best value components (Pollitt 1995) impact upon the agency. Cost cutting has meant balancing income with expenditure to break even in its everyday activities (Chapter 6 at 6.6.1.3). A performance-related regime and endeavour to increase quality of performance, for example through the “Citizen’s Charter” mark (Cabinet Office 1996) award scheme has also brought change to the agency. So these factors have endorsed Pollitt’s views.

Pratten (1987) had commented that measuring economic record was a statistical conundrum and by the same token measuring agency performance was equally so since no comparative figures could be used to assess accurately an improvement level. Talbot (2004) however held mixed views on the issue of “improvements” reflecting on patchy evidence and insufficient material on which to base a firm conclusion of improvement for management functions. Hyndman and Anderson (1998) concur. Analysing the views of UKIPO staff in relation to UKIPO performance, indicated that trends in performance improvement in the UKIPO was evident from where comparisons were readily seen in Report and Accounts and Corporate Plans. In addition where direct comparisons were more difficult to ascertain the trend of performance improvement was possible to see (Chapter 6 at 6.6.1.7). Customers endorsed this view interviewees said.

Hodgson, Farrell and Connolly (2007) had examined the concept of improvement and reviewed the academic literature which had empirically assessed improvements in a range of public services. Drawn from over 50
studies of improvement the evidence highlighted 7 determinants or improvement ‘triggers’ which had been put in place and which have had a positive effect on a public service. These included quality frameworks and public participation forums. The findings of the paper indicated that despite a political drive to improve public services, there was insufficient evidence available on ‘what works’ in bringing about improvement. UKIPO interviewees comments suggest that competition, staff (relocation effect) and customer focus played a significant role plus the information technology processing facilities enhancements (Chapter 6 at 6.6.2.5).

8.2.3.2 Tensions

It has been argued that the measurements within agency framework documents to assess performance re efficiency and effectiveness (Barberis 1996) equally brought tension in determining the levels at which such measurement should be set. Assessing the interviewees’ comments at the UKIPO this does not seem to be the case because interviewees said levels were set incrementally and progressively so tensions have not arisen (Chapter 6 at 6.6.1.4).

Another source of tension it was argued has been the issue of different organisations being required to continue to produce year-on-year efficiencies. Additionally, that as bonus payments on which performance is based payments may well not result if the percentage increase in efficiency is not met. This happened in the UKIPO and was accepted. To achieve such efficiencies yearly against continuing assessment criteria changes and expectations to meet government policy and targets puts a strain on the process it was argued. Indeed James (2004) commenting in a paper on “Reforming Performance Targets: Lessons from Executive Agencies” stated that the House of Commons Public Administration Committee’s report ‘On target? Government by Measurement’ argues that sometimes performance targets, which are often linked to various forms of reward, create incentives that can lead to damaging side effects on untargeted activities and or perverse effects on targeted activities.
Analysing comments from UKIPO interviewees indicates that the year-on-year efficiencies continued until about mid-2005 when the emphasis shifted to policy (Chapter 6 at 6.6.1.1) and performance achievement in respect of efficiencies took a secondary less emphatic role with the organisation subsequently moving towards a “Balanced Scorecard” approach which diminished any potential tension. The focus towards a “Balanced Scorecard” with what customers want and need in terms of performance heralded by some interviewees’ counters James’ view to a degree. The introduction of the “Balanced Scorecard” model for the UKIPO has provided a balance of performance (Chapter 6 at 6.6.2.4) with other meaningful perspectives not necessarily efficiency based and which the UKIPO needs to achieve. So there is a feeling of equilibrium and so counterbalances James’ view here.

Tensions arising out of decentralisation/discrete units (Pollitt, Birchall, Putman 1998) such as the UKIPO from a unitary Civil Service have not been evident in research with agency staff reporting allegiance to and association with the agency.

8.2.4 Agency strategy

8.2.4.1 Strategic focus

The “Next Steps” programme brought about a strategic focus upon government service delivery to the public through “New Public Management” Hood (1991b) had observed. Metcalfe and Richards (1990) equally recognised that the setting up of agencies reflected the strategic decentralised, discrete establishments focus, emanating from governmental restructuring of its departments and demonstrated government’s intentions for such establishments to act in the interests of central government in giving the public a more effective service. The question being debated however, was has this been achieved (Pratten 1987 and Talbot 2004).

Evidence from interviewees at the UKIPO underlines that this has been achieved since pre-agency status strategic direction was not recognised albeit
that pre-agency it may have existed but was not organisation-wide known to exist. There is clear current strategy and guidance to implement strategy (Chapter 6 at 6.8.1.4) emanating from the Steering Board which has impacted upon the UKIPO strategic direction. In addition, yearly staff meetings on strategic direction have taken place to provide input to decision making on strategic direction. The creation of SABIP (Chapter 6 at 6.8.2.2) to oversee intellectual property strategic direction in the widest possible terms endorses the need for strategic focus for intellectual property for which the activities of the UKIPO plays a major role. And so it is evident that input to strategic direction emanates from different sources and not just government.

8.2.5 Agency management

8.2.5.1 Themes

The Conservative government believed that the essence of competition, consumer choice, management which formulated into “New Public Management” was what was needed for improvement in public sector service which pre-1979 had not been practised. From my research improvement in the UKIPO operation does seem to have been influenced by competition, consumer choice and a more business management style approach alongside relocation.


The “Next Steps Initiative” (Improving Management in Government: Next Steps Report to the Prime Minister) (Efficiency Unit 1988) recognised insufficient focus on delivery of government service as opposed to policy-making and ministerial support, shortage of management skills, a lack of long term planning, insufficient “results” focus and a Civil Service too big and diverse and indicated a policy for change. Ibbs (1988) had argued against the unified nature of the
British Civil Service and a more decentralised service and believed that would give more practical advantages (Pyper and Robins 1995). Fry (1988) concurred. Pollitt (1990) had seen that since the 1980s, there had been three main managerial thrusts and themes in the public services policy and strategy. First, there was that of tighter control on spending, with “cash limits” and “manpower budgets”. Second, there was a move to decentralisation (through agency creation) and third a movement towards management by objectives and performance-related management systems. These approaches saw a shift towards managerialism in the public services on the one hand and a weakening of the bureaucratic, incrementalist and particularist style of management in favour of the economistic, rationalist and generic model on the other observed by Farnham and Horton (1999) noted earlier.

The UKIPO case study bears this out with focus of the agency upon balancing the books in terms of expenditure only possible on income streams, performance-related pay and bonuses based upon performance measurement and results focus (Chapter 6 at 6.6.1.3 and 6.6.1.4) referred to earlier by Barberis (1996). Whilst from mid-2005 the emphasis has not been upon performance with a higher profile today of policy the performance results ethos remains ingrained with the agency culture.

8.2.5.2 Public versus private sector management

In the context of private sector practice as noted above Osborne and Gaebler (1992) had argued that government should not be “run like a business”. This was however at odds with the view expressed by Metcalfe and Richards (1990) who considered that to modernise public organisations it was necessary for government to become more like business.

The UKIPO case study research indicates that it is indeed run like a business—comments from interviewees’ state this to be so (Chapter 6 at 6.13). Commercial accounting (Chapter 6 at 6.2.1.3), budgetary control, fees funding operations, provision of 4% of Return on Investment to the Treasury, customer
focus and a cost conscious management at the UKIPO reflect a business orientation style perspective.

Talbot (2004) in his article in Public Money and Management (April 2004) considered that the “Next Steps” report on executive agencies had concentrated upon delivery and better management of services from a strategic and policy management perspective. He noted that a series of “Next Steps” related articles had commented upon the need for, or made suggestions about improving strategic management between departments and the centre (Fraser 1991, Prime Minister and Minister for the Civil Service 1994, 1995, Trosa 1994, Office of Public Service and Science 1994, Next Steps Team 1995).

Talbot concluded that in terms of improved management in government agencies the answer was yes and no. Agencies had improved the management of the functions that the agencies perform and in general there probably has been an overall improvement. This is especially true at the service delivery end of public-facing agencies-see Annual Reports and Next Steps (1996) review. UKIPO interviewees’ concur (Chapter 6 at 6.6.1.7).

Nutt and Backoff (1992) set out 6 points for a strategic management plan which equates favourably with agency strategic management evidenced by its corporate plan content etc. What is interesting is that Bozeman and Straussman (1990) argue that strategic management involves a strategic management group such as 5-10 managers including the Chief Executive Officer plus managers from levels below top management who are closer to operations. Nutt and Backoff similarly refer to the strategic management group in an organisation representing people who represent interests and power centres, internal and external to the organisation which becomes the key source of ideas about change. Public sector agencies operate with a “Steering Board”, “Management Board” and a “Senior Management Team” for example the UKIPO, and so parallel this perspective albeit that the “Senior Management Team” at UKIPO was disbanded in 2008 to be replaced by a “Leadership Conference” focus. Hence the extent to which agency status has affected
strategic management in the public sector reflects in these factors hitherto not operational in the same manner pre-agencification days.

8.2.5.3 “New Public Management”

The “New Public Management” approach (Hood 1991a) had wider implications for the Civil Service. Firstly, recruitment for staff in agencies was now done from 1991 in a decentralised manner, that is, on a local recruitment basis. Secondly, that there was now no immediate and recognisable sense of unity in the Civil Service, given that many Civil Servants were in agencies or organisations working on the “Next Steps” principles and that now Mclaughlin, Osborne and Ferlie 2002 argued public servants had a feeling of allegiance and identity with such establishments rather than as a Civil Servant. There was also a more business-like approach that Gamble (1994) recognised in the manner that activities were carried out. All these factors are endorsed by the research findings in the UKIPO case study.

The introduction of “New Public Management” (Hood 1991a) brought about a new impetus in management style with focus upon customer needs and standards (Frank Stacey Memorial Lecture, September 1992). Autonomy in government agencies over local recruitment, pay and administration practice fragmented the Civil Service practices and produced disunity amongst Civil Servants in general and individual allegiance to work sectors such as agencies (Osborne and McLaughlin 2002) in which Civil Servants were now employed. “New Public Management” therefore became synonymous with the aims of better performance under the economy, efficiency and effectiveness themes of government policy, Greer (1994) observed, which was in parallel with performance-related management, Pollitt (1990) contended. The UKIPO case study research indicates that this has arisen.

Clearly, there had been an intentional move away from the traditional administrative practice and focus upon a managerial practice to achieve results reported by these writers and commentators. The reality is evidenced in the
features of corporate plans, framework documents, annual report and accounts published by agencies not hitherto available pre-agencification and the UKIPO is no exception. Farnham and Horton (1999) saw the emphasis in the public sector as politically driven culminating in tighter control of spending involving cash limits and manpower budgets, a move to decentralise managerial responsibilities and focus upon management by objectives and performance management systems including performance indicators and merit pay, all of which are practical under the agencification banner. Agencification and “New Public Management” and more “new managerialism” direction and practice in term of objectives, plans, performance indicators and quality standards, customer awareness and client orientation underlined the shift from traditional administration to a more managerially minded state. This was again observed at the UKIPO in the case study and underlined by interviewee comments analysed but since mid-2005 less so it was observed (Chapter 6 at 6.6.1.1).


8.2.5.4 Decentralisation

One of the main issues which the Ibbs (1988) report brought to prominence following in the footsteps of Fulton was the issue of the ‘right to manage’. It was argued by Pollitt, Birchall and Putman (1998) that in the context of decentralisation, management could be more responsive in public service delivery and attuned to individual needs. By the same token efficiency would be
enhanced. Interviewee comments endorsed the management customer focus and quicker response to customer needs and expectations.

8.2.5.5 Accountability

Linked to the decentralisation under the “Next Steps Initiative” and performance is that of accountability recognised by many commentators such as Pollitt, Birchall and Putman (1998) Boden, Cox, Nedeva and Barker (2004) Boden, Cox and Nedeva (2006). In effect it is the reverse of decentralisation Pollitt, Birchall and Putman (1998) argue. Therefore the question that was raised was what kind of accountability did decentralised powers provide and to whom. The answer would appear to be either political accountability, administrative or management accountability Day and Klein (1987) contend. The research findings suggest that accountability has remained through audit in finance and through publication of accounts which was always a statutory requirement of the government organisation pre-agency status. Accountability of the organisation in granting intellectual property has continued post agency status since the Courts have always been the final judge in determining validity and accountability in terms of the organisation administering its statutory obligations and regulatory duties.

Management or administrative accountability was viewed as slightly more precise and prevalent since the “Next Steps Initiative”. It concerns the success or otherwise of managers in achieving targets or standards set within agreed resource limitations and time constraints. The criticism levelled at many of the public management reforms of 1987-1997 was that extensive powers had been decentralised to managerially run organisations but managers of these were not subsequently held accountable in sufficiently clear ways Stewart (1994) and Waldergrave (1994) believed.

The UKIPO case study research has not proved this to be the case as interviewee responses have indicated a continual accountability which has not diminished. However, publication of targets could have possibly increased the
accountability perspective. One interviewee’s feeling was that this did have a significant impact in relation to accountability (Chapter 7 at 7.2.2).

8.3 Agencification concept

8.3.1 General

8.3.1.1 Impact of agencification

Gains (2001) recognised the difficulties in assessing the impact of agencification. Empirical evidence has involved single case studies or comparative work within one department (Greer 1994; O’Toole and Jordan 1995). The disparate nature of findings made it difficult to judge what effect agencification had had on the operation of policy and policy outcomes. Evidence from the UKIPO case study shows that the policy department remained after agency status and latterly endorsed by the Gowers (2006) review was appropriate because it operated independently of the operational activities of the UKIPO (Chapter 6 at 6.4.2.4). The fact that intellectual property has risen up the political agenda on the basis of an economic outlook has cemented the contribution of policy input from the UKIPO and its customer feedback.

Gains (2001) argued that there were difficulties in analysing change in relation to descriptive and prescribed models of agencies. Firstly, the impact of agencification could not be viewed as being uniform. Secondly, a particular problem in viewing the impact of agencification from either a traditional constitutional approach, or a principal agent approach, put focus on the relationship between Ministers and agency chief executives. This may have been true but in the research in the UKIPO key features of Trading Fund status, performance indicators across the agency, customer focus, target setting and targets have been applied which reflect an implementation of practice under “Next Steps”. In the case of the UKIPO it has been recognised from interview material that the relationship with Ministers has been enhanced because under agency status the UKIPO has had more opportunity to hear more of what
stakeholders and customers want through consultation and communications with institutions etc so feedback has had substance and been informative and has been valuable to Ministers giving a closer relationship for better policy making decisions (Chapter 6 at 6.4.1.1 and at 6.10.1.1). The appointment of SABIP (Chapter 6 at 6.8.2.2) and that of a Minister for Intellectual Property (Chapter 6 at 6.4.2.5) endorses the closer relationship.

8.3.1.2 Prospects for the future of executive agencies

The public interest perspective James (2003) argues, suggests that executive agencies are likely to continue to be politicians preferred form for delivering central government services. In the UKIPO case study, research suggests there is an indication in the UKIPO that policy issues are now higher on the political landscape (Chapter 6 at 6.4.1.1) than performance of the agency (Chapter 6 at 6.4.2.4) and this could trigger change.

James (2003) believes that two possible fundamental changes to executive agencies are to move away from the semi-detached organisation form by either rolling executive agencies back into departments or increasing their autonomy from departments but the latter seems unlikely. The pressure for more autonomy appears strongest in trading fund agencies, for example, to respond to customers. For the UKIPO since mid-2005 there has been a feeling that the UKIPO is moving closer to its parent department albeit that it maintains its agency and Trading Fund status (Chapter 6 at 6.2.1.3). The reasons for this view are the increasing emphasise on government policy issues to which the UKIPO is playing a key role with its parent department.

Analysing the comments from UKIPO interviewees indicates the former perspective of James (2003) in the case of the UKIPO albeit that this has not happened in name but there is evidence that the UKIPO is playing a key role in government policy on intellectual property matters and that the emphasis upon operational activities and performance has diminished as intellectual property policy has risen up the agenda in the context of the economic perspective of UK
plc (Chapter 6 at 6.2.3.1). Therefore James former views appear more likely at the present time.

8.3.2 Agency policy

8.3.2.1 Cohesion

Agencies are normally directly accountable to the responsible Minister and it was disconcerting that the Cabinet Office (2002) agency policy review identified a lack of cohesiveness and connection in the intended link between policy and delivery, parent department and agency. The findings in the research at the UKIPO in 2008 do not seem to support this view. The Policy department in the UKIPO remained in the agency. The fact that intellectual property policy is high on the political agenda alongside the economics of the UK where intellectual property rights can potentially be beneficial for the UK owners of intellectual property rights, has generated more emphasis to communicate with customers, institutions and interests in intellectual property to focus upon policy to benefit the economy. So at Ministerial, Department, Agency, UKIPO Management Board level and delivery level there has been a more cohesiveness approach than perhaps had been hitherto was the sentiment expressed by UKIPO interviewees (Chapter 6 at 6.2.1.4).

James (2001b) like Bichard (1999) in their research of agencies found that amongst other things agency structure and status had not improved the communication links between policy making organisations and organisation delivering services, a view held by government (Office of Public Service Reform and HM Treasury 2002). James was unable to find evidence where suggested changes had been made in response to comment from agencies. At the UKIPO the Policy department had remained in-house though separate from the operational activities of the agency. Consultation exercises with users of the UKIPO intellectual property system provided meaningful feedback as to what users of the system wanted. It was commented by UKIPO interviewees that the agency was now spending more time understanding users of the system in
order to provide users with what they needed or what they thought they needed and that they believed that policies are balanced with government and customers. Research material from UKIPO employees endorse a much more communicative feedback opportunity between customers and the UKIPO and Ministers so in this respect the network of communication between customers, UKIPO and Ministers was having an effect on input to policy making (Chapter 6 at 6.2.1.4) (for example the leadership conference (Chapter 2 at 2.4.2) which offered managers the opportunity to debate strategy focus) they believed. The expansion of the Policy department in the UKIPO of late would seem to endorse this viewpoint.

8.3.2.2 Business focus

Osborne and Gaebler (1992) had argued that government and business were fundamentally different institutions and hence their focus of profit and re-election different, consequently incentives of each different. Yet, they recognised common threads for a successful organisation could be seen in structures geared for competition, measurement of inputs and outputs, customer focus, revenue earning and decentralisation of authority.

Evidence in the research at the UKIPO during 2008 and in observational participation prior to this time period, indicates that the UKIPO has been successful in operating an agency as a business in an effective, efficient and accountable manner (Chapter 6 at 6.4.1.3). Interviewees have recognised that profit has been achieved, evidenced in Report and Accounts over a number of years, structure to meet competition in the face of international and European competitors (for example OHIM), measurement of outputs through target setting and Charter Mark awards (Chapter 6 at 6.6.2.3) to show improved performance, customer focus, evidenced by customer targets, increased revenue seen in Report and Accounts and decentralisation practiced in operating on a Trading Fund basis. So the threads of success seen by Osborne and Gaebler have been substantiated in the case of the UKIPO.
8.3.3 Agency performance

8.3.3.1 The traditional system

The traditional system, it was argued, paid too little attention to results to be achieved with government resources and there were few pressures on government demanding improvement in performance (Efficiency Unit 1988 p4). Executive agencies would improve effectiveness by producing management able to maximise results, no longer frustrated or absolved from responsibility by central government constraints (Efficiency Unit 1988 p16) it was believed. Evidence from the UKIPO in terms of Corporate Plans and performance against targets and performance indicators such as Charter Mark achievements and comments from interviewees indicates that the UKIPO agency in its early days provided this results focus from a political standpoint whereas latterly the focus has been upon policy. The results focus is now customer driven. Added to this the competition from the EPO and OHIM has increased the performance and results focus of the UKIPO on the operational side of the organisation (Chapter 6 at 6.2.2.2).

The London Business School in their research suggested that the shift to agency status for departments did not itself bring about significant changes in performance (Treasury and Civil Service Committee - The Next Steps Initiative HC 496 1990-1).

The evidence from interviewees suggests that over time a range of factors have brought about significant changes in performance. This has stemmed from primarily relocation, new staff with high levels of motivation, competition, political pressure (Chapter 6 at 6.2.2.3) customer driven expectation (“Citizen’s Charter”) more capable information technology and performance monitoring albeit that performance monitoring was in place pre-agency status in some parts of the organisation (Patent, Trade Mark and Designs processing turnaround). Interviewees recognised the incremental improvements year on year where comparisons were practical. Added to this interviewees stated that
customers had said that performance was better now than pre-agency days and continue to use the agency (Chapter 6 at 6.6.1.1).

8.3.3.2 Measuring performance through target setting in agencies

Two key reasons for measuring performance in public sector work environments Hyndman and Anderson (1998) argued are that firstly information provides essential data to improve management within the public sector, secondly, that it can form the basis for discharging accountability by the public sector. This is against the backdrop of the Carter, Klein and Day (1992) study of how organisations measure success, where they identified that the development of a performance measurement system has been “driven by three sets of linked preoccupation: the control of public expenditure, management competence and greater accountability”.

These factors are important since as earlier commented in the historical review, improving management performance and accountability issues have formed part of the central core of “New Public Management” and the drive for the restructuring of government administration activities in the newly formed government agencies and thrust of the “Next Steps Initiative”. But as Hyndman and Anderson (1998) pointed out a problem with discussion of performance in the context of agencies or indeed an organisation is that there are no generally accepted definition of terms.

Even the Treasury and Civil Service Committee highlighted this point when it stated that the ‘lack of an agreed vocabulary makes it difficult to assess agencies performance’ at page 20 of its seventh report (1991).

The incremental approach in setting performance indicators in the UKIPO has, it was argued, provided a meaningful set of data over time. Improvements to performance indicators or otherwise were made on the basis of customer needs and so improvements were not being made unnecessarily and so targets were not artificial. Performance indicators were therefore meaningful to customers and staff.
To make assessment more transparent to enable improvement to be measured H M Treasury (1992) issued guidance suggesting that agencies should develop targets under four broad headings: financial performance; volume of output; quality of service and efficiency. The UKIPO in its Report and Accounts have demonstrated financial performance improvement, increased output and the Corporate Plans agency targets and Charter Mark achievements show increased quality of service and efficiency.

Broadbent and Guthrie (1992) in their research agree that changes that were being implemented were unevaluated. All such research has undoubtedly raised concern about quantification and in particular use of target setting to determine performance improvement and their contribution towards identifying improvements in management. The incremental performance improvement rationale adopted by the UKIPO overcomes this concern.

In Limb’s (2001) research he found that the UK’s experience suggested that setting the right targets was vital, particularly for raising standards of service delivery and performance. Also, that the targets can help concentrate resources and activities on key priorities, and help to measure the performance of agencies. This he argues opens the door to transparency and thereby an increase of accountability. The UKIPO in adopting an approach which tries to understand its customers and their needs commented upon by interviewees provides this openness and allows a focus of the agency to set targets based upon the needs of the customer and so targets are not artificial (Chapter 6 at 6.6.1.6)

From the Hyndman and Eden (2001) research it is evident that targets provide a sense of focus and means to measure performance and improvement, an ability to control, visibly assess performance and adapt structure or process to relate to objectives and targets. This has certainly been the case in the UKIPO commented upon by interviewees.
From analysis of this research here there appears sound argument that objectives, targets and performance measures of the organisation increased and expanded to other parts of the organisation since agencification and this is substantiated in comments from UKIPO interviewees.

8.3.3.3 Agency performance

Hyndman (1997) contended that there had been growing emphasis on targeting and measuring performance, although research had highlighted some problems with the use of performance targets by some executive agencies. There was particular concern about the failure to disclose some important categories of target.

Evidence from the UKIPO research case study does not indicate that problems with performance targets had been encountered over time, albeit debate arose over target setting (Chapter 6 at 6.6.1.4). The Corporate Plans and Report and Accounts reported agency targets and achievements against those targets and interviewees recognised the benefits of incremental target improvements to provide sensible and attainable goals.

Talbot in his article on executive agencies in reviewing agency performance (April 2004) considered the UK’s “Next Steps” programme as being seen as emblematic of “New Public Management” which led to new organisational form for Civil Servants in the shape of agencies. Hyndman and Eden (2001) concurred. Although seen largely successful (Alexander and Agency Policy Review Team, 2002) the “Next Steps” programme has, however, not been without its critics; much directed at the disintegration of a “unified” Civil Service or undermining Civil Service neutrality or weakening of Parliamentary and public accountability. Talbot’s view was that little had been directed at the issue of improving management in government (Jenkins, Caines et al, 1998).

Analysing the research material gained from the UKIPO case study and equating this with the “emblematic New Public Management” approach referred to by Talbot (2004) and Hyndman and Eden (2001) the factors of operating on a
commercial basis (needing to make a return on investment payable to the Treasury) and having financial responsibility for its activities (Trading Fund status) and needing to adhere to budgets (Chapter 6 at 6.10.1.2) target setting, customer focus (Chapter 6 at 6.13) competition (Chapter 6 at 6.2.2.2) performance measurement and monitoring (Chapter 6 at 6.6.1.4 and at 6.6.3.1) appear to stand out as key in establishing a “New Public Management” culture within the public sector agency.

Performance improvement that Talbot observed was especially true at the service delivery end of the public facing agencies, evidenced in agency annual reports etc and “Next Steps” reviews. Analysis of the published material in Corporate Plans and Report and Accounts over time from 1990 to 2008 in respect of the UKIPO under this research endorses this view where figures are comparable and where not a general trend of improvement is discernable. The research of Hyndman and Eden (2002) tended to support the findings of Talbot (2004) in the context of performance targets and external reporting being patchy.

Overall, research by Hyndman and Eden (2002) suggests that there is a reasonably high degree of quantification and co-ordination in the performance measurement and performance reporting systems of agencies. Analysing the Corporate Plans and the Report and Accounts of the UKIPO from 1990 to 2008 supports this view.

Limb (2001) contended that the system of regularly reviewing of agencies (quinquennially) provides for determining whether they are giving the service in the most efficient and effective way. Consequently, it reinforces the original aim of agency status, primarily to lower costs and increase quality of service provision. More importantly it determines whether the service needs to be provided at all or whether they should be done by the private sector. This approach therefore ensures that the agency does not carry on regardless of the fact that the service provision may be outdated and needs to change.
The UKIPO has been subject to quinquennial review and the agency has been endorsed as providing the service delivery to the public that it expects and needs. In addition, analysing the feedback from interviewees at the UKIPO supports the view that the UKIPO is performing its regulatory functions to the standards expected and at a performance level endorsed by its customers and so the view of Limb (2001) is substantiated in respect of the UKIPO agency (Chapter 6 at 6.6.1.1).

8.3.4 Agency strategy

8.3.4.1 Strategic focus

The final report of the “Review of Executive Agencies” under the “Better Government Services-Executive agencies in the 21st Century”, published in 2002 (Cabinet Office 2002) determines that agencies had been successful in improving and in some cases had transformed services and functions delivered by central government and had brought customer focus and a performance culture into the Civil Service. But it was found that agencies had in some cases become detached from Ministers and from Departments, increasing focus on strategic aims; and controls over process had reduced effectiveness and responsiveness without providing a shared strategic direction.

Analysis of the feedback from interviewees at the UKIPO in the case study has established that with respect to agencies becoming detached from Ministers and from Departments, this had not appeared to be the case in the UKIPO evidenced from the Framework Documents and Corporate Plans of the UKIPO where focus reflected common strategic aims; and controls over process had not reduced effectiveness and responsiveness since customer feedback had indicated that their needs were being met.

Research in the UKIPO over the research period and in interview material in 2008 has determined that in the context of a strategic management perspective the UKIPO interviewees expressed the view that there has been:
more strategic direction in its policy making - to look at long term problems rather than short term crises and to develop policies that look at the whole problem rather than just individual symptoms - Corporate Plans (Chapter 6 at 6.8.1.1)

provision of joined up delivery - that is organising around the individuals’ needs and not administrative government - consultation with interests to determine how they work and their needs rather than delivering a service that is not needed was a view expressed by a number of interviewees (Chapter 6 at 6.4.2.5)

provision of information - exploiting the opportunities of IT to improve the convenience, efficiency and quality of service (Chapter 6 at 6.4.1.5)

empowering of Civil Servants – to ensure that public service is once again valued and to allow those at the front line of service delivery to exercise initiative post agency status.

8.3.5 Agency management

8.3.5.1 Agencification and Trading Fund status

The creation of executive agencies as a way of delivering goods and services under the control of central government politicians was a key part of NPM reform to public services.

Another benefit was seen in that Trading Fund agencies created would have additional management freedom and accountability structures linked to raising revenues by charging customers for services, in contrast to non-funding agencies that receive grants from their departments to cover cost of activities. Such Trading Fund agencies were seen as providing an incentive for them to respond to customers’ requirements in a flexible way, for example, to expand services for customers’ benefit (Efficiency Unit 1988 p28). It would also provide for competition and performance related effort to secure customers and revenue.
Research interview responses at the UKIPO to the question of how had Trading Fund status granted to the UKIPO had impacted on the organisation determined that wider powers and authority in conducting its business activities had occurred (Chapter 6 at 6.4.1.3). Expenses could be varied in response to changes in demand and based upon resources. In this respect they were able to be flexible to retain surpluses and utilise these resources when needed to meet customer expectations or fund capital investment programmes. Commercial accounting practices were applied and commercial focus replaced the traditional funding of activities via “Vote” money from central government funds. Albeit that guidelines set by the UKIPO parent department had to be adhered to in the manner in which they determined how the expenditure was to be made (for example pay level constraints and spending streams).

In a survey by Pendlebury et al (1992) results revealed that only in the case of those agencies established as trading funds introduced under the Government Trading Funds Act 1973 (OPSI 2008) had a significant change in traditional Treasury and other central controls occurred.

In the survey conducted by Pendlebury and Karbhari et al (1997) they saw a pattern of differences in responses of senior managers operating in Trading Fund agencies compared to those in non-Trading Fund agencies. In questions relating to accountability and quality of accounting information, improved operational effectiveness and service delivery and staff attitudes, they observed that Trading Fund agency managers had reported greater improvement from views expressed than their counterparts in non-Trading Fund agencies. The results indicating improved perception of management of government activities in hived off independent units by this survey, provided support for the claims of Fulton some 30 years earlier that “agencification” would produce improvement, but it does not provide evidence of better “value for money” or “best value” (Martin 2002) in terms of service in the public sector Boyne et al (2002) claims.

The interviewee responses to the question under agency performance and management about what have been the key features (influence) in UKIPO
performance post agencification included a more visible, professional, accountable and flexible management and “value for money” (Chapter 6 at 6.2.1.2). Such regularly repeated responses in the research material would seem to provide a degree of substance in arguing that the factors have been influential.

Another view expressed was that management skills have needed to be increased to deal with a more wide and varied scope of responsibilities and that the managers also needed to have a corporate mindset in applying their managerial roles.

8.4 UKIPO perspective

8.4.1 Model of agencies

Reformers saw the agency model as possessing an organisational unit with management freedoms semi-detached from parent departments to enable it to focus on tasks at the “front end” of public service delivery. Also, that they possessed an accountable framework of policy aims and resources set by the parent department (James 2001b). Academic commentators however were sceptical that the “Next Steps” programme incorporating the agencification would not produce the stable formula for public management in the medium term (Hood and Jones 1990). Nonetheless, in terms of focus and attention upon accountability, as observed by James (2001a) attention to the organisation’s mission and awareness of costs had focussed management attention.

Research in the UKIPO from interview feedback highlighted the fact that whilst the agency possessed management freedoms in some respects from the parent department this was not without constraints (for example in the expenditure from funding streams). Also the Framework Documents and Corporate Plans provided the agency with guidance as to the policy and strategy by which it was expected to conduct its business (Chapter 6 at 6.8.1.2). This approach identified by James (2001a) is substantiated in the research findings.
Research findings in the UKIPO interviews challenge the contention of Hood and Jones (1990) about the stability for public management in the medium term. Evidence suggests that the UKIPO has embraced the “New Public Management” components identified as competition, performance measurement and monitoring, customer focus and quality of service delivery etc and provided a stable environment in which to undertake these activities to the praise of customers and government.

Andrew Limb (2001) in his report on agencies saw advantages and disadvantages of the UK model. From an advantageous position he saw managers in each agency would have freedom and flexibility to organise and manage work which met business needs.

From a disadvantageous position he saw the approach as creating more bureaucracy. Each agency requires detailed framework documents and business plans specific to its role. On this basis it implies a degree of duplication of effort compared to a standard model. Additionally, it can be argued that for agencies to develop appropriate targets, measures, objectives and management systems for themselves, requires a greater intellectual input from agency management. This could lead to problems, tensions, contradictions and questions arising on focus and direction for the agency.

Analysing the feedback from questions put to UKIPO interviewees which relates to Limb’s comments it is evident that Limb (2001) recognised correctly that there were advantages and disadvantages of the UK agency model. At the UKIPO, managers focussed upon aims and objectives and customer satisfaction and performance and had the freedom to exercise these management responsibilities (Chapter 6 at 6.2.1.2). The Framework Documents, Corporate Plans and Report and Accounts in relation to agency targets etc for the UKIPO support this viewpoint.

In respect of disadvantages the research in the UKIPO suggests that the input of UKIPO in the contribution to the Framework Documents, Corporate Plans
and Report and Accounts provided an opportunity rather than a disadvantage or duplication to shape their strategy and direction as this was strategy and policy unique to the UKIPO (Chapter 6 at 6.8.1.1). Potential problems, tensions, contradictions seen by Limb (2001) had not resulted.

The executive agency model had two main features James (2003) contended:

Firstly, an executive agency, semi-detached from its parent department, with its own budget, freedom from departmental regulations, freedom from ad hoc, day to day, intervention by the department, freedom from some central government-wide regulations, with the organisation under the direction of a Chief Executive Officer recruited through open competition.

Secondly, an executive agency accountable for the performance of specific operational tasks as a corporate unit including output focussed performance targets set by the parent department and personal accountability of the Chief Executive Officer for performance.

The research material gleaned from interviewees at the UKIPO support James (2003) contention in the first instance and is further supported through Trading Fund status (Chapter 6 at 6.10.1.2). In respect of his second contention analysis of the research material would suggest that at the UKIPO the focussed performance targets were very much determined in-house with incremental increases in performance set (Chapter 6 at 6.2.3.5, 6.6.1.1 and at 6.6.1.2).

Additionally, James (2003) considered that the executive agency model embodied 4 aspects of NPM:

- The executive agency organisation structure – semi detached from the parent department - corporate unit – tasks – resources
- Accountability system-outputs-contractual framework
- Divide between parent department and executive agency is a form of split between purchaser and provider in the case of non-trading
agencies, with trading agencies having a market mechanism through payments for services by customers

- Recruiting Chief Executive Officers through open competition

On each of the above four counts the UKIPO complies with the executive model encompassing NPM identified by James (2003).

Nonetheless, it was argued by Pollitt and Talbot (2005) that the shortcomings of finding a definition for agencies lay in the variety of organisational forms of the agencies.

The responses to questions put to UKIPO interviewees suggest that in some respects autonomy for the UKIPO had caveats (for example in spending income streams) and so autonomy was measured. The UKIPO had a parent department to which it reported but nonetheless under agency status reflected an autonomous organisation administering the regulatory work of granting intellectual property rights under its statutory requirements. In adopting James (2001b) criteria the definition of the agency was representative of the UKIPO from the research findings and so it could be argued reflected a meaningful identity of an agency model.

In the context of a “Trading Fund” with organisations such as the UKIPO seen as executive agencies but operating with the flexibility of operating under the terms of the relevant funds, legislation to encourage managers and staff to think commercially, find opportunities to cut cost, more efficient ways of operating and grow the revenue stream (HM Treasury 1997) the UKIPO met this criteria. Accounts are not consolidated into sponsoring departments and are published autonomously and separately from parent department budget/expenditure accounts. This has been the case since agencification.

8.4.2 Issues of agency creation

The main issues arising out of executive agency creation relate to questions of improved performance (Talbot 2004) performance measurement (Barberis

In the context of these issues the research indicates that the UKIPO agency appears to have adapted to the changes in a relatively smooth transition over time diffusing any potential issues on these fronts and produced an improved performance evidenced from the Report and Accounts over the 1988 and 2008 period.

8.4.3 Differences related to agency status

8.4.3.1 General

8.4.3.1.1 Structure to accommodate change

Evidence from the Framework Documents (UK Intellectual Property Office 1990, 2003, 2006, 2008/9) and website (2008) and Corporate Plans (UK Intellectual Property Office 1990-2008) and the Organisations Charts for the UKIPO 1988 and 2008 reflect the expansion and adaptation of the organisation to handle the wider, new and incremental responsibilities and strategy, supported by UKIPO interviewees who worked in the organisation pre and post agency status and through the changed structure (Chapter 5 at Fig 5.4).

Examination of organisation charts of the UKIPO over time shows how the organisation has adapted to change to deal with recruitment and staffing, training and development, Trading Fund status, more budgetary control, financial delegation, commercial accounting and departmental line management within different government Ministries. These changes in organisation structure (Chapter 5, Fig 5.1 and Fig 5.4) have arisen from wider responsibilities and
change over time in the organisation some related to agency status but not necessarily a consequence of agency status but the expectations of government and the public and external influences (Chapter 5 at Table 5.3 and Chapter 6 at Tables 6.1, 6.2, 6.3, 6.7 and 6.8).

### 8.4.3.2 Policy

8.4.3.2.1 Governance

Through agency governance, greater autonomy for the career CEO and local decision making freedom to conduct its operation for example recruitment and staffing grade mix, training and development, Trading Fund status, more budgetary control, financial delegation and commercial accounting has resulted.

The conferring of “Trading Fund” status on the Patent Office provided the Patent Office (UKIPO) with wider powers and authority in conducting its business activities. On this basis it provided the opportunity for the UKIPO:

- to vary expenditure directly in response to changes in demand and to adjust resources accordingly
- to retain surpluses and create resources in order to provide freedom of action over the use of resources
- to fund capital investment programmes from borrowing any surpluses generated
- to allow further development of the sharper, more commercially minded approach on the part of management, backed by full commercial accounts

Whilst at the commencement of agency status focus was upon service delivery, since mid-2005 interviewees recognise that the agency has got closer to its sponsor department and that policy is very much a part of its contribution to departmental and government policy decision making for intellectual property in relation to the UK economy (Chapter 6 at 6.2.3.1) This raises the question as to whether agency status has lost its significance in terms of the UKIPO.
8.4.3.2.2 Customer focus and marketing of the benefits of intellectual property

The quality emphasis under agencification reflected a direction on the needs and requirements of customers, establishing and delivering agreed standards of service, publishing performance against those standards, regularly monitoring and reviewing service and introducing improvements after consultation. This meant a review of activities and rationalising ways of working to reduce costs and making the organisation practice and service more user friendly with a parallel in investing in people and technology.

8.4.3.2.3 More outward looking and transparent aims and objectives

The publication of Financial Documents and Corporate Plans in the public domain focussed attention upon the aims and objectives of the organisation. To this effect the goals were identifiable and put the spotlight upon the activities to which the organisation was committed. To this end the transparent aims and objectives over time built upon strategies of the past but allowed for new perspectives for the future and focus to achieve these aims and objectives with a customer orientation as its base.

8.4.3.3. Performance

8.4.3.3.1 More performance measurement criteria

The Report and Accounts, Corporate Plans and agency targets data of the UKIPO published in these documents provide substantial evidence of a more widespread and varied form of performance measurement than hitherto was the case pre-agency status of the organisation.

The new organisational format which has taken place over time has enabled the organisation to adapt to customer expectations. Autonomy in the agency is still tempered with a degree of central government monitoring and regulation. It is now clear that performance is not the high priority in the UKIPO. Performance is important but the "Balanced Scorecard" model tempers performance with other
activities to provide a balanced approach to achieve strategic goals apart from ones of higher performance interview material suggests (Chapter 6 at 6.6.2.4).

There is no doubt that the proliferation of statistical data in terms of performance targets, performance indicators and agency targets published in Corporate Plans and Report and Accounts (1990-2008) has been unprecedented. Such data and measurement of the organisation activities set out in the public domain for the organisation has come about as a result of agency status but the level of performance achieved and the reasons for it remain debatable.

8.4.3.4 Strategy

8.4.3.4.1 Strategic perspective

Since agencification it is evident that a clear strategic focus has been put in place.

From a strategic perspective this has involved the UKIPO in a number of specific management aims:

- to focus the business on continuous quality improvement
- to concentrate on the core business
- to continue to simplify procedures and drive down costs
- to invest in people of the organisation and technology, and
- to work with users, to provide a national and international framework for intellectual property rights within which British industry and commerce can flourish

There has clearly been a more sharpening of the focus on innovation in UKIPO strategic direction thinking and attention seems more directed towards helping people get the most out of the intellectual property system rather that ensuring that the system ran smoothly for the users of the system (from regulator to enabler). This was evident from the strategic framework which highlighted the need to improve enforcement of rights for the customer so that there was
confidence in the value of intellectual property and that it was not diluted, seeking to get the best deal for UK business when negotiating for international harmonisation of intellectual property laws and facilitating technology transfer by helping universities to commercially exploit their research.

The publication of strategic goals identified through the Corporate Plans and the 10,3,1 goals focus demonstrates the changes that agency status has brought and this approach is in complete contrast to anything that had gone before (Chapter 5 at 5.3.8.7).

8.4.3.4.2 Appointment of a Steering Board

The appointment of a Steering Board (Chapter 5 at 5.3.6.4) to provide guidance and views on implementation of strategic direction was a completely new innovation for the Office brought about by agency status. Interview material indicted that the input from Board members had been supportive and informative and that good communication links with Board members had been established over time albeit that at the outset this was not so the case.

Respect is given to their input, experience and knowledge and their directional focus for the agency has been of benefit to the agency and a helpful sounding board in strategy discussion and implementation it was believed (Chapter 6 at 6.8.1.3).

8.4.3.5 Management

8.4.3.5.1 “New Public Management”

The “New Public Management” themes have created a different work environment from that of the past with integration of public and private sector practices. The introduction of agency status and “Trading Fund” status did not change responsibilities and statutory powers for the UKIPO and its Chief Executive Officer, but the changes provided for wider development of the work of the Patent Office (UKIPO) (UK Intellectual Property Office Framework Document 1990).
8.4.3.5.2 Wider responsibility at all levels of the organisation

Examination of the Framework Documents and Corporate Plans of the organisation provides evidence since the UKIPO became an agency that the range of its portfolio of responsibility has grown. The Framework Documents of the periods 1990 to 2008 and the Corporate Plans are testament to this and arguably reflect the agency status and delegated responsibilities flowing from them.

This perspective can be identified with greater accountability, including the introduction of budgets for all senior managers (Chapter 6 at 6.10.1.1) and for the heads of the service functions, in order to encourage closer attention to costs, productivity and quality of service. This was quite a significant change from the past in terms of direct accountability rather than organisation wide.

8.4.3.5.3 Individual accountability

Individual accountability at Board and other levels has increased in the UKIPO (Chapter 6 at 6.10.1.1). They are tasked with the responsibility of seeing that their respective work areas have information to meet targets and that costs are kept within budget. Projects that they oversee are regularly monitored (for example IT projects). The Management Board are required to operate on a corporate and commercial level to ensure that costs are covered in operations and are in line with fee income. This additional financial responsibility sets a more robust individual accountability responsibility that, pre-agency days, Management Board members did not have. Ownership of work is now much more recognised and accountable.

8.4.3.5.4 Professionalism in more parts of the organisation

Evidence from interviewees of the UKIPO indicates a more professional approach in the organisation compared to pre-agency days (for example Accountants in the Finance department) (Chapter 5 at 5.3.11). This is not to say that the professionalism of examiners in intellectual property pre-agency days
was not applied or that a professional approach was not taken. Professionalism remains in these work areas, but the professionalism in other parts of the organisation has developed. Finance (Accountants) Human Resources (trained and qualified CIPD officers) IT qualified experts in their field as well as Patent/Trade Mark and Designs intellectual property qualified individuals have become more prevalent throughout the organisation and training and development is more highly encouraged in the spheres in which such individuals work (Chapter 5 at 5.3.13.7).

8.4.3.5.5 Dealing with corporate matters

Corporate matters are handled at Board level when pre-agency days they were handled at parent departmental level. Matters such as IT strategy and project management, policy for operational strategy in “Awareness Campaigns for Intellectual Property” and allocation of finance to support such strategies bear out the observation and experience of UKIPO officials.

This has placed a considerable responsibility on the shoulders of the management of the organisation and given the commercial implications to fund its operations, the agency has had to ensure that its financial practices are sound to deal with these new corporate responsibilities. The change to accrual accounting of its finances and the employment of professional staff in the finance work areas reflects the impact of “Trading Fund” status on the organisation and the commercialisation of its operation and is in complete contrast to pre-agency days where such practices were not employed.

8.4.3.5.6 A business ethos

Competition from the European Patent Office in making reductions in its fees for its services in the intellectual property field and OHIM overcoming its problems made for a more competitive environment for the UKIPO. Accordingly, business management application such as ‘sensitivity analysis’ were undertaken in the UKIPO to determine the likely effect of possible changes in business demand. Such practices would unlikely, arguably, not have been contemplated in the pre-
agencification work environment in the public sector. Decision making on the basis of this assessment confirmed the belief that meeting business needs, quality of service and a timely service has remained essential to the success of the UKIPO.

The operation of commercial accounting and the requirement to provide the Treasury with a return on capital employed under agency status and Trading Fund status placed a business ethic upon the organisation. So from this perspective and the requirement to meet all operations from fee income means that the organisation is operating on a business ethic. So agency and Trading Fund status has brought about the business ethos and this was acknowledged in the interviewing responses of UKIPO staff.

8.4.4 Differences unrelated to agency status

8.4.4.1 General

8.4.4.1.1 Relocation and staff changes on a large scale

Whilst relocation to Newport South Wales occurred around the agencification of the UKIPO the decision to relocate had been decided prior to and outside the context of the decision for the Office to become an agency. It is argued from research material that increased performance has been a result of new staff whose enthusiasm and motivation and the effect of cost reduction from London levels of expenditure has brought about higher output, lower costs and a higher level of efficiency. It is also argued that relocation and its associated factors unrelated to agency factors had a more significant impact on performance of the organisation than agency has done.

Relocation of the organisation from London albeit that a small satellite office remained in London was a significant change for the organisation. So the impact of agency status and the subsequent changes in the organisation could it is argued not be solely attributable to agency status being granted to the
organisation. This was clearly the feedback from research within the UKIPO organisation.

8.4.4.1.2 Competition

Accessibility mechanisms for the speedy and predictable settlement of intellectual property disputes and enforcement of intellectual property rights were also seen as essential for a successful intellectual property regime independent of agency status influence. High levels of financial investment in information technology (Chapter 5 at 5.3.7) were also seen as a key strategic issue for the UKIPO for increasing the competitive advantage of the UK intellectual property system users against other European and international offices etc.

In terms of performance, customer satisfaction, fees, etc customers have options to choose where they can lodge their intellectual property claims. This provides a “market” environment for the UKIPO and so unlike pre-agency days it must compete to ensure fee income covers costs a prerequisite of “Trading Fund” agencification of the Office status.

Competition has enforced the organisation to continue to evaluate itself against such competition to be competitive in terms of efficiency and effectiveness and to provide customers with a value for money service. This would have happened irrespective of the organisation being an agency or a constituent part of a parent department in the mainstream of government and this point was readily acknowledged in research data.

8.4.4.2 Policy

8.4.4.2.1 Policy drivers

The drivers for policy change have centred upon the Innovation Report (DTI 2003) promotion of global trade and the European Community Internal Market through harmonisation of international and European rules in intellectual property rights practice. The Office has promoted an encouraging outlook for
greater use of intellectual property to provide protection for innovators and accessible technical information to increase the flow to market of innovative products and services and benefit UK plc as IP has become higher profile.

8.4.4.2.2 Greater international influence on the organisation

Since 1988 there has been greater emphasis on international matters of intellectual property rights and a need to make industry and commerce aware of how rights could be exploited (The Patent Office Corporate Plan 1991).

Marketing of intellectual property awareness has become more focussed (Chapter 5 at 5.3.8.7 and Chapter 6 at 6.13) and target orientated towards specific audiences and has reflected the ‘commercialism’ of the organisation than had hitherto been followed pre-agency status standing.

The UKIPO has played an active contributing role in European legislation decision making. Closer harmonisation of laws on the intellectual property front has also been a focus for the Office as well as maintaining an immediate responsive approach to meeting customer needs encouraged by customer input, Ministers and the needs of the intellectual property community.

Irrespective of agency status the organisation would have had to adapt to international and European influence as well as play a full role in shaping international and European legislation for intellectual property. In this respect over time, the organisation has become closer to policy input (for example SABIP aims) and decision making than pre-agency status dissipating the significance of agency status.

8.4.4.2.3 Greater input to policy decisions with more transparency for the public domain

It is clear from all the interview material gathered on policy that input to policy decision making is far more widespread from customer input to UKIPO officials (Chapter 6 at Table 6.2) brought about by customer liaison and improved
communication on a much broader scale than hitherto pre-agency status days (Chapter 6 at 6.4.1.1).

Input to policy on the international and European front has emanated from a need to harmonise intellectual property legislation internationally and European wide. The UKIPO has been at the forefront of such input to policy from feedback from its customers and stakeholders which has brought the organisation closer to the centre of government policy making from an intellectual property perspective it was believed. This has raised the question as to whether the organisation has now been subsumed back into a main stream government department undertaking policy work for which agency status for agencies had not been the intention under agency criteria of the “Next Steps Initiative”.

8.4.4.3 Performance

8.4.4.3.1 Performance output and cost effectiveness

The comments made above in terms of relocation reflect a view held that performance output and cost effectiveness have stemmed from relocation, new staff, information technology enhancements and a TQM and customer focus in relation to the “Citizen’s Charter” mark scheme not agency per se (Chapter 6 at 6.6.2.3)

The “Citizen’s Charter” and its principles sought to achieve quality performance aims and was at the heart of government policy. The “Citizen Charter” was therefore seen as placing choice in the hands of the customer to provide a results orientated environment where performance was measured and rewarded in the provider organisation through performance pay for results. The approach underlined the radical change to Civil Service policy and practice of the past and highlighted the fundamental change to terms and conditions under which Civil Servants and public sector workers had traditionally worked that is, process to a results focus.
The fundamental spirit of the “Citizen’s Charter” and its policies did appear to represent an assertion of the answerability and accountability of Civil Servants and public sector workers to the public, a commitment to constant internal scrutiny of standards of service provision within government departments and agencies and a willingness on the part of the official machine to be exposed to a wider more public scrutiny and customer focussed set of activities.

The monitoring and publication of performance of agencies has been made more transparent by publication of agency targets and performance against them and allowed for comparison of performances from one year to the next on how it delivered its services. This approach was new to the organisation and again a step change from the past albeit its report and accounts data publication was a requisite of legislation prior to agency status. The “Balanced Scorecard” model which balances priorities in the organisation has gained in acceptance across the organisation and performance is more tempered with other aims and objectives of the agency and potentially has reduced possible tension over target level setting for year on year improvements.

8.4.4.4 Strategy

8.4.4.4.1 External influence

The UKIPO had had to adapt to the factors in the environment for example competition, government influence for it to raise intellectual property awareness and more intensely link it to economic benefit for the country and the business world (Chapter 5 at Table 5.3). This has not been a consequence or legacy of agency status.

8.4.4.5 Management

8.4.4.5.1 Focus

Management has been required to provide value for money. The provision of facilities for electronic trading to reduce costs, increase income, keep motivated staff, promote innovation and to ensure that targets are achieved in the context
of the 10,3,1 year goals reflect a management and Human Resources focus geared to meeting business needs and achievement to survive not necessarily related to the organisation’s status but more a reflection on management skills.

8.4.5 Continuity pre and post agency status

Changes have inevitably led to the organisation needing to adapt to the influences identified above yet it has maintained its regulatory role and function in providing valid intellectual property rights. It could be argued from my research that a considerable degree of no change and continuity from the past has remained (Chapter 6 at Tables 6.1, 6.2, 6.3, 6.7 and 6.8).

8.4.5.1 General

8.4.5.1.1 Statutory and regulatory rights

The statutory and regulatory rights of the organisation to promote a high standard of intellectual property rights have remained albeit that over time amendments to legislation arose and the UKIPO continues to provide the intellectual property granting rights it had from the Office’s inception (Chapter 5 at Table 5.3)

8.4.5.1.2 Staff

The UKIPO employees have remained Civil Servants of the Crown (Chapter 5 at Table 5.3).

8.4.5.2 Policy

8.4.5.2.1 Governmental control overall

Albeit that the UKIPO has been repositioned within government Ministries and departments as the profile of intellectual property and the work that it does has risen up the political agenda, government remains in control of the UKIPO from a political perspective as does the Treasury from a financial perspective. This is evidenced by interviewee comments from UKIPO staff and from Framework Documents which set out the terms of reference by which the agency operates.
Whilst the organisation has more autonomy over its operational activities and has greater say in its policy agenda, Whitehall and Ministers continue to have overall control and have the final say in determination of policy and strategy. This is supported by documentation and oral views of Management Board members who experience the opportunity to input policy views for the Ministers, from feedback from the Office’s customers and users of the IP system and such policy finds itself incorporated into Framework Documents and Corporate Plans.

Despite the changes over time the UKIPO has continued to operate its policy function within the agency (Chapter 6 at 6.4.2.4) with a departmental line management responsibility to a parent department of government.

As an executive agency of the Department of Business, Innovation and Skills (BIS) now with Trading Fund status, the UKIPO is governed by five key documents: the Framework Document, which provides the formal structure for its relationship with BIS, their parent Department; the Trading Fund Order, which sets out the activities it can undertake using the funds it recovers from fee payers; the Fees Order, which sets out the services it is entitled to charge fees for; the Accounting Officer Letter, issued to successive Chief Executives, setting out the requirements for financial control, governance and accountability (broadly applying to the Office the same standards applied to main Departments, with certain exceptions for example in respect of staffing and other personnel matters); the Corporate Plan, which sets out the UKIPO’s programme of work and priorities. This reflects the political influence over UKIPO’s activities.

8.4.5.2.2 Policy department remaining within the agency

The Policy department remains in the UKIPO and has seen expansion of late. Debate has continued over time about its position in or outside of the agency but given the substantial support and input to international and European policy discussion and decision making as well as the creation of SABIP funded by the UKIPO it is likely to continue in-house.
8.4.5.2.3 Treasury budgetary and financial control and fee determination

Fee setting levels for the UKIPO services and pay level ceilings for UKIPO staff is a clear indication that the organisation is subject to Treasury guidelines and that agency status has not affected this relationship (Chapter 6 at 6.2.1.1). Criteria to meeting capital expenditure and programme spend such as IT advancement and enhancement continue to have to meet departmental guidelines as does the reporting of financial transactions following Government Accounting Regulations albeit now under Commercial (Accrual) Accounting practice. This reflects the limitation of autonomy in financial decision making.

The issue of the Report and Accounts remains a statutory requirement for the organisation and subject to audit by the National Audit Office.

8.4.5.3 Performance

8.4.5.3.1 Performance measurement

Analysis of the performance indicators in Corporate Plans and agency targets in Annual Report and Accounts are evidence of the expansion of performance measures as emphasis was placed on targets since agencification of the UKIPO. However the core work areas of the Office pre-agency days did have performance measures but now the expansion of criteria to measure performance has engulfed the whole organisation. But it should be recognised that the UKIPO pre-agency days was one of the few government departments that had performance measurements pre-agency status for its staff. So continuity of performance measurement has remained at the UKIPO.

8.4.5.3.2 Performance

The appointment of a Minister for Intellectual Property (Chapter 5 at 5.3.5) underlines the link to, and accountability to, Ministers, government and Parliament for its performance. In the pre-agency days the Comptroller-General reported to DTI Ministers on the work of the agency, today the CEO similarly
complies with Ministers and is responsible for advising Ministers and reporting on the performance of the UKIPO.

Although there is a change of practice whereby now Ministers can directly raise any matters concerning the UKIPO directly with the Office whereas before they raised matters with Ministers of the parent department of the agency and they in turn responded having sought advice from the office, the accountability to Ministers and Parliament remains (Chapter 5 at 5.3.8.2).

8.4.5.3.3 Issuing of Report and Accounts

Nothing has changed in this respect. Parliament has always required Report and Accounts to be produced setting out the accounts of the organisation. Although the format of accounting has changed (Accrual/Commercial Accounting) this does not deflect from the long standing requirement.

8.4.5.4 Strategy

8.4.5.4.1 Focus

The strategy embedded within the corporate plans remain a quality of service to the customer with all that that implies about, consistency, professionalism and clarity of purpose within the work context, the promotion and awareness of intellectual property rights and promoting the UK’s interests through harmonising, modernising and simplifying international intellectual property laws. These core values pre-agency status remain in the UKIPO.

8.4.5.4.2 Raising awareness of intellectual property rights

This activity has increased substantially over time evidenced by the Framework Documents and Corporate Plans and the UKIPO aims and objectives. The scale of raising awareness of intellectual property rights is unprecedented from its earlier pre-agency status awareness campaigns but nonetheless was a feature before agency status.

8.4.5.5 Management
8.4.5.5.1 Accounting to Ministers and Parliament

Although the process of reporting to Ministers and Parliament has changed over time the essence of reporting and accounting to Ministers, Parliament and NAO has not changed (Chapter 5 at Table 5.3).

8.4.5.5.2 Organisation accountability and staff accountability as Civil Servants of the Crown

As Civil Servants of the Crown staff continue to be subject to the Crown under its conditions of service (Chapter 5 at Table 5.3).

The management of the UKIPO has remained in the hands of the Management Board but the Board has been enhanced and its numbers and its responsibilities were extended to deal with the new agency status granted to it. The current Board members reflect a more policy orientated focus than that of management of operations respondents to the research observe and argue.

8.5 Overview

In relation to general factors affecting change and continuity Table 6.1 set out the factors believed to be influential in bringing about change and continuity in the UKIPO. Analysis of the factors and probing of interviewees on their conclusions of change related and unrelated to agency status and continuity and the most influential factors affecting the agency from 1988 to 2008 identified the factors as set out in Tables 8.1 and 8.2.

In parallel the research questions focussed upon policy, performance, strategy and management to determine factors affecting change. Tables 6.2 (policy) 6.3 (performance) 6.7 (strategy) 6.8 (management) reflect the analysis of the responses from the research material on the question of change and continuity in the UKIPO. Analysis of these factors and probing of interviewees on their conclusions of change related and unrelated to agency status and continuity and the most influential factors affecting the agency from 1988 to 2008 identified the factors as set out in Tables 8.3 to 8.10.
The overall analysis reveals the substantive influence of outside factors affecting change in the UKIPO apart from those factors related to agency status. In addition there are a considerable number of factors which reflect continuity throughout the time period pre and post agency status.

8.6 Summary

8.6.1 Civil Service – a historical review

“New Public Management” components and themes identified by commentators emanating from the desire by government to improve public sector service delivery have been promulgated into the UKIPO and have produced a results ethos and performance improvement for the UKIPO since 1988, resulting in an improvement in public sector service delivery. The results focus has been built on process and a business ethos (arguably by some commentators could not work in practise) which pervades the organisation.

A performance-related perspective prevailed in the UKIPO until about mid-2005 when policy then re-asserted itself in the strategic focus of the UKIPO given the economic climate of UK plc. Problems and tensions arising from agencification anticipated by some commentators in respect of expected year on year improvements did not appear to arise in the UKIPO and the “Balanced Scorecard” management tool has ensured continuance here.

The themes of competition, customer choice and influence, performance measurement and revenue to support operations reflect the “New Public Management” ethos in the UKIPO along with greater delegation of personnel matters.

There was a belief that publication of performance and customer focus was a motivator to achieve targets by commentators, but it was the recognition that the UKIPO needed to be competitive to ensure the longevity of the UKIPO that was the motivator to achieve. Relocation of the UKIPO was also believed to have been a significant and main contributor to increased performance.
The publication of Framework Documents and Corporate Plans has provided transparent strategic focus for the UKIPO and other agencies which commentators anticipated.

Budgetary control, decentralisation through agency creation and managerialism in agencies endorsed the economistic, incrementalist and particularist style of management promulgated through Trading Fund status, performance measurement and a results focus. The managerial teams in the UKIPO equate to managerial leadership groups identified by commentators as being needed for success. As for accountability, argued by commentators to be enhanced through agencification the feedback from UKIPO research suggests that accountability through continuous financial audit and Court decisions over validity of intellectual property rights granting by the UKIPO diminishes the accountability issues which have always been relevant and existed for the organisation.

8.6.2 Agencification concept

It has been recognised that there is difficulty assessing the impact of agencification. Indications are that agencies are the preferred form of delivering central government services but the research at the UKIPO suggests that politicians are also keen to keep a close relationship with the agency for gaining valuable feedback and policy contribution towards what users of the service want in order to set policy.

As a result a more cohesive and communicative policy and service delivery outcome has ensued and a closer link between parent department and agency in contrast to other outcomes in other agencies.

The traditional Civil Service image has passed. The “New Public Management” and agencification factors have had an effect on government departments, but research at the UKIPO reveals significant factors of relocation, new motivated staff, competition, customer driven expectation (“Citizen’s Charter”) information
technology and performance monitoring unrelated to agency status as having a powerful effect if not more so on its improved performance. Also that incremental target setting alleviated potential problems of consistency of performance reporting.

Whilst it had been argued that Ministers and departments had become detached from agencies leading to problems on strategic aims, this had not been evident from research at the UKIPO and secondary data in Framework Documents and Corporate Plans. Equally, this view was supported from primary data from UKIPO staff.

Under Trading Fund status financial delegation has provided for a degree of flexible decision making. Commercial accounting has brought a more focussed, budgetary regime to the organisation.

8.6.3 UKIPO perspective

8.6.3.1 General

Taking into account the summary from the research findings at Chapter 6 (Table 6.1) relating to general factors affecting change and continuity in the UKIPO 1988-2008 analysis of the responses to research questions 1a and 2a coupled with responses to research questions 3a and 3b reveals at Table 8.1 the general conclusions of change related/unrelated to agency status and continuity and at Table 8.2 the most influential factors affecting the agency as follows:
### Table 8.1

General Conclusions of Change Related and Unrelated to Agency Status and Continuity 1988-2008

<table>
<thead>
<tr>
<th>General</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conclusions of change and continuity</td>
<td>Department to agency</td>
<td>Relocation and new working conditions</td>
<td>Statutory granting rights/Regulatory core business standards maintained</td>
</tr>
<tr>
<td></td>
<td>Trading Fund status and budgets to fund operations</td>
<td>New staff who valued jobs</td>
<td>Moving back to the department centre with closer relationship</td>
</tr>
<tr>
<td></td>
<td>Targets and publication of achievement against them</td>
<td>Latterly greater intellectual property importance and policy higher profile gives UKIPO greater input opportunity and flexibility to influence and challenge policy with users and stakeholders support</td>
<td>Pay levels within Government/Treasury limits</td>
</tr>
<tr>
<td></td>
<td>More detailed Report and Accounts</td>
<td>Competition</td>
<td>Less emphasis to make improvements year on year in latter years since mid-2005</td>
</tr>
<tr>
<td></td>
<td>More time devoted to corporate matters</td>
<td>Latterly staff numbers of less concern</td>
<td>There continues measurement of performance for Patent, Trade Mark and Designs processing as there was pre-agency status</td>
</tr>
<tr>
<td></td>
<td>No requirement to comply with central departmental staff number issues</td>
<td>Latterly less emphasis on efficiency already ingrained in culture of agency</td>
<td>NAO audit</td>
</tr>
<tr>
<td></td>
<td>Better communication</td>
<td>Self motivation of staff to perform</td>
<td>Capital investment decision making must follow departmental guidelines</td>
</tr>
<tr>
<td></td>
<td>Framework Documents and Corporate Plans focus giving clearer strategy</td>
<td>Marketing intellectual property not UKIPO</td>
<td>UKIPO staff still Civil Servants</td>
</tr>
<tr>
<td></td>
<td>More policy officers can be recruited under staff recruitment delegation</td>
<td>Total Quality Management in 1990s</td>
<td>Core aims and objectives</td>
</tr>
</tbody>
</table>
Table 8.2

General Factors of Most Influence Affecting the Agency 1988-2008

<table>
<thead>
<tr>
<th>General</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors of most influence affecting the agency</td>
<td>Trading Fund status and Return on Investment to the Treasury</td>
<td>Relocation</td>
</tr>
<tr>
<td></td>
<td>Communication links with customers and Ministers</td>
<td>Vibrant new staff replacing “old guard” with greater motivation</td>
</tr>
<tr>
<td></td>
<td>Technical staff retained on a career focus gives stability and development of systems opportunities not present before</td>
<td>Government interest and higher profile in intellectual property to help it support the economy and British business now provides the agency with more opportunity to influence and lead on policy and put policy at core of activities</td>
</tr>
<tr>
<td></td>
<td>Business ethos and needing to adhere to budgets</td>
<td>Legislation changes</td>
</tr>
<tr>
<td></td>
<td>Steering Board input to strategy based upon their expertise, knowledge and experience</td>
<td>Competition from Europe and internationally</td>
</tr>
<tr>
<td></td>
<td>Operating on a commercial basis</td>
<td>Cost of service delivery</td>
</tr>
<tr>
<td></td>
<td>Target setting</td>
<td>Information Technology facilities enhancements</td>
</tr>
<tr>
<td></td>
<td>Customer focus</td>
<td>Customer influence</td>
</tr>
<tr>
<td></td>
<td>More performance measurement and performance indicators</td>
<td>New legislation and harmonisation of policy on intellectual property system giving more flexibility for users</td>
</tr>
<tr>
<td></td>
<td>Monitoring performance</td>
<td>Designated IP Minister 2008</td>
</tr>
<tr>
<td></td>
<td>Emphasis on results but lessened since mid-2005</td>
<td>Modernising Government White paper</td>
</tr>
</tbody>
</table>

8.6.3.2 Policy

Taking into account the summary from the research findings at Chapter 6 (Table 6.2) relating to policy factors affecting change and continuity in the UKIPO 1988-2008 analysis of the responses to research questions 1a, 1b and
2a coupled with responses to research questions 3a and 3b reveals at Table 8.3 the policy conclusions of change related/unrelated to agency status and continuity and at Table 8.4 the most influential factors affecting the agency.

Table 8.3
Policy Conclusions of Change Related and Unrelated to Agency Status and Continuity 1988-2008

<table>
<thead>
<tr>
<th>Policy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conclusions of change and continuity</td>
<td>Department to agency</td>
<td>Relocation</td>
<td>Bureaucratic approach remains for statutory granting rights/Regulatory and core business standards maintained</td>
</tr>
<tr>
<td></td>
<td>Trading Fund status and budgets</td>
<td>EU and international competition</td>
<td>Moving back to the centre with more policy input to central government</td>
</tr>
<tr>
<td></td>
<td>Targets and publication of achievement against them</td>
<td>Harmonisation of intellectual property laws</td>
<td>Pay levels within Government/Treasury limits</td>
</tr>
<tr>
<td></td>
<td>No requirement to comply with central departmental staff number issues</td>
<td>Latterly policy higher profile gives UKIPO greater input opportunity and flexibility to influence and challenge policy with users and stakeholders support</td>
<td>Less emphasis to make improvements year on year in latter years since mid-2005</td>
</tr>
<tr>
<td></td>
<td>Application of Framework Documents and Corporate Plans focus giving clearer strategy</td>
<td>Latterly staff numbers of less concern</td>
<td>There continues measurement of performance for Patent, Trade Mark and Designs processing as there was pre-agency status</td>
</tr>
<tr>
<td></td>
<td>More policy officers can be recruited under staff recruitment delegation</td>
<td>Latterly less emphasis on efficiency already ingrained in culture of agency because of self-motivation of staff to perform</td>
<td>NAO audit</td>
</tr>
<tr>
<td></td>
<td>More professionalism needed to meet service quality and expectations for customers</td>
<td>Marketing intellectual property not UKIPO</td>
<td>UKIPO staff still Civil Servants</td>
</tr>
<tr>
<td></td>
<td>Local decision making to a more informed staff</td>
<td>Total Quality Management in 1990s</td>
<td>Capital investment must equate with departmental guidelines</td>
</tr>
</tbody>
</table>
Table 8.4
Policy Factors of Most Influence Affecting the Agency 1988-2008

<table>
<thead>
<tr>
<th>Policy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors of most influence affecting the agency</td>
<td>Trading Fund status and Return on Investment to the Treasury</td>
<td>Relocation</td>
</tr>
<tr>
<td></td>
<td>Communication links with customers and Ministers</td>
<td>Government interest and higher profile in intellectual property to help it support the economy and British business now provides the agency with more opportunity to influence and lead on policy and put policy at core of activities</td>
</tr>
<tr>
<td></td>
<td>Technical staff retained on a career focus gives stability and development of systems opportunities not present before</td>
<td>Customer influence</td>
</tr>
<tr>
<td></td>
<td>Business ethos and needing to adhere to budgets</td>
<td>Competition from Europe and internationally</td>
</tr>
<tr>
<td></td>
<td>Steering Board input to strategy based upon their expertise, knowledge and experience</td>
<td>Cost of service delivery</td>
</tr>
<tr>
<td></td>
<td>Operating on a commercial basis</td>
<td>Information Technology facilities enhancements</td>
</tr>
<tr>
<td></td>
<td>Target setting</td>
<td>Legislation changes</td>
</tr>
<tr>
<td></td>
<td>Customer focus</td>
<td>New legislation and harmonisation of policy on intellectual property system giving more flexibility for users</td>
</tr>
<tr>
<td></td>
<td>More performance measurement and performance indicators</td>
<td>Designated IP Minister 2008</td>
</tr>
<tr>
<td></td>
<td>Monitoring performance</td>
<td>Modernising Government White paper</td>
</tr>
<tr>
<td></td>
<td>Emphasis on results but lessened since mid-2005</td>
<td></td>
</tr>
</tbody>
</table>

8.6.3.3 Performance

Evidence from the UKIPO case study research indicates that the “Next Steps” approach brought about a more business focussed and performance-orientated approach in the UKIPO. The UKIPO Report and Accounts publications 1990-
2008 where compatibility allows, suggests that agency performance has shown an improving trend and is underlined by comments from UKIPO staff and evidence provided by customer survey reports.

The conclusions that can be drawn in terms of performance are that trends in improvement in public sector performance in the UKIPO will continue because:

- although targets are not being emphasised on the efficiency and quality of service front reports will wish to report improvement in the UKIPO
- performance indicators will continue to provide evidence of performance improvement and measurement of performance
- the effect of decentralisation had not adversely affected the UKIPO and its standing in the intellectual property field, it had been enhanced through its performance and customer feedback reported in interview by UKIPO interviewees reporting on customer survey results
- whilst it was argued that there was insufficient evidence on ‘what works’ in bringing about improvement in public services the UKIPO customer surveys reported by interviewees indicated that customer consultation and trying to understand customer needs were key factors

Taking into account the summary from the research findings at Chapter 6 (Table 6.3) relating to performance factors affecting change and continuity in the UKIPO 1988-2008 analysis of the responses to research questions 1a, 1b and 2a coupled with responses to research questions 3a and 3b reveals at Table 8.5 the performance conclusions of change related/unrelated to agency status and continuity and at Table 8.6 the most influential factors affecting the agency as follows:
Table 8.5

Performance Conclusions of Change Related and Unrelated to Agency Status and Continuity 1988-2008

<table>
<thead>
<tr>
<th>Performance Conclusions of change and continuity</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department to agency</td>
<td>Relocation</td>
<td>Core aims and objectives</td>
<td></td>
</tr>
<tr>
<td>Trading Fund status to operate commercially for</td>
<td>Vibrant, motivated new</td>
<td>Statutory granting</td>
<td></td>
</tr>
<tr>
<td>a Return on Capital Employed to Treasury</td>
<td>staff replacing &quot;old</td>
<td>rights/Regulatory core</td>
<td></td>
</tr>
<tr>
<td>Targets and publication of achievement against</td>
<td>guard&quot;</td>
<td>business standards</td>
<td></td>
</tr>
<tr>
<td>them</td>
<td>Retention of quality</td>
<td>maintained</td>
<td></td>
</tr>
<tr>
<td>More time devoted to corporate matters</td>
<td>staff who valued their</td>
<td>Professionalism in</td>
<td></td>
</tr>
<tr>
<td>Better communication</td>
<td>jobs</td>
<td>conducting Hearings</td>
<td></td>
</tr>
<tr>
<td>More policy officers can be recruited under staff</td>
<td>Latterly less emphasis</td>
<td>and granting intellectual</td>
<td></td>
</tr>
<tr>
<td>recruitment delegation</td>
<td>on efficiency already</td>
<td>property rights</td>
<td></td>
</tr>
<tr>
<td>More professionalism</td>
<td>ingrained in culture of</td>
<td>Moving back to the</td>
<td></td>
</tr>
<tr>
<td>Year on year improvements</td>
<td>agency because of self-</td>
<td>centre</td>
<td></td>
</tr>
<tr>
<td>Agency bonus for achievement</td>
<td>motivation of staff to</td>
<td>Less emphasis to</td>
<td></td>
</tr>
<tr>
<td>Greater operational effectiveness, efficiency,</td>
<td>perform</td>
<td>make improvements</td>
<td></td>
</tr>
<tr>
<td>quality of output and service delivery to</td>
<td>Competition</td>
<td>year on year in latter</td>
<td></td>
</tr>
<tr>
<td>customers - responding to their needs</td>
<td>Part time working,</td>
<td>years since mid-2005</td>
<td></td>
</tr>
<tr>
<td>Political pressure to perform</td>
<td>Flexible Working Hours,</td>
<td>There continues</td>
<td></td>
</tr>
<tr>
<td>Budgets</td>
<td>Home-working, affect</td>
<td>measurement of</td>
<td></td>
</tr>
<tr>
<td></td>
<td>decisions on strategy</td>
<td>performance for</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Standards</td>
<td>Patent, Trade Mark</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Better processes</td>
<td>and Designs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IT enhancements</td>
<td>processing as there</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Survival</td>
<td>was pre-agency status</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NAO audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>UKIPO staff still Civil</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Servants</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Funding operations</td>
<td></td>
</tr>
</tbody>
</table>
Table 8.6

Performance Factors of Most Influence Affecting the Agency 1988-2008

<table>
<thead>
<tr>
<th>Performance</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
</tr>
</thead>
</table>
| Factors of most influence affecting the agency | Trading Fund status and Return on Investment to the Treasury  
Technical staff retained on a career focus gives stability and development of systems opportunities not present before  
Business ethos and needing to adhere to budgets  
Steering Board input to strategy based upon their expertise, knowledge and experience  
Operating on a commercial basis  
Target setting  
Customer focus  
More performance measurement and performance indicators  
Monitoring performance  
Emphasis on results but lessened since mid-2005 | Relocation  
Vibrant new staff replacing “old guard”  
Competition from Europe and internationally  
Cost of service delivery  
Legislation changes  
Information Technology facilities enhancements  
Income  
Survival |

8.6.3.4 Strategy

Taking into account the summary from the research findings at Chapter 6 (Table 6.7) relating to strategy factors affecting change and continuity in the UKIPO 1988-2008 analysis of the responses to research questions 1a,1b and 2a reveals at Table 8.7 the strategy conclusions of change related/unrelated to agency status and continuity and at Table 8.8 the most influential factors affecting the agency as follows:
Table 8.7

Strategy Conclusions of Change Related and Unrelated to Agency Status and Continuity 1988-2008

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conclusions of change and continuity</td>
<td>Framework Documents and Corporate Plans</td>
<td>Competition</td>
<td>Core business aims and objectives</td>
</tr>
<tr>
<td></td>
<td>Improving public services</td>
<td>International focus</td>
<td>Government decides strategy overall</td>
</tr>
<tr>
<td></td>
<td>Government parent department and stakeholders have input to strategy decision making</td>
<td>Intellectual property in education and business campaigns</td>
<td>Other government bodies have influence for example finance for strategy</td>
</tr>
<tr>
<td></td>
<td>Team basis and consensus approach</td>
<td>Harmonisation of IP legislation</td>
<td>Finance for supporting SABIP</td>
</tr>
<tr>
<td></td>
<td>Steering Board and UKIPO Management input plus Leadership Conference</td>
<td>An innovation support strategy</td>
<td>National interest in a high quality service of intellectual property right validity</td>
</tr>
<tr>
<td></td>
<td>Little or no recognised strategy existed pre-agency status, now strategy wider</td>
<td>Intellectual property protection enforcement focus</td>
<td>Income to break even on operations</td>
</tr>
<tr>
<td></td>
<td>Customer preferences focussed upon</td>
<td>Investors in People</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,3,1 year goals</td>
<td>“Balanced Scorecard” approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance and commercial targets and revenue strategy</td>
<td>Higher intellectual property profile</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human Resources strategy</td>
<td>ISO accreditation targets</td>
<td></td>
</tr>
</tbody>
</table>
Table 8.8

Strategy Factors of Most Influence Affecting the Agency 1988-2008

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors of most influence affecting the agency</td>
<td>Customer preferences focussed upon</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Staff involvement</td>
<td>Up-skilling the organisation</td>
</tr>
<tr>
<td></td>
<td>Target setting</td>
<td>Retention of policy input</td>
</tr>
<tr>
<td></td>
<td>Publication of strategy in Framework Documents and Corporate Plans</td>
<td>CEO direction</td>
</tr>
<tr>
<td></td>
<td>Return on investment required</td>
<td>Innovation Report 2003</td>
</tr>
<tr>
<td></td>
<td>Financial responsibilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Little or no strategy focus pre-agency status</td>
<td></td>
</tr>
</tbody>
</table>

8.6.3.5 Management

Taking into account the summary from the research findings at Chapter 6 (Table 6.8) relating to management factors affecting change and continuity in the UKIPO 1988-2008 analysis of the responses to research questions 1a,1b and 2a coupled with research questions 3a and 3b reveals at Table 8.9 the management conclusions of change related/unrelated to agency status and continuity and at Table 8.10 the most influential factors affecting the agency as follows:
**Table 8.9**

Management Conclusions of Change Related and Unrelated to Agency Status and Continuity 1988-2008

<table>
<thead>
<tr>
<th>Management</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conclusions of change and continuity</td>
<td>Better value for money because decisions have to be implemented from resources of fees, so cost reduction and efficiency</td>
<td>Competition</td>
<td>Civil Servants</td>
</tr>
<tr>
<td></td>
<td>CEO influences management direction and strategy within the Framework Document and Corporate Plan – finance, quality, international networking standing and economics</td>
<td>Need for more skills-professionalism-qualifications etc for example-CIPD qualified</td>
<td>Accountable to Ministers and Parliament and the Crown and the Civil Service Code of Practice</td>
</tr>
<tr>
<td></td>
<td>Closer related to management issues now</td>
<td>Vacancies advertised externally</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management and finance given greater weight and more responsibility</td>
<td>Improved communication</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Greater emphasis on income rather than administration and expenditure</td>
<td>Closer to the centre because of intellectual property policy higher up the political agenda</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wider decision making responsibilities (strategy, resource allocation priorities, organisation monitoring staffing, finances)</td>
<td>Strategic management for example: Total Quality Management and “Balanced Scorecard” to meet customer needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer expectations and satisfaction</td>
<td>Improving quality focus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business ethos</td>
<td>Survival</td>
<td></td>
</tr>
</tbody>
</table>
Table 8.9 (continued)

Management Conclusions of Change Related and Unrelated to Agency Status and Continuity 1988-2008 (continued)

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conclusions of change and continuity (continued)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Related to Agency Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management less formal and less remote</td>
</tr>
<tr>
<td>More interaction and communication between management, staff and customers to meet business needs</td>
</tr>
<tr>
<td>More drive towards project management</td>
</tr>
<tr>
<td>More high profile management and leadership</td>
</tr>
<tr>
<td>More professional managers and management in areas of policy, Human Resource Management etc to meet business needs</td>
</tr>
<tr>
<td>Better response to change</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unrelated to Agency Status</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Continuity</th>
</tr>
</thead>
</table>
8.6.3.6 Contradictions

In the context of private sector practice Osborne and Gaebler (1992) argued that government should not be “run like a business”. This was however at odds with the view expressed by Metcalfe and Richards (1990) who considered that to modernise public organisations it was necessary for government to become more like business which the “Next Steps Initiative” effectively advocated. This implied that there were benefits in terms of efficiency and effectiveness.

---

Table 8.10
Management Factors of Most Influence Affecting the Agency 1988-2008

<table>
<thead>
<tr>
<th>Management Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors of most influence affecting the agency</strong></td>
<td><strong>Risk and balancing income with expenditure in a competitive environment</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Application of Corporate Plan, policy, budgets, quality, efficiency,</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Managing expectations</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Over volume of material to absorb</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Terms and Conditions of staff against the private sector levels</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Performance in the public domain</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Framework Document and Corporate Plan</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Agency marketing</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Intellectual Property not UKIPO</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Customer satisfaction</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Quality and efficiency</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Management strategy, planning and marketing</strong></td>
</tr>
</tbody>
</table>
(Treasury and Civil Service Committee 1989 and 1990) in exposing public sector activities to market pressures. The interviewees believe that the UKIPO has successfully been run as a business. The UKIPO Report and Accounts 2007/2008 support this view.

Stark (2002) saw NPM on the one hand as a break from traditional principles of democracy and is diametrically opposed to NPM which focuses on efficiency and market based reforms which threatens democracy. Use of more or less business management ideas Metcalfe and Richards (1990) believed would not address issues of effectiveness (Treasury and Civil Service Committee 1989 and 1990) and produce more accountability. For O’Toole (1994) the question was whether private sector business practice was better than public sector practices? Evidence available of improved efficiency, effectiveness and quality was questionable, Clarke and Newman (1997) Pollitt, Birchall and Putman (1998) contended. But in the case study in this research incremental target setting research reflects improvement where comparison is possible and in the UKIPO case suggests that improvement in performance has occurred over time (Chapter 6 at 6.6.1.7).

8.6.3.7 Problems

There were questions over the communication links between policy and operational service delivery (Cabinet Office 2002) but the UKIPO research has not identified this problem evidenced by the cohesive strategic aims and objectives seen in Framework Documents and Corporate Plans. Greer (1994) recognised the rivalry between “process” and “results” focus; traditionalists versus reformers (Fabian Group Report 1947) and the generalists versus the specialists but there does not appear to have been this rivalry at the UKIPO who have developed results based upon process (for example by sophisticated information technology facilities) (Chapter 6 at 6.6.1.5) with generalists (administrators) integrating with specialists (for example intellectual property examiners). This has resulted in customer satisfaction at all levels.
8.6.3.8 Tensions

What has emanated from such changes since 1979 has brought tensions commentators reported as different changes have been introduced. Not least has been the tension arising from the centralised unitary Civil Service which it has been argued has been replaced by a multiplicity of discrete units Pollitt, Birchall, Putman (1998) report. But the UKIPO does not appear to have been affected from interviewee comments as they have continued to perform their core business activities expanded their customer service delivery and from mid-2005 got closer to government with policy input (Chapter 6 at 6.6.1.5) and strategic direction influenced through communication with customers and Ministers and the “Balanced Scorecard” approach (Chapter 6 at 6.6.2.4).

8.6.3.9 Trends

The conclusions that can be drawn from the research in terms of trends indicate that the UKIPO policy and operation will continue in-house and separately albeit that the focus and emphasis upon policy will be more evident in the intellectual property field and will continue over performance-related activities (Chapter 6 at 6.6.1.5).

The component parts of “New Public Management” will continue to operate in the UKIPO as the agency remains in a competitive intellectual property field. The link to SABIP and to the Minister for Intellectual Property will become more pronounced over time with policy input to support UK business and commerce. The significance of agencification will continue to dissipate.

8.7 Overview

In the context of executive agencies the UKIPO research in relation to commentators’ views and perspectives suggests that the agency has navigated through and around issues arising from agencification and brought change in the organisation to establish a sound, stable and strategically focussed organisation to meet the demands of its existence and role.
Bringing these factors together it is evident agencification factors have brought change in the UKIPO but so have other factors and influences unrelated to agency status arguably more influential than the factors associated with agencification. Factors and influences of this ilk in other agencies could equally have significantly affected change in these agencies but have been unreported.

It has been argued that decentralised governance has meant freedom within boundaries. The Trading Fund status provided more autonomy than was ever possible pre-agencification, evidenced from interviewee feedback and this allowed surplus revenue to be retained by the agency for future capital expenditure. But the decision making for large investment has been overseen at departmental level, so the essence of decentralisation autonomy is tempered, underlining the argument that there was freedom but within boundaries.

The performance issues are interesting against the perspective of Le Grand (2007) who contends that at least 5 basic attributes are equal to good public service, high quality, operated and managed efficiently, responsive to needs of users, accountable to tax payers.

The research indicates that high quality has been achieved in providing a service to its customers, evidenced from UKIPO interviewee feedback, etc and participative observation and agency target achievement reported in Corporate Plans and Report and Accounts of the UKIPO. The response of the UKIPO to the needs of users of the intellectual property system evidenced by agency performance targets shows achievement in these respects and by the UKIPO embarking upon strategies to find out about its customers and their needs. As for accountable to tax payers, Report and Accounts of the UKIPO audited by the National Audit Office which are in the public domain reflect accountability and with the UKIPO providing equality through communication with their customers whether independent or of company orientation all these factors endorse the perspective of Le Grand (2007) in providing the public with a good service. But the overall trend and findings in the UKIPO research is that many other factors have affected the outcomes of change.
In making comparisons against the role of agencies (Cabinet Office 2002) key principles I have determined that the UKIPO complied on the following fronts:

- structures were made appropriate to function through decentralisation of activities and accountability over time (Chapter 5, Fig 5.4)
- processes across departments were aligned to achieve key outcomes and results with focus upon customers needs and continuous improvement evidenced in Corporate Plans (Chapter 6, Table 6.3)
- clear strategic direction from agency targets to departments’ key targets were put into the public domain through Corporate Plans and Report and Accounts of the agency (Chapter 6, Table 6.4)
- regular reviews focussed on key outcomes rather than organisations and incremental changes to performance indicators to increase performance levels over time were applied (Chapter 6 at 6.6.1.8)
- a strategic framework for reporting on and responding to agency performance was put in place such as setting standards of performance (for example the Charter Mark criteria) (Chapter 6 at 6.6.2.3)
- forward planning with consultation with the Steering Board, Ministers and the UKIPO Management Board and delegations produced flexibility to manage and deliver services effectively (Chapter 6, Tables 6.5 and 6.6)

The organisation charts set out in Chapter 5 illustrate the developed structure, the management and focus over the time period to support its service delivery and its involvement in European and international policy. As for performance measurement, target setting and performance in the context of economy, efficiency and effectiveness (Treasury and Civil Service Committee 1989 and 1990) there is clear evidence of performance improvement evidenced by the information published in Corporate Plans and Report and Accounts.

Bringing all the findings together for the reasons for change and continuity in respect of responses to research question 2b provides a comprehensive picture of reasons for change related and unrelated to agency status and continuity. These perspectives drawn from Table 7.1 and from feedback from interviewees,
focus group and participative observation perspectives reported in Chapter 7 reflect the overview position in the UKIPO from 1988-2008. These reasons are set out in Table 8.11 below.

**Table 8.11**

Overview of Reasons for Change Related and Unrelated to Agency Status and Continuity in the UKIPO 1988-2008

<table>
<thead>
<tr>
<th>Overview</th>
<th>Related to Agency Status</th>
<th>Unrelated to Agency Status</th>
<th>Continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasons for change and continuity</td>
<td>More freedom on decision making</td>
<td>New staff and associated factors from relocation improved performance</td>
<td>Granting IP valid rights</td>
</tr>
<tr>
<td></td>
<td>More informed and better responding to change</td>
<td>New IP legislation with EU and international influence</td>
<td>Latterly from mid-2005 more aligned to government and line department emphasis and economic link away from performance albeit that performance counts</td>
</tr>
<tr>
<td></td>
<td>Aims and objectives in Framework Documents and Corporate Plans give direction</td>
<td>Competition is influence on strategy</td>
<td>Business could be run without agency tag, people in post know how to run a business and are willing to do it</td>
</tr>
<tr>
<td></td>
<td>Clearer and more wide ranging aims and objectives</td>
<td>Business could be run without agency tag, people in post know how to run a business and are willing to do it</td>
<td>Business could be run without agency tag, people in post know how to run a business and are willing to do it</td>
</tr>
<tr>
<td></td>
<td>More wide ranging role and commercially focussed</td>
<td>Information technology</td>
<td>Business in private sector like government agency balancing objectives all the time with resources</td>
</tr>
<tr>
<td></td>
<td>New projects funded by agency not department or Government</td>
<td>Survival</td>
<td>Survival</td>
</tr>
<tr>
<td></td>
<td>Targets</td>
<td></td>
<td>Granting IP valid rights</td>
</tr>
<tr>
<td></td>
<td>Customer focus</td>
<td></td>
<td>Latterly from mid-2005 more aligned to government and line department emphasis and economic link away from performance albeit that performance counts</td>
</tr>
<tr>
<td></td>
<td>Initial government pressure</td>
<td></td>
<td>Business could be run without agency tag, people in post know how to run a business and are willing to do it</td>
</tr>
<tr>
<td></td>
<td>Business mindset</td>
<td></td>
<td>Business in private sector like government agency balancing objectives all the time with resources</td>
</tr>
<tr>
<td></td>
<td>Steering Board input to decision making on implementation</td>
<td></td>
<td>Survival</td>
</tr>
<tr>
<td></td>
<td>More professionalism and qualification oriented</td>
<td></td>
<td>Liability</td>
</tr>
</tbody>
</table>

8.8 Strategic tools for assessing organisations

Apart from the research findings and analysis of the research material
culminating in the research findings conclusions set out above, the research has also uncovered an interesting connection and link to change and NPM promulgated in the Civil Service and public sector to effect improvement in performance in an organisation.

This link has been unrecognised and unreported (to my knowledge) by any other writers and commentators in this field of research. This is the link between NPM and its component parts (strategic tool) to effect improved performance in the Civil Service and public sector and the well established theoretical and practical steps in the field of corporate strategy to effect improved performance in organisations namely “PEST (STEEP)” analysis (Johnson and Scholes 1993) “Impact Analysis” (Johnson and Scholes 1993) the “McKinsey 7 S Framework” analysis (Peters and Waterman 1982) and “Building a capable organisation” (Crittenden and Crittenden 2008).

But more importantly from my research analysis I have now discovered key factors below that can potentially be used as two new dimensional strategic tools in effecting improved performance in an organisation to determine strategic direction and build a successful organisation. In the same vane as the above acronyms my strategic directional tools are:

<table>
<thead>
<tr>
<th>PRISMS</th>
<th>CASTLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy and Politics</td>
<td>Competition, customer influence</td>
</tr>
<tr>
<td>Relocation</td>
<td>communication</td>
</tr>
<tr>
<td>Income</td>
<td>Aims and objectives in the public domain</td>
</tr>
<tr>
<td>Staff and skills</td>
<td>Staff professionalism, style of operation</td>
</tr>
<tr>
<td>Motivation</td>
<td>Technology</td>
</tr>
<tr>
<td>Strategic management</td>
<td>Legislation</td>
</tr>
<tr>
<td></td>
<td>Environment for survival</td>
</tr>
<tr>
<td></td>
<td>Staff standards/systems (working practices)</td>
</tr>
</tbody>
</table>
This is a revelation since this underlines the known strategic decision making tools that could have been applied to provide solutions to improve Civil Service and public sector performance in government departments etc without agency status being introduced and implemented. This new knowledge in the public domain further underlines the questionability of the rationale for agency creation when such tools could have been applied particularly now where it would seem from research that agency status for the UKIPO and NPM has been a passing fashion. And, two new potential strategic tools for improving performance in organisations have now been uncovered from this research.

The final Chapter brings all the research together on the above different fronts.
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</tr>
</tbody>
</table>
CHAPTER 9

9.1 The Research

The research aims were to identify the factors affecting change in the UK government UK Intellectual Property Office over the period 1988 pre-agencification to 2008 following agencification in 1990 in the context of change in the public sector and Civil Service (Chapters 2 and 3). Within this context the research sought to discover what, how and why change and continuity has occurred, to what extent this has happened, the rationale behind such changes and continuity and the key influences that have brought this to bear.

The evidence obtained from the research determined that the UKIPO has been affected by agency status but more significantly that external factors over time have influenced change more so in the UKIPO from staff perspectives, in the context of policy, performance, strategy and management and the trajectory of the UKIPO. This has made the story to tell a much more complex one. The conclusions to the background research findings (Chapters 2 and 3) and those in the UKIPO (Chapters 5 to 7) analysed in Chapter 8 are reported below.

9.2 Research findings

9.2.1 Historical review

Analysis of the historical research review on public sector change over the 70 year period (Chapter 2) to determine the scope and analytical framework of the research indicated that the generalist themes of efficiency and management in the 1940s and 1950s achieved little success and similarly in the 1960s and 1970s. In the main this stemmed from resistance to change. But the themes of departmental management were taken forward as drivers of change into the 1980s and 1990s by consecutive Conservative governments in the form of the “Next Steps Initiative”, “Executive Agencies”, “Efficiency”, “New Public Management”, “Decentralisation”, “Accountability”, The “Citizens Charter” and “Best Value” themes.
The Conservative terms of office from 1979 until 1997 saw emphasis upon “New Public Management” with a “Results” ethos for service delivery. This led to a more decentralised government machine (agency creation) a performance-related management emphasis and a more business orientated perspective for those agencies with Trading Fund status. Labour governments from 1997 onwards continued to support the agencification concept. The changes from 1979 were initiated through the “Next Steps Initiative” focussing upon decentralisation, budgeting, better resource management and meeting customer service delivery standards, a move away from the traditionalist unitary Civil Service to a decentralised, fragmented, more managerial oriented group of government agencies delivering public services with agencies operating integrated private sector practices in public sector work environments.

The reasons behind the change emanated from a political, administrative and economic perspective. The political standpoint represented a desire for policy and management to be separate with Ministers focussing upon policy issues and the Civil Service operating departments with a managerial focus to improve performance. From an administrative perspective this represented a “Results” orientation to meet public service standards and expectations in contrast to the traditional “Process” approach to meet customer needs while from an economic perspective the move intended to reduce the cost of public sector expenditure.

9.2.2 Agencification concept

The conferring of agency status (agencification) (Chapter 3) on former government departments was to allow them to concentrate upon service delivery to an increased standard with emphasis upon customers. These activities were set in “Framework Documents” and “Corporate Plans”. Agencies operated as discrete, autonomous organisations. Ministers focussed upon policy issues. Argument continues about improved effectiveness and efficiency (Treasury and Civil Service Committee 1989, 1990) since agency status from government departments. The landscape appears to suggest that the
characteristics of the agency identified in my research will remain and that the UKIPO will continue to provide key input to policy at the heart of government.

9.2.3 The UKIPO context pre and post agency status

The analysis of the UKIPO context pre and post agency status (Chapter 5) provides the following diagrammatical representations of the UKIPO at Figure 9.1 and Figure 9.2 emanating from Table 5.3 data in Chapter 5.


The analysis paints a picture of transformation of the organisation over the period 1988 to 2008. The most significant change factors recognised in the analysis were its relocation to Newport, South Wales, commercial operation perspective, an overseeing Steering Board, results and performance focus and a definite year on year strategy, while maintaining its core business activities. The strategic aims from the mid-2005 reflect a more policy focussed emphasise than performance and a focus on the intellectual property link to the economy.

In analysing the UKIPO context pre and post agency status of the organisation from the research, the conclusions I draw are that the change in the

organisation has emanated more significantly from factors unrelated to agency status (factors such as relocation, competition from EU and international intellectual property offices, intellectual property/economic links, information technology, self motivated staff and a global outlook) and that there has been continuity pre and post agencification (Chapter 5 at Table 5.3).

---

**Fig. 9.2**

Effectuated through: Handling corporate matters, Accrual / Commercial Accounting, Trading Fund status, extensive performance measurement indicators across the UKIPO, Balanced Scorecard, NAO and Government and Sponsoring Department policy, Framework Document, Corporate Plan, Business ethos, results and target focus, competition

 harmony with Europe and Internationally

Grants valid Intellectual Property (IP) rights under legislation effectively to customer satisfaction

Resources: Newport Civil Servants paid within Treasury guidelines, IT, Financed from operations and Trading Fund status, managed under Agency delegations with more professional agency recruited and efficiently managed and trained staff, science and technology databases

Corporate strategy, improve economic evidence base, amend copyright legislation, implement IP crime prevention, support more innovation and business, address community patent issues, government and finance reform, customer focus, input to IP policy, 10.3.1 goals, engage with policy debate and reach people not engaged with IP, link IP to economy

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**Government Department for Innovation, Universities and Skills (DIUS) 2007 and Business, Innovation and Skills (2009) from DTI**

**The UK Intellectual Property Office (UKIPO) Agency**

**Newport South Wales**

**Headed by CEO, Management Board**

**Leadership Conference**

**Steering Board**

**Harmonise IP laws with Europe and Internationally**

**Grants awareness of IP**

**SABIP**

**Account to:**

Parliament, Ministers, Intellectual Property Minister and the Treasury
9.2.4 The research questions

The research question 1a to describe what have been the factors affecting change in the UKIPO - pre and post agencification status showed key factors re-occurring in Tables 6.1, 6.2, 6.3, 6.7 and 6.8 namely relocation, competition, a business performance orientation, enhanced information technology, a customer focus, motivated quality staff and a need to survive.

For research question 1b analysis of the data detailed in Tables 8.1, 8.3, 8.5, 8.7 and 8.9 draws conclusions of change to be factors related to new public management themes but again external factors of relocation, competition, greater emphasis on policy issues, new motivated staff, quality and standards focus (ISO accreditation) a more professional approach and a need to survive played key roles in how and why the changes have come about.

Research question 2a produced responses that indicated that much continuity remained from a general, policy, performance, strategy and management perspective (Tables 8.1, 8.3, 8.5, 8.7 and 8.9). The granting of statutory intellectual property rights in a professional way, considerable input to policy decisions, particularly from mid-2005 onwards (contrary to the “Next Steps Initiative” principles) being subject to national audit, performance measures operating in the UKIPO and income to fund operations were key factors.

Analysis of responses to research question 2b (reasoning behind change and continuity) showed at Table 8.11 that UKIPO staff believed that the reasons stemmed from new staff related to relocation, intellectual property legislation, competition, information technology enhancements, customer focus and a need to survive and continue to grant intellectual property rights to support the UK economy as the key reasons for continuity; factors unrelated to agency status. Research question 3a focussed upon what conclusions were drawn from change from a general, policy, performance, strategy and management perspective. Significantly, the major findings fell into 2 categories-related to agency status and unrelated to agency status (Tables 8.1, 8.3, 8.5, 8.7 and
8.9). It was believed external factors had more significance in change none more so than relocation, new motivated staff and IP law harmonisation.

As for factors that have had the most influence on the way the UKIPO agency now operates (research question 3b) the factors to emerge are detailed at Tables 8.2, 8.4, 8.6, 8.8 and 8.10. The key factors were again seen to be relocation, new staff, competition, information technology enhancements, customer influence and a need to survive.

Supplementary questions were asked based upon responses to the above questions. These supplementary questions were based upon other issues rising out of the Civil Service historical review (Chapter 2) and agencification concept (Chapter 3) background research material. Research findings and responses to these questions related to the issues arising in the background research material are provided in Chapter 8 (Analysis of Findings).

9.3 Conclusions about the study

At the outset it was pressures for efficiency and effectiveness and giving a service delivery that customers expected which instigated change. As time has passed research evidence indicates that the agency has focused upon international and European harmonisation of intellectual property legislation and endeavouring to understand its customers to provide the service that business needs. There has been a lessening of emphasis on internal performance improvements with a more balanced service to meet stakeholders, including government, needs. It has concentrated latterly more so on raising the intellectual property profile in benefiting UK industry to compete in a difficult economic climate, influencing intellectual property international and European policy and trying to give UK plc a competitive edge in protecting its output with greater policy input to government to affect legislation policy decisions. External pressures to achieve the above have been from competition, standards, the UK economy and customer influence and a need to survive. These factors reflect the UKIPO moving back to the centre of government, lessening the significance
of agency status and performance. So what have been the key influential factors that have changed the UKIPO?

9.3.1 General

It was believed that relocation, new staff, greater motivation to satisfy customers, greater importance of intellectual property to the British economy, competition, reduced cost of service delivery (relocation, information technology enhancements) and legislation changes from customer influence had greater impact on change in the UKIPO than agency status (see Table 8.2).

9.3.2 Policy

From a policy perspective change was also considered to be more influenced as a result of decisions on relocation, greater policy input by the agency emanating from stakeholders and customers, competition, information technology enhancements and relocation in respect of cost reduction to public service delivery and legislation changes (see Table 8.4).

9.3.3 Performance

For performance, change was again considered to be linked to relocation with new motivated staff and competition. Also, working practices and standards different to pre-agency status, reduced cost of service delivery to the public emanating from relocation, income and information technology enhancements (see Table 8.6) were believed to be more influential than agency status. But the most important factor was the need to survive.

9.3.4 Strategy

For strategy, change was again regarded as influenced by competition, an international focus and intellectual property awareness campaigns. Also, harmonisation of intellectual property legislation and innovation support strategy plus up-skilling the organisation, retention of policy input and the Innovation
Report were seen to have a greater influence upon determination of strategy and aims for the UKIPO than agency status factors (see Table 8.8).

**9.3.5 Management**

As regards management, change emanated from keeping motivated staff, competition, greater professionalism with vacancies advertised externally, closer, improved communication links to central government because of greater recognition of importance of intellectual property to the UK economy and a Total Quality Management (TQM) approach it was believed. This was supported by the retention of a skilled workforce, an ability to generate income, the “Leadership Conference” scheme to give managers a say in the UKIPO development and strategy leading to strategic management (see Table 8.10).

**9.3.6 Overview**

The factors of intellectual property (IP) needing to support UK business a central government theme, has provided the UKIPO with a unique opportunity to influence and lead on IP policy through its customers and stakeholders. The UKIPO’s role in EU and international legislation and its role in EU and international IP law harmonisation, has led to, and continues to lead to, legislative IP changes and the appointment of an IP Minister all reflect its core work now and endorses the underlying view that factors other than agency status have had a greater impact upon change in the UKIPO believed by its staff in the research process. These factors are also highly significant in my research because they raise the question of agency status for the UKIPO and provide evidence of how the UKIPO is now seen as more closely tied back into government and the Civil Service.

**9.4 Conclusions about general implications from the study**

UKIPO performance has been more about competition and survival than management. The “New Public Management” concept and its “results” focus has diminished in emphasis over time and been replaced by a more “Balanced
Scorecard” for future performance and a more policy focus since mid-2005. The research findings in the diagrammatical representation at Figure 9.3 show that external factors have changed the organisation, arguably more significantly.

How change has happened at the UKIPO (formerly The Patent Office) 1988-2008

**Fig 9.3**

The evidence from the research suggests that relocation (Atkinson 2010) and management emphasis upon results, information technology enhancements and competition with a workforce focussed upon customers wants and needs indicate that it is these criteria which have been the bedrock of improvement in performance and to public service delivery. Policy and operation have remained
key interrelated components in the UKIPO to support business. The policy to run the UKIPO on business lines has been successful. This implies that the UKIPO will continue as a business unit.

The implications arising from the research for the future of the UKIPO are that it will get closer and be rolled back into its line department within government but retain its agency status. Strategy and strategic direction has resulted from agency status emanating from Framework Documents and Corporate Plans linked to Ministers and Government Departmental strategic policy and input from UKIPO customers and UKIPO staff and this will continue. Governance from the “centre” of decentralised agencies will continue with a “freedom within boundaries” (Hoggett 1991, Cope 1999) perspective.

My research indicates that other factors over time and time itself, have affected the agency so enforcing it to adapt to external influences to the extent that this raises the question as to whether agency status was necessary at all.

9.5 Ideas and needs for the future

Ideas and needs for the future emanating from the research are as follows:

Decision making by government needs to take into account that external factors impacting on a government department can have a more significant influence in affecting change from my research than internal political decision making.

As for future work, research should be undertaken in other government departments/agencies using the focus of my research to determine whether external factors -such as relocation, competition, quality focus, legislation, customer focus and staff professionalism can better instigate change in an organisation apart from agency status implementation. Additionally, apply my “strategic tools” (a bi-product of my research noted under “Strategic tools for assessing organisations” - Chapter 8 at 8.8 refers) to government organisations to effect improved performance and determine strategic direction to build a successful organisation.


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Appendix A

Interview and focus group questions

General

1a. Describe what have been the Patent Office (UKIPO) general factors affecting change from its pre to post agencification (corporate nature) status.

b. Explain how and why the changes have come about.


b. What in your view was the reasoning behind change and continuity?

3a. What are your conclusions drawn from change?

b. What factors since agency status have had the most influence on the way the Patent Office (UKIPO) agency now operates?

Agency policy

1a. Describe what have been the Patent Office (UKIPO) policy factors affecting change from its pre to post agencification (corporate nature) status.

b. Explain how and why the changes have come about.

2a. Describe what policies have not changed in the Patent Office (UKIPO).

b. What in your view was the reasoning behind policy change and continuity?

3a. What are your conclusions drawn from policy change?

b. What factors since agency status have had the most influence on policy in the Patent Office (UKIPO) agency?
Supplementary questions

1a. What are your views on the determination and application of policy in terms of the agency’s aims and objectives? Are the policies more transparent and in harmony with government than customers?

b. Do you consider policy to be more “Results” than “Process” orientated?

c. Explain why this is so in your view with examples.

d. Have there been conflicts, contradictions and tensions in determining policy?

e. Describe how you have overcome/balanced the tensions/contradictions in responding to stakeholders/interests policy preferences

2a. Describe in your own words how you see the policy and practice of the agency being determined in relation to your work area.

b. Explain how this differs in your experience pre and post agencification.

c. How much flexibility do you have in determining policy for the agency in comparison between pre and post agencification? Is there more bureaucracy and focus upon results?

3. Who has the most influence in your view on what policies are adopted and why?

4a. What policy continuity remains and is the “Policy” department likely to be placed outside the agency confines?

b Explain why this is so in your view.

**Agency performance**

1a. Describe what have been the Patent Office (UKIPO) performance factors affecting change from its pre to post agencification (corporate nature) status.

b. Explain how and why the changes have come about.
Appendices


b. What in your view was the reasoning behind change and continuity?

3a. What are your conclusions drawn from change?

b. What factors since agency status have had the most influence on the way the Patent Office (UKIPO) agency now performs?

Supplementary questions

1. Describe what you see as the Patent Office (UKIPO) performance comparing pre and post agencification given that its regulatory duties now stand alongside other performance requirements.

2a. Describe the process in determining target setting (Performance Indicators) for the UKIPO performance assessment pre and post agencification.

b. Explain some of the target setting monitoring/measuring problems/difficulties/tensions/trends encountered for comparison re improvement purposes. Is there evidence of improved performance?

3. Does performance stem from a “Results” or “Process” orientation and give better value for money?

4. Would you say that there has been consistency of reporting of performance throughout the agencification over time?

**Agency strategy**

1a. Describe what have been the Patent Office (UKIPO) strategic factors affecting change from its pre to post agencification (corporate nature) status.

b. Explain how and why the changes have come about.


b. What in your view was the reasoning behind change and continuity?
3a. What are your conclusions drawn from change?

b. What factors since agency status have had the most influence on the way the Patent Office (UKIPO) agency now operates strategically?

Supplementary questions

1a. In what ways has the Patent Office (UKIPO) strategy and operation changed from pre and post agencification (1988) in your experience?

b. What were the key features of Patent Office (UKIPO) strategy and operation in 1988?

c. What are the current 2008 features of Patent Office strategy and operation?

2. How have the strategies post agencification changed compared to pre agencification days?

3. Has the Patent Office (UKIPO) moved away from its core business strategy in your view?

Agency management

1a. Describe what have been the Patent Office (UKIPO) management factors affecting change from its pre to post agencification (corporate nature) status.

b. Explain how and why the changes have come about.


b. What in your view was the reasoning behind change and continuity?

3a. What are your conclusions drawn from change?

b. What factors since agency status have had the most influence on the way the Patent Office (UKIPO) agency is now managed?

Supplementary questions

1. What are your views of management pre and post agency status?
2. Describe how you see the Patent Office (UKIPO) managed now compared to pre-agencification.

3a. How has Trading Fund status impacted upon the Patent Office management?

b. Give some examples of this in terms of freedom and as a straight jacket.

c. What are your views on this management practice and organisation?

4. Describe what you see as the most challenging factors in managing the Patent Office (UKIPO) under agency status compared to pre-agencification.

Interviewee overall observations

1. What are your overall observations of agency status and change from the past?