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Reform

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Fit for purpose

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March 2009

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Executive summary

Whitehall reform has been put in the “too difficult” pile by successive governments. Politicians have tried to circumvent Civil Service inefficiency and rigidity rather than tackling it head on – resulting in many programmes being caught in the mire when Ministers pull the levers but nothing happens. Attempts to introduce greater democratic control have resulted in rows about independence, which have caused the government to back off. This has been a mistake. In order to achieve significant change in social mobility, public services and economic performance, future governments must take Whitehall reform off the back burner and make it happen first.

The systemic weaknesses in Whitehall have built up over the years and are now of critical proportions. The Government’s own Capability Reviews into the performance of individual departments have revealed in the phrase that John Reid applied to the Home Office in 2006, that the Whitehall machine is not “fit for purpose”. The Home Office’s accounts have not been qualified for the last two years.

The reasons for this are entrenched – the culture and structure of Whitehall rewards risk avoidance and punishes innovation. One public sector consultant interviewed for this report said that the motto of the Civil Service should be “consent and evade”; others spoke of an absence of “moral courage”. Whitehall is not accountable – success or failure seems to have little or no consequence for departments. It displays inadequate performance management. It is weak at implementation.

This is because the Civil Service hides behind the veil of “independence”. This is a myth – the Senior Civil Service is already highly politicised. Other countries have recognised that independence is no longer a valid concept and that transparency and accountability are key to successful organisations. In peer group countries – including France, Australia and Canada – Ministers appoint senior civil servants. Australia, for example moved away from the British model to their new approach in 2004 which has improved performance.

The report makes the following recommendations to bring Britain’s Civil Service into line with international best practice:

- > Democratic accountability provides the best means to hold senior civil servants to account. Democratically elected politicians should have the power to appoint senior civil servants.
- > The doctrine of Ministerial responsibility should be abolished. It not only shields officials from taking personal responsibility for their actions but also draws Ministers into the process of delivery. Instead, Ministers should be responsible for the strategic direction of policy and its communication. Officials should be personally responsible for the construction of policy and the use of resources.
- > All Civil Service vacancies should be advertised openly. Discrimination in favour of “internal” over “external” candidates and the system of grades should be abolished. Recruitment led by individual line managers should supersede centrally approved appointments; what matters is the quality and cost of appointees. Reform of this kind would see a much greater flow of personnel between the private, voluntary and public sectors, and the recruitment of officials with direct experience in the policy areas that they cover.
- > Civil servants need to act as if their every decision is open to scrutiny. Select Committees should call a much greater range of officials to give evidence.
- > All political parties should make Civil Service reform a reality of their shared commitment to localism. At present Whitehall too often claims responsibility for parts of national life – healthcare, education, policing and so on – for which it is simply too remote to be the most effective change agent.

Whitehall reform should be part of the manifesto of a renewed Labour Government or an incoming Conservative or coalition government, and should be one of its first actions. On the one hand, Whitehall reform is a precondition for success in other areas. On the other, vested interests will act to oppose reform. Any government that deploys its political capital early, when it is at its strongest, is more likely to achieve success.

1

Capability

When John Reid complained to the Commons Home Affairs Select Committee that part of the Civil Service – the Home Office – was not “fit for purpose”, many political commentators were shocked.¹ It is unusual for a Minister to talk about what goes on behind the “green baize door” in Whitehall. It is unusual for anyone to talk about it. For politicians – and the media – it is too often seen as a boring subject. They prefer instead to talk about policy, and about what since 1997 has become known as “delivery”. For John Reid, not known for any infatuation with unnecessary tedium, to turn his attention to the state of the Civil Service was an unexpected development. Few other politicians have spoken in the same terms of the Civil Service since then. Indeed, few Ministers have spoken of it at all. They have been talking about policy and delivery.

To an even greater extent since David Cameron’s election as Conservative Party leader, the public policy arena has become focused on the competing claims of rival politicians to be able to formulate better policy and deliver better “outcomes” for voters who want better education, health and transport services, and want their taxes efficiently and effectively spent. It is all the more surprising, therefore, that the role and performance of the Civil Service has not developed greater political salience. For what is it that the Civil Service does if it is not policy and delivery? And indeed who else is there that does it?

The myth of objective advice

Declining turnout in elections both nationally and locally has prompted an extensive debate about the quality of Britain’s governance. Under the current system Ministers are responsible for the decisions of government and its legislative programme. But the advice to Ministers and the framing of government legislation are both the domain of the Civil Service; the Rolls-Royce machine.

The Civil Service is frequently described as the font of “objective”, as opposed to “political”, advice to Ministers. To take just one example, one of the Cabinet Office’s 2008-11 Key Performance Indicators is “timely, well-informed and objective advice”.² Key Performance indicators are supposed to be measurable. Yet it is not clear, even to the Cabinet Office itself, how the “objective” aspect of this Key Performance Indicator can be measured.³ What is even more unclear is how it can be possible in theory, never mind in practice. If all Civil Service advice to Ministers is “objective”, then how, as is frequently the case, can different Ministers receive conflicting advice on the same issue from different civil servants? Moreover, if the advice offered to Ministers is subjective, what are the checks and balances within the system enabling the Minister to understand the subjectivity of the advice? At present only Cabinet Ministers are allowed to appoint special advisers whose subjective baggage is openly accountable. Ministers of State and junior Ministers are not allowed to appoint any of their advisers – they must accept what the system gives them.

The reality of high quality advice

If it is unreasonable to expect the Civil Service to give objective advice, Ministers must surely have a right to secure advice on delivering policy that is both comprehensive and accurate. The quality of this advice, frequently delivered to Ministers in the form of substantial and complex strategic plans and policy submissions, is crucial in ensuring the effectiveness of government and deciding what it is that is delivered. Upon it, in part, the effectiveness of service delivery depends.

While Ministers in a democracy can make poor decisions, it is far less likely that they will make good decisions if the advice they receive is inaccurate or fails to reflect the full picture. The Civil Service prides itself in recruiting the best and brightest to its “fast-stream”; brains and brilliance are necessary but insufficient ingredients to ensuring high quality advice. As policy issues become ever more complex, knowledge and understanding of the detail is no less important. The Civil Service trains its recruits in the art of distilling the key points of an issue into a succinct submission to Ministers for decision. But to distil and summarise without losing salient aspects, expertise in the issue in question is normally a pre-requisite.

¹ BBC News (2006), *Immigration system unfit – Reid*, 23 May.

² Cabinet Office (2008), *Cabinet Office: Departmental Strategic Objectives 2008-11*.

³ From *Reform* discussions with the Cabinet Office, a system has yet to be devised to measure this key performance indicator.

The contradiction of holding Ministers to account

Some argue that a function of the Civil Service should be to act as a “restraint” upon Ministers or to “hold them to account”. How this can be done whilst at the same time providing an effective implementation service for Ministers’ policy ideas is not clear.

The Northcote-Trevelyan reforms established the principle that the taxpayer has a right to expect the efficient conduct of government.⁴ It was the natural partner to the political reforms of the 19th century which through successive Reform Acts extended governmental accountability through the ballot box. It is the political process which should hold Ministers to account, not the Civil Service.

Tony Blair was criticised by some for giving less regard to Parliament than some thought he ought. This is an argument for increasing the power of Parliament, of scrutiny – via select committees and/or a more powerful second chamber – and through powers of veto, should that be considered appropriate. It is a wholly separate issue from the role of the Civil Service. If it is not, then how can Ministers be sure when a civil servant says “no Minister, that can’t be done,” whether the official is really saying that something is not technically possible, that the official simply doesn’t know how to do it, or that the official doesn’t like the policy and is fulfilling a role as a “restraint” upon Ministers?

Delivery, delivery, delivery

The priorities for Tony Blair’s government famously became “delivery, delivery, delivery.” If advice to Ministers is flawed it is difficult for Ministers to agree policies that can deliver their objectives. Over half a million civil servants work to implement government policies in order to achieve those objectives and their trust, and that of the taxpayer, in the system is eroded if agreed policies prove inherently unworkable.

Alongside the provision of accurate and comprehensive policy advice, the second major role for the Civil Service is to ensure effective delivery. The two are intrinsically linked, for policies must in themselves be sufficiently well-designed and conceived to be deliverable. If politicians are elected to enact policies, it is the Civil Service machine on which they rely to answer the “how?” question; and for implementation. When Attlee’s Labour Government was elected in 1945 it was committed to nationalising parts of the UK economy. It was the Civil Service that worked out the plans for how to do it. Likewise, with the more recent and ill-fated initiatives such as the creation of Children and Family Court Advisory Support Service (Cafcass) and the purchase of NHS supercomputers.

Meeting the challenges of the 21st century

These examples and others have led some to ask whether the Civil Service is equipped to tackle effectively the complex challenges of the 21st century. This inadequacy is not just an issue of inaccurate information being given by officials to Ministers going before a parliamentary select committee, as was the misfortune of John Reid. It is also an issue of how better to support a system that seeks to operate ever more complex processes with increasing amounts of data that struggles to make work the processes that were in place to prevent the “saga of the lost disks” in late 2007.⁵

Any organisation or system risks failing at some point. But as competition in the global economy intensifies, the UK must be able to play to its strengths. One of those should be the effectiveness of its government, and the confidence of voters in the ability of the system to translate politicians’ promises into “deliverables”. To do that, systemic weaknesses need to be understood and remedied.

In Sir Gus O’Donnell the Civil Service has at last a Cabinet Secretary who both understands the importance of this and has taken practical action. The Civil Service Capability Reviews he has commissioned since his appointment in 2005 represent the most thorough attempt by the Civil Service to look at its “fitness for purpose” since Northcote-Trevelyan. As O’Donnell succinctly explains in his foreword to the *Capability Reviews: Progress and Next Steps* report:

“Government needs both strong and capable delivery departments and also an effective and expert centre, working well together.”⁶

The Capability Reviews set out to analyse the current position and ensure appropriate remedial action.

⁴ House of Commons (1854), *Report on the Organisation of the Permanent Civil Service*. The Northcote-Trevelyan Report of 1854 is regarded as providing the foundations for the modern British Civil Service. It established the principle of appointment and promotion on merit through open competitive examination.

⁵ *The Times* (2007), “Taxman loses sensitive personal data on 25m people”, 20 November.

⁶ Cabinet Office (2007), *Civil Service Capability Reviews: Progress and Next Steps*.

2

“Unfit for purpose”

Reform’s report on reforming Whitehall, *The Reluctant Managers*, published in 2005, examined a series of systemic weaknesses within the UK Civil Service.⁷ It was written by a management expert who had served in Whitehall as a Special Adviser to the Chancellor of the Exchequer under John Major’s Conservative Government, and its analysis drew on a raft of sources including private interviews with officials and politicians. The Civil Service’s in-house Capability Reviews have subsequently been able to draw upon new primary research on a scale above and beyond anything that *The Reluctant Managers* or indeed any other external report have been able to do. The Capability Reviews are arguably the most substantive review of Civil Service performance since Fulton in the 1960s and, perhaps since the Northcote-Trevelyan report of 1854.

A need for development

The Capability Reviews have been undertaken on a rolling basis, department by department, since they were announced by Gus O’Donnell in October 2005. The first three departmental reviews were published in July 2006 and the rest have followed. The reviews analyse the “fitness for purpose” of departments across the range of tasks which a 21st century government department would be expected to perform, under the three categories of “leadership”, “strategy” and “delivery”. Departments are given a score in each of these “capabilities” on a scale ranging from “strong” to “serious concerns”, with “well-placed”, “development area” and “urgent development area” in between.

In total 25 reviews have been carried out. This includes 17 Capability Reviews in the eighteen months from July 2006 to December 2007, two Baseline Assessments for the newly formed Ministry of Justice and Department of Innovation, Universities and Skills, and six Progress and Next Steps reports in 2008 updating the scores for some departments two years on.⁸

Taking the most recent scores for each department, the most common score is “development area” at 41 per cent.⁹ Barely 40 per cent of scores are “well placed” or “strong”, while a full 60 per cent are rated “development”, “urgent development” or “serious concern”. Only four departments have been assessed as “strong” or “well placed” for more than half of the elements of capability, and eight departments have not managed a “strong” rating in even one category.¹⁰ In the crucial “build capability” area – which covers talent and leadership development, managing poor performance, and diversity – only one department has managed to avoid a rating of “development”, “urgent development” or “serious concerns”.¹¹

Review teams have found a range of challenges in individual departments, many of which are common across the board. At what was then the Department for Education and Skills, for example, the 2006 review included the following typical problems:¹²

- > Staff and external stakeholders perceive that business plans are sometimes re-shaped without effective challenge or reviewing of priorities. Staff feel this adds priorities without removing existing initiatives.
- > People management is underdeveloped and undervalued. The departmental staff survey suggests, in particular, that poor performance is badly managed: managers feel they lack support from senior managers and human resources (HR) professionals to deal confidently with poor performers. Staff feel that advancement results from being good at policy development rather than management of people. The Department needs to do more to encourage consistent good practice such as coaching, feedback and team meetings to drive every individual's performance upwards. The objectives and

7 Darwall, R. (2005), *The Reluctant Managers: Part I Report on Reforming Whitehall*, KPMG/Reform.

8 See www.civilservice.gov.uk/about/accountability/capability/index.asp for further details and copies of all Capability Reviews.

9 See Appendix 1 for summary of Capability Review scores. For the six departments which have had two Capability Reviews (one in the initial round in July 2006 and a second review two years on), only the results from the second review have been included on the basis that they have replaced the initial scores. These departments are: the Home Office, the Department for Work and Pensions, the Department for Education and Skills (now Department for Children, Schools and Families), the Cabinet Office, the Department of Trade and Industry (now the Department of Business, Enterprise and Regulatory Reform) and the Department of Communities and Local Government.

10 The four departments are as follows: the Department for Business, Enterprise and Regulatory Reform, the Department for International Development, the Department for Work and Pensions and the Department for Children, Schools and Families; The eight departments are as follows: the Department of Communities and Local Government, the Department for Innovation, Universities and Skills, the Ministry of Justice, HM Revenue and Customs, the Department of Health, the Department for Culture, Media and Sport, the Department for Environment, Food and Rural Affairs, the Foreign and Commonwealth Office.

11 The then Department for Constitutional Affairs.

12 Cabinet Office (2006), *Civil Service Capability Reviews: Capability Review of the Department for Education and Skills*.

development needs of both individuals and teams must be better linked to departmental goals, and structured so that performance can be assessed effectively.

- > People move from projects before they have been delivered. Individuals are not always well matched to the needs of vacancies, which in turn are not always matched to the true priorities of the Department. Some specific skills are in short supply, in particular in HR, finance, IT and contract management.

At the Department for International Development, which has received a far better overall rating than most other departments, the Capability Review nevertheless concludes that, “it is not yet clear that DFID can deliver to match the unprecedented scale and breadth of the challenges ahead”.¹³

At the heart of the Capability Reviews is the finding that in the overwhelming majority of government, the quality of delivery is simply not equal to what the public have a right to expect or what politicians, elected by the public, may be prepared to tolerate. In the entire “delivery area”, not one department has received a “strong” rating and more than two thirds of all scores are “development area” or “urgent development area”. In departments for which delivery was an urgent development area, reviews have found inadequate information being commissioned and delivered, and a need to improve systems and risk-averse performance management.¹⁴

An inability to prioritise

It was Labour Health Minister Aneurin Bevan who said that, “the language of priorities is the religion of socialism”.¹⁵ But it is equally the case for a government of blue or yellow hue as it is for one of a more scarlet shade of pink that government must be about choices and prioritisation. For government and politics to work, politicians must make choices in the allocation of finite resources. As former French premier Pierre Mendes-France said: “to govern is to choose”.¹⁶ In contrast, the Capability Reviews have frequently found that:

“... staff in government departments do not feel that clear priorities have been set, based on tough decisions. Too often, reviews found that departments add new priorities on top of old programmes, without taking decisions to discontinue areas of work that are failing to add value, or that no longer meet strategic priorities.”¹⁷

If an issue is “referred up” by officials in a submission, Ministers notionally can choose; if it is parked, or papered over, then tough choices can be avoided. In theory, Ministers should decide departmental priorities, but they can only do so if they are given the opportunity. At a seminar hosted by *Reform* to discuss early drafts of this paper, it was pointed out by serving permanent civil servants that officials are encouraged by senior colleagues to second-guess the political implications of an issue, rather than letting politicians decide them for themselves. This reflects the fact that many decisions within departments are taken by officials amongst themselves; or simply not taken, as the case may be. In one large non-departmental public body, the newly appointed chair found it impossible to secure clarity from officials on who was empowered, at what level of the organisation, to take what decision, on what issue.¹⁸

Another significant concern expressed by serving permanent civil servants is the fact that the Civil Service recruitment system recruits in its own image and trains each successive cohort to reach the “lowest common denominator compromise across Whitehall”, rather than the “optimal solution for society, voters, consumers or taxpayers”.¹⁹

This “lowest common denominator” position is then presented as a fait accompli to Ministers, accompanied on a submission by other, less politically palatable options. Ministers will sometimes express frustration at being on the receiving end of this to the individuals concerned, but it is a systemic issue, and the individuals concerned are only fulfilling their role as they have been encouraged by their managers to do. To change these outcomes requires systemic change of the Civil Service.

The Capability Reviews suggest that current structures and processes give Ministers insufficient opportunity to decide. The findings show “examples of prioritisation exercises that were difficult for boards, and that were driven by the need to make financial cuts and meet headcount reductions, rather than by strategic appraisal. Departments still tend to ‘share the pain’ rather than allocating resources consistently to shared priorities.”²⁰

13 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.14.

14 *Ibid*, p.42.

15 Wikiquote (2009), *Aneurin Bevan*.

16 Johnson, C. (1982), *Revolutionary Change*, Second Edition, p.95.

17 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.43.

18 *Reform* discussion seminar held under Chatham House Rule.

19 *Ibid*.

20 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.43.

In the Tranche 3 summary of findings, the Reviewers conclude that is partly because “performance and financial management data are often poor.”²¹ One example is:

“The Department does not yet have sufficiently robust management information about unit costs, or a well-sourced understanding of value for money upon which to base decisions.”²²

In this case, it is suggested that “initiatives ... including training in finance awareness” would seek “to address this”; but the question is surely begged as to whether such awareness training will be sufficient and what will be done if it is not.²³

That such a situation has been allowed to develop without challenge until now, and that it was hidden from the public and from Ministers is difficult to reconcile with the concept of effective government, but not at variance from the culture observed by the Capability Review.

Poor leadership

The systemic inability to prioritise within the Civil Service is based on poor leadership. The Capability Reviews have found that in departments for which leadership issues are an urgent development area, findings include the Board having “no explicit view of its role” and there being “little evidence of a coherent change agenda.”²⁴ The reviewers cite a survey of the Senior Civil Service (Grade 5 and above) which found that only 26 per cent of senior civil servants “feel that their board models a culture of effective teamwork”.²⁵

The reviews have found that leading sustainable change, overcoming resistance and delivering long-term benefits is still a challenge. Examples include:

- > “The ... Board has, hitherto, not led the change process collectively”; and
- > “... change programmes ... have not been followed through sufficiently to produce the desired results”.²⁶

The reviews have also found that managers are often not empowered or engaged enough to provide effective leadership.²⁷ 57 per cent of senior civil servants have confidence in the leaders in their Department – which suggests a staggering 44 per cent do not.²⁸ The Tranche 3 summary finds that, “Reviewers argued that without the active engagement and support of the wider leadership team, boards will never have the ability to drive through change on their own.”²⁹ The findings of the reviews beg the questions: how are the leadership teams to be made to engage sufficiently to drive change, and what will happen if they do not?

In departments for which this is an urgent development area, the Tranche 3 review finds that they would benefit from “greater clarity on the levers, incentives, sanctions, roles and responsibilities of the different parts of the Department and its delivery partners”, and from better understanding of how existing business models should operate.³⁰

The reviews suggest that this can be challenging as the relationships between different strategies “is not always clear”, and recommend an approach that concentrates more explicitly on engagements where a “more differentiated, segmented and risk-based approach to engagement with its sponsored bodies” can add most value.³¹

Making decisions with insufficient advice

Unless Ministers are given effective advice, they cannot be expected to make good decisions. By convention, Ministers (with the exception of the Cabinet) are not allowed to appoint their own advisers. Cabinet Ministers themselves are not usually allowed more than two, and such is the sheer scale of government that these “special advisers” are only able to engage meaningfully with a minority of decisions. Most Ministerial decisions are based upon official advice drafted by permanent civil servants following consultation, as deemed necessary, with other civil servants.

21 *Ibid.*

22 *Ibid.*

23 *Ibid.*

24 *Ibid.* p.30.

25 Cabinet Office (2006), *SCS Survey 2006*.

26 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.31-32.

27 *Ibid.* p.32.

28 Cabinet Office (2006), *SCS Survey 2006*.

29 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.32.

30 *Ibid.* p.36.

31 *Ibid.* p.37.

The public has a right to expect good decisions from its government; or at least to expect that the advice its Ministers receive is sufficiently informed and robust that it should enable Ministers to make good decisions, even should they choose to ignore that advice and make poor decisions. Civil Service policy advice remains secret despite the Freedom of Information Act, and there are good reasons for it being so. But the current set up carries the inherent risk that Ministers are required to take decisions based on inadequate advice; or are forced to defer decisions because they cannot secure the quality of advice they need for decisive action to be taken without unacceptable risks.

Many in business and industry criticise Ministers for having insufficient business experience (and by implication inadequate insight into the workings of the wealth-generating economy). But it is also perfectly possible to criticise governments for containing too few people with experience of serving in the armed forces, the medical professions, as skilled manual labourers, or indeed in many vocations and professions. Most are “career politicians”, or come from a clustering of particular professions, such as the law.

But this is nothing new. Lloyd George, Asquith and FE Smith were lawyers. Churchill, Roy Jenkins, and Tony Crosland had little experience outside of “professional politics” and writing, aside from serving in the armed forces. Other “greats” of the left such as Bevin, Bevan, Morrison, Wilson and Dalton spent most of their lives in politics. So did Harold Macmillan (aside from tending the family publishing firm), Margaret Thatcher (whose career as a research chemist was brief) and Ted Heath (aside from war service). Michael Heseltine is a rare breed among politicians in having set up his own firm (Haymarket publishing).

All of these Ministers expected that they could secure high-quality advice to make decisions on areas of policy where they did not have a direct expertise. Indeed, it would be thought absurd to insist that only a qualified doctor be Secretary of State for Health, or a former diplomat be Foreign Secretary. So why should MPs need business experience? It only becomes a relevant question when it is posed alongside the fact that the Civil Service career structure, and the whole notion of a permanent rather than a porous and permeable Civil Service, militates against officials having experience and insight into the business world.³²

What is more, it becomes an even more pertinent issue when considered alongside another issue faced by anyone dealing with the Civil Service from the outside: its failure to price time. In itself, an issue that many senior civil servants do not even seem to be aware of as being a problem.³³

Problems delivering policy

In his book, *The Devolution of Power*, former MP and Professor of Government John Mackintosh described how the preparatory stages for the M1 motorway took eight years, while the actual construction took a mere 20 months.³⁴ Likewise it could take up to five years to complete the bureaucratic procedures merely to authorise the building of a new secondary school. That was in the late 1960s. Forty years later, infrastructure projects such as Crossrail and Thameslink 2000 took at least a decade to get pretty much nowhere, before eventually decisions were taken. Instead, the public had consultation after consultation after consultation.

The Capability Reviewers have found that in one department:

“The Board perceived that staff are too distant from the front line, and lack knowledge about what is actually happening to enable them to inform practice and improve deliver.”³⁵

Whitehall sets targets, for example to reduce NHS waiting lists. Ministers are told waiting lists have been cut. But in some places rather than tackle inefficiencies, the system follows the path of least internal resistance. Rumours circulate that there are waiting lists for waiting lists. “How do Ministers find out the truth?”, ask the same civil servants who have given them the initial figures.³⁶

32 House of Commons (2008), *Public Administration Select Committee, Oral Evidence: Good government*, 16 October. Sir Steve Robson remarks that one disadvantage of this is that civil servants lack valuable experience of the “incentives and behaviours” of individuals working in an organisation (Q.67).

33 Though ironically this was raised most forcefully by a serving permanent civil servant at a *Reform* seminar to discuss this paper.

34 Mackintosh, J. P. (1968), *The devolution of power: local democracy, regionalism and nationalism*.

35 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.44.

36 Some Ministers appear to have felt forced to resort to extreme methods. Former Conservative Cabinet Minister Baroness Shephard recently told the Public Administration Select Committee: “At the very least they (Ministers) should satisfy themselves that parts of the department are being run properly by examining what is being done ... if it really gets to the ridiculous—testing help lines to see if there is anybody on the other end. You really do have to”, House of Commons (2006), *Public Administration Select Committee, Oral Evidence: The influence of Ministers*, 14 December, Q.179.

It is like the *Yes Minister* episode involving the Solihull project: how is Hacker to know what he doesn't know if he does not know he does not know it? *Yes Minister* played it for laughs. But it is a deadly serious issue both for the individual members of the public who suffer from governmental failure and for public trust in the institutions of government, and in the ethos of public service professionals. Not only is it dangerous for the health of a democratic polity for too great a gap to develop between the policies of elected politicians and the public's experience of those policies, as implemented by the state; it also undermines the hard work of public service professionals.

The Tranche 3 summary of the Capability Reviews observes that:

"... disconnects mean that strategy and policy are not routinely informed by delivery realities. Departments have to deal with complex delivery landscapes and challenging objectives, and to manage large-scale businesses. This can make flexible delivery alignment to strategic objectives across the business challenging."³⁷

In another department:

"The Department has a set of long-term outcomes, but has not yet fully aligned these with its delivery plans. The focus for delivery tends to be primarily on targets and outputs associated with individual delivery agencies, rather than on cross-cutting and more strategic outcomes."³⁸

The Tranche 3 findings observe that, "an increased emphasis on engagement with frontline staff and delivery partners, and a more customer-centred approach to service design, can help to make the necessary links between strategy and delivery."³⁹ It is clearly a necessary emphasis. But whether such an "emphasis" will of itself prove sufficient may realistically be open to doubt.

The summary concludes that, "Business models in government are complex and it is not surprising that the reviews found they are often not widely understood."⁴⁰ Unsurprising as it may have been for the reviewers, it is difficult to understand how government can be considered to operate at a level of effectiveness that will deliver best value for the taxpayer if it does not understand its own business models. In one department, the position is found to be thus:

"Considerable thought and energy have gone into a clear written framework setting out the business model. The next stage needs to embed a consistent shared understanding of the business model for the Department as a whole."⁴¹

The summary review suggests that this situation will be remedied by "actions [that] include articulating and communicating the business model to all staff and delivery partners."⁴² It is not clear that the proposed action will necessarily solve the problem, and if it doesn't, what should be done.

Best practice not replicated

Central to the drive to improve the quality of delivery has been a strategy of "pilot" and "rollout". It is a strategy that has led some to observe that the Blair Government had more pilots than the World's Favourite Airline. Underpinning this strategy has been the assumption that current practice is porous – that it is keen to learn and that the Whitehall system can be harnessed for effective partnership team-working and wider roll-out of projects from their original silos. Yet, as a Cambridge University research group has observed:

"In recent years, the Research, Development, and Statistics Directorate of the Home Office, in the interest of developing and evaluating evidence-based policies, has commissioned millions of pounds of external research. 'Implementation failure' has been the single most common finding; evaluators have been unable to document programmes' comparative successes and failures because the programmes have not been implemented as intended."⁴³

37 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.44.

38 *Ibid.*

39 *Ibid.*

40 *Ibid.* p.38.

41 *Ibid.*

42 *Ibid.* p.39.

43 Social Contexts of Pathways in Crime (2009), *Policy and Prevention Analysis*, <http://www.crim.cam.ac.uk/scopic/studies.htm#Huddersfield>.

Despite the rhetoric of “evidence-based policy”, the nature of evaluations means that despite substantially greater investment in research and a concerted attempt to improve the evidence-base for policymaking, much of the evidence-base remains insufficiently comprehensive or robust to “prove” the relative validity of competing policy solutions to a given public policy challenge. This militates against innovative policy solutions being “rolled out” after “pilot” because it is usually impossible for advocates of the piloted programme to “prove” that their programme works better than the existing programmes whose funding might need to be raided to fund the wider adoption of the new programme. Even where evidence is clear, where it challenges vested interests in the system, the system will often ignore it or ensure that any wider rollout of the successful pilot is painfully slow.⁴⁴

The Tranche 3 summary review concludes:

“Whilst there is excellence in delivery in government, all too often it exists in individual silos and projects, and is not replicated and shared across organisations or more widely across the Civil Service. There is effective implementation of basic business disciplines in parts of the Civil Service, but the reviews found that these disciplines are not systematically implemented across departments or across government. This will be a major barrier to meeting increasingly challenging targets for efficiency and aspirational delivery outcomes.”⁴⁵

Inadequate talent management

The Capability Reviews consistently find that departmental boards find it “difficult to put sufficient emphasis and focus” on effective talent management, skills development and proactive and challenging performance management.⁴⁶

The Reviews suggest that the system has not yet found a way to address the longstanding issue of replacing senior employees who want to “coast”. The tradition that people get promoted to a level beyond their competence continues, while attempts since 1997 to improve efficiency have often entailed a recruitment freeze and voluntary redundancy packages. The packages are often taken by talented people whose expertise cannot be missed and will return, off the books, as consultants.

Meanwhile, less able staff remain and sometimes enjoy rapid promotion against only “internal candidates”. In some departments, teams with vacancies are banned from recruiting externally to fill the posts while there are “spare” “permanent” civil servants on the salary roll, regardless of whether these “spare” individuals are actually suited for the roles on offer either by aptitude or inclination.

The Public Administration Select Committee’s August 2007 report urged a fundamental change in the Civil Service approach to open external recruitment:

“We do not see any evidence that external recruitment is a threat to the traditional Civil Service values of permanence and impartiality. No organisation should be closed – outsiders can bring different skills and perspectives which should be welcomed. Every organisation can benefit from some degree of ‘ventilation’.”⁴⁷

The Public Administration Select Committee’s approach is closer to the original Northcote-Trevelyan stance than current custom and practice. Contrary to myth, while Northcote-Trevelyan warned that poor external appointments acted as a performance disincentive for hard-working officials, it did not suggest that outside appointments should be precluded.⁴⁸ Indeed, Northcote-Trevelyan argued that for the most senior positions (such as Under-Secretary of State) and for specialised roles, outside recruitment was entirely sensible,⁴⁹ and parliamentary scrutiny of the justification for such appointments could be used.⁵⁰

44 An example is the failure of the Home Office to embrace a wider rollout of the High Intensity Training model of running Young Offender Institutions beyond a few more pilots (such as Deerbolt YOI), despite the enthusiasm of evaluations conducted by eminent criminologists nearly a decade ago at the original pilot at Thorn Cross YOI.

45 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.45.

46 *Ibid.* p.46.

47 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume I*, para.87.

48 House of Commons (1854), *Report on the Organisation of the Permanent Civil Service*, p.7. The report suggested that external appointments of politically convenient “men of very slender ability and, perhaps of questionable character” over the heads of meritorious permanent officials, acted as a performance disincentive to potentially hard-working permanent officials who needed to have the prospect of a ladder of promotion to work for.

49 *Ibid.* “Few public servants would feel the appointment of a barrister of known eminence and ability to some important position, like that of Under-Secretary of State, as a slight or discouragement to themselves; but the case is otherwise when someone who has failed in other professions, and who has no recommendation but that of a family or political interest, is appointed to a librarianship, or some other such office, the duties of which would have been far better discharged by someone who had been long in the department, and to whom the increased salary attached to the appointment would have been a fair reward for years of faithful service.”

50 *Ibid.* p.15.

The National Audit Office reported in February 2009 that it takes on average some 16 weeks to fill a Civil Service vacancy.⁵¹ The proliferation of “temp” agency workers is a divisive testament to the impracticality of the system as currently operated. The system of across-the-board horizontal grades acts to preclude talented civil servants to be promoted in post (the post would have to be re-graded and then re-advertised); it militates against salaries and other terms being tailored to attract the best external candidates to the fill the most difficult posts; it discourages specialisation and expertise; and it encourages jobs being seen as staging posts on a career ladder rather than endeavours in themselves.

The current system of promoting “spare” internal candidates can leave insufficient personnel to fill the more junior job roles, leading to a rise in temporary contract workers and agency staff to fill vacancies, which in turn increases costs; leading ultimately to the wheel turning full circle. In the meantime many of the contract staff will be kept off the staffing budget by being allocated to a programme budget, increasing the proportion of “delivery” expenditure actually spent on staff whilst at the same time enabling a lower headcount to be claimed.

The Civil Service Commissioners should be playing a key role in the “opening up” of the Civil Service – something which is generally seen as a positive feature of a 21st century Civil Service. But the role of the Commissioners has not evolved with the times to meet the needs for new performance management and delivery techniques. For example, in monitoring the application of the principle that “selection for appointment must be made on merit on the basis of fair and open competition”,⁵² the Commissioners have maintained the belief that equal opportunities means denying promotion in post.

In applying a prescriptive rules-based approach to recruitment, the Commissioners have failed to grasp the opportunity open to them to propose radical reforms of the talent management structures of the Civil Service, to bring real expertise in appointment and advice to management. For example, rather than simply checking that departments are carrying out psychometric testing as prescribed, they could think about whether these tests are actually the best recruitment method for all applicants, or whether they are less valuable, for instance, when used for mature entrants given that they include no way of taking experience into account.

The Capability Reviews also show an “over-reliance on external consultants to plug the gaps” in many departments.⁵³ The use of external consultants has been much criticised in the media. Why, it is asked, are politicians appointing consultants when they can get objective advice from their existing permanent officials? The answer appears to be that it is the officials themselves who are appointing the consultants because the current system of recruitment and retention does not ensure that they have the right people to fulfil their obligations to the taxpaying public. Unless such a systemic issue is remedied it is unclear how a government’s performance objectives will be met.

Moreover, this is unlikely to aid the Civil Service in fulfilling its role, for to harness the skills of external consultants, it is vital that the commissioning body be sufficiently skilled to manage them effectively and to make best use of their expertise. In the words of one senior private sector consultant to the Civil Service: “If you are outsourcing work from the Civil Service, you need to have greater capability in-house to manage the contract than those to whom you are outsourcing, otherwise it can be a disaster”.⁵⁴

The Capability Reviews conclude: “Departments need both to tackle identifiable skills gaps and to develop a strategic approach to skills development.”⁵⁵

Poor performance management

Each age brings its own challenges. It was the inadequate performance of the Civil Service during the Crimean war that precipitated the Northcote-Trevelyan Report in 1854.

The Northcote-Trevelyan report took a clear view of the performance management challenge:

“... in other professions [an employee] ... as he is exposed to sharp competition on the part of his contemporaries, those only can maintain a fair position who possess the requisite amount of ability and industry for the proper discharge of their duties. The able and energetic rise to the top; the dull

51 National Audit Office (2009), *Recruiting civil servants efficiently*.

52 All Civil Service recruitment must comply with the fundamental principle of the Civil Service Commissioners’ Recruitment Code that appointments are made on merit on the basis of fair and open competition. See www.civilservicecommissioners.org for more information.

53 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.47.

54 Reform discussion seminar held under Chatham House Rule.

55 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.49.

and inefficient remain at the bottom. In the public establishments, on the contrary, the general rule is that all rise together.”⁵⁶

Northcote-Trevelyan’s approach was predicated upon the assumption that effective performance management – the appointment of qualified people and the removal of poor performers – would be at the heart of the new, reformed, Civil Service.⁵⁷ But there is a clear consensus that the Civil Service is weak in its performance management. The Public Administration Select Committee insisted that it should be a top priority for the Cabinet Office to find “a radically different” approach to performance management.⁵⁸

This problem is not unique to the Civil Service. Nonetheless, it is not acceptable. The very structure of the Civil Service embodied in the Civil Service Management Code is a barrier to effective performance management. Unless conditions can be met to prove that a civil servant is being dismissed on grounds of “inefficiency” – no easy task under the Management Code and invoking the possibility of a right of appeal and compensation – the Code imposes a six month notice period for the compulsory termination of appointment.⁵⁹ This is completely out of line with general private sector practice and makes it extremely difficult, and costly, for managers to remove poor performers.⁶⁰

The Public Administration Select Committee report of August 2007 concluded that, “The Civil Service faces a widespread perception that its leaders are unaccountable for poor performance”.⁶¹ As the Rt Hon Michael Howard MP explained to the Committee:

“Successively over the eight or more years I was in government when people were moved out it was not because they had failed; they were moved sideways, and in some instances promoted, because it was the easiest and quickest way to get them out.”⁶²

The Select Committee report also points out that it is not only former Ministers who have identified this problem. The 2006 Senior Civil Service survey showed that a mere 19 per cent of senior civil servants believe that poor performance is dealt with effectively in their departments, and only 33 per cent are satisfied with their organisation’s approach to performance management.⁶³ Those surveyed were themselves responsible for doing the performance management, as the report highlights.⁶⁴

The Capability Reviews observe a similar point:

“Too frequently, review teams found that departments could manage their people more effectively. This is not simply a question of HR functions, but is about line management, starting at the top of departments. Boards have not prioritised people development and management, which is then often reflected in under-developed and under-resourced HR functions and a lack of strategic people and performance management.”⁶⁵

Lack of personal responsibility

Linked to the poor performance management within the Civil Service is a lack of personal responsibility. The existing doctrine of Ministerial responsibility is at the root of the problem: it shields officials from taking personal responsibility for their actions and wrongly draws Ministers into the process of delivery. Ministers are criticised for individual errors their departments make and held responsible for the minutiae of their policy areas, such as the latest knife crime or the rise in hospital infections.

56 House of Commons (1854), *Report on the Organisation of the Permanent Civil Service*, p.5. This meant that recruitment to each post was not subject to open competition at all levels: “After a young man has been once appointed, the public have him for life; and if he is idle or inefficient, provided he does not grossly misconduct himself, we must either submit to have a portion of the public business inefficiently and discredibly performed, or must place the incompetent person on the retired list, with a pension, for the rest of his life. The feeling of security which this state of things necessarily engenders tends to encourage indolence, and thereby to depress the character of the Service. Again, those who are admitted into it at an early age are thereby relieved from the necessity of those struggles which for the most part fall to the lot of such who enter upon the open professions; their course is one of quiet, and generally of secluded, performance of routine duties and they consequently have but limited opportunities of acquiring that varied experience of life which is so important to the development of character.”

57 *Ibid.* P.9. To achieve this, the report argued, it would be necessary to ensure that, “if they prove decidedly incompetent, or incurably indolent, they must expect to be removed from [the Civil Service]”. This was not a situation that Northcote-Trevelyan believed to be tenable. Indeed, the report’s objective was “to obtain full security for the public that none but qualified persons should be appointed and that they will afterwards have every practicable inducement to the active discharge of their duties”, p.1.

58 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume I*, para.37.

59 Cabinet Office (2008), *The Civil Service Management Code*. See www.civilservice.gov.uk.

60 This notion is supported in evidence given to the *Public Administration Select Committee*, for example, by Zenna Atkins, Chair of Ofsted, 16 October 2008.

61 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume I*, para.35.

62 *Ibid.*

63 Cabinet Office (2006), *SCS Survey 2006*.

64 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume I*, para.35.

65 Cabinet Office (2007), *Civil Service Capability Reviews Tranche 3: Findings and Common Themes*, p.47.

This highly centralised structure of governance hides officials’ personal responsibility for the construction of policy. There are outstanding examples of individuals in the Civil Service who behave as anyone would want civil servants to behave – who wish to be personally accountable for performance, who want their work to be open to the public, who take responsibility for value for money and who face down demands from Ministers for eye-catching initiatives and spending commitments. But these people are the exception rather than the rule.

The common culture of the Civil Service is to avoid personal responsibility. At a *Reform* discussion seminar with senior civil servants, the absence of “moral courage” was raised.⁶⁶ There are few civil servants willing to stand up to their Ministers when they believe the policy they want to implement will not achieve higher performance or good value for taxpayers’ money. The Rt Hon Kenneth Clarke tells of this happening in the past: Ministers at all levels were “firmly told” by their civil servants what they could and could not announce; Permanent Secretaries would be “wheeled out to talk severely” to junior Ministers if officials believed they were being instructed to do something improper.⁶⁷

In contrast, Zenna Atkins, Chair of Ofsted, describes the lack of personal ownership in today’s Civil Service and the consequent scarcity of civil servants ready to resign their positions in the name of doing what is right.⁶⁸ Without this personal responsibility there can be no accountability for individuals’ contributions.

Lack of democratic accountability and clear chain of command

The UK has one of the most autonomous Civil Service systems in the world. Ministers are unable to appoint their own advisers and private secretaries in their offices, or to make Senior Civil Service appointments. As such, there is a lack of accountability at the senior level and the result is a lack of accountability down the line through a clear chain of command.

Most countries have been evolving their Civil Service structures to modern times, moving towards systems with greater democratic accountability. In Australia, the Prime Minister appoints permanent secretaries after receiving a report from the Secretary of the Department of the Prime Minister and Cabinet (PM&C) who must first consult the relevant Minister.⁶⁹ In the case of the appointment of the Permanent Secretary to the Prime Minister’s Department, the Public Service Commissioner (a similar body to the Civil Service Commissioners in the UK) provides a report to the Prime Minister. Below senior level appointments are made by Civil Service managers.

Most Australian permanent secretaries are career public servants, and are promoted from a pool of deputy secretaries and other senior civil servants. Though not prescribed, appointment generally involves extensive discussions between Ministers and existing permanent secretaries, and between the Prime Minister and Cabinet Ministers, building up a high level of understanding of the possible candidates for promotion among the top level of the senior Civil Service. They are appointed for flexible three- or five-year terms.⁷⁰

This approach leads to a system where, according to Peter Shergold, former Secretary of the Department of the Prime Minister and Cabinet:

“Secretaries are answerable, responsible and accountable (under their Ministers) for their departments. If there is organisational – as opposed to political – failure the buck stops with them. It is often tough but not unfair.”⁷¹

In New Zealand, permanent secretaries are employed by the State Services Commissioner who appoints them after an independent merit process. They are employed under a contractual system whereby politicians set out contracts with civil servants to deliver according to manifesto commitments and staff are held individually accountable for results.⁷²

Under the current British system, tenure is guaranteed rather than reflective of performance. The system of across-the-board horizontal grades acts to preclude talented civil servants to be promoted in post (the post would have to be re-graded and then re-advertised).

66 *Reform* discussion seminar held under Chatham House Rule.

67 House of Commons (2008), *Public Administration Select Committee, Oral Evidence: Good government*, 23 October, Q.145.

68 *Ibid.* 16 October, Q.91, Q.98.

69 Podger, P. (2007), “What Really Happens: Department Secretary Appointments, Contracts and Performance Pay in the Australian Public Service”, *Australian Journal of Public Administration*, Volume 66, Issue 2, pp.131-147; Shergold, P. (2007), “What Really Happens in the Australian Public Service: An Alternative View”, *Australian Journal of Public Administration*, Volume 66, Issue 3, pp.367-370.

70 *Ibid.*

71 *Ibid.*

72 Laegreid, P. (2000), “Top civil servants under contract”, *Public Administration*, Vol.78, No.4, pp.879-896.

Lack of transparency

Attempts at Civil Service reform have often been frustrated due to fears around “politicisation”. It is crucially important to understand that the Senior Civil Service is already politicised. In the current system, the line between Permanent Secretaries and Ministers can be non-existent. Permanent Secretaries conspire with Ministers to achieve media coverage and attention through spending commitments and eye-catching initiatives. Ministers privately influence the appointment of senior officials. There is a glaring lack of transparency, which in turn limits accountability.

Unwillingness to resolve conflicting objectives

Strength of character is also required further up the chain so that government does not promise to do things it simply has not got the capacity to do. This is most clearly apparent when different parts of government commit to explicitly conflicting objectives; for example, when part of government commits to empowering teachers to exclude violent pupils while another part of government commits to minimising exclusions at all costs. As currently operating, the Civil Service seems to lack both the appetite to persuade Ministers to resolve such policy conflicts (of which they seem often unaware), or the means to do so itself.

Not fit for purpose

When choosing a car, most people spend time thinking through the purpose for which they will use it, and what car would best suit that purpose. When choosing a Civil Service, the British public is told that it should have a Rolls-Royce. The Capability Reviews suggest that it simply may be the wrong sort of vehicle for the tasks it is asked to perform. They also suggest that its axles are propped-up on bricks. It retains the walnut fascia and the engine purrs, but although it drinks a lot of fuel it is less than wholly effective in delivering its passengers from A to B.

Like Rolls-Royce cars, the rest of Britain and its government compete in a global market. As globalisation continues apace and competition intensifies, the UK cannot afford to ignore systemic weaknesses in its Civil Service. It is Gus O’Donnell’s appreciation of this that is the impetus behind the Capability Reviews. Conceived as a rolling programme and designed to precipitate effective remedial action to the issues raised, the second round of Capability Reviews is already underway. And further work is intended to address the issues raised.

The August 2007 Public Administration Select Committee report recognised the challenges highlighted by the Capability Reviews and public dissatisfaction with “high profile administrative failures, from the Rural Payments Agency’s failure successfully to deliver the Single Payments Scheme to the abandonment of the new recruitment system for junior doctors”.⁷³

The report observed, “if the findings on leadership are worrying, those on delivery are more so.” It continued:

“Even major delivery departments like the DCA and the Home Office (before the recent machinery of government changes) were not well placed in any measured aspect of delivery. Successive Cabinet Secretaries have emphasised the importance of delivery to the Civil Service; the results of the Capability Reviews suggest that this emphasis has not been translated into a change in the culture of the organisation”.⁷⁴

Musical chairs with internal positions

At a *Reform* discussion seminar with serving civil servants, one participant raised the concern that recruits are encouraged to be “just above average in everything”, rather than specialising in areas of aptitude.⁷⁵ Reflecting this weakness, the real threat to the coherence of the Civil Service – as the Public Administration Select Committee August 2007 report reveals – is not the recruitment of “outsiders”, but what it calls the “central danger of regularly moving individuals between posts (or encouraging them to seek regular moves for themselves),” which it blames for “the loss of organisational expertise and institutional memory”.⁷⁶

⁷³ House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume 1*, para.2.

⁷⁴ *Ibid.* Para.31.

⁷⁵ *Reform* discussion seminar held under Chatham House Rule.

⁷⁶ House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume 1*, para.95.

This is an issue that has been publicly highlighted by the Rt Hon David Blunkett MP:

"In a logical structure a team that has done well would not be disbanded but given new responsibility ... People would be promoted in post to do that rather than what is clearly musical chairs in which someone is moved every 18 months or two years to get promoted. That is a crazy system."⁷⁷

The Public Administration Select Committee report reveals that:

"Even though there is an expectation of a four-year norm for SCS [Senior Civil Service] postings, the median length of time spent in a completed post in the Senior Civil Service at April 2006 was only 2.7 years ... however, we have had evidence that four years itself is often too short a period for individuals to be in one post. The FDA told us they are 'concerned at the current practice of insisting that all SCS staff should move to a new post after four years, almost regardless of the importance of their expertise and knowledge to the organisation, and often heedless of the wishes of the individuals themselves'. We do not know to what extent this is happening, but we do know that it should not be."⁷⁸

The report urged that:

"Staff development should not be at the expense of doing the job properly. We are concerned that the current emphasis on wide experience is affecting the Civil Service's ability to carry out some of its core functions. A four year norm should be just what it says; it emphatically should not be a four year maximum. Although individuals should not stay forever in one post, we need to recognise that some stability is also necessary."⁷⁹

Anecdotally, the position is often much worse, with the best and brightest moved even more quickly. Indeed, they are often given to understand that to be seen to tarry too long in a given post risks tainting their CV and future career prospects. In some policy areas key staff may be moved four times in a year, as is said to have happened with the Gambling Bill team at the Department for Media, Culture and Sport in the last phase of the Blair administration.⁸⁰ In consequence there were vital areas where officials, through no fault of their own, simply did not have the capacity to build the necessary expertise to give effective advice to Ministers.

Inability to achieve necessary changes

Worryingly, the August 2007 Public Administration Select Committee report casts doubt on the ability of the centre to achieve change:

"... it is the Civil Service Capability Group (CSCG) of the Cabinet Office which is primarily responsible for ... Civil Service training, recruitment and diversity policies. Unfortunately, there is little evidence that a recast Corporate Development Group has the capability to take on a stronger, more directive role ... the poverty of the Cabinet Office's targets on external recruitment and length of time in post ... are symptomatic of a wider lack of direction ... None of the Cabinet Office's targets on improving leadership and skills appear to have been adequately thought through. It is not clear that, even if all of them were achieved, the Civil Service's capability would be significantly increased."⁸¹

While welcoming the Capability Reviews, the Public Administration Select Committee has raised concerns about how improvements will be benchmarked. It recommends that:

"... if future reviews are conducted in the same way as the current ones, there will be doubts about their objectivity. Any assertion of improvement will be questioned on grounds of the reviewers' potential vested interest. We recommend that future review teams should be externally managed ... [by] a National Performance Office".⁸²

Though this would undoubtedly help sustain public confidence in the benchmarking process, the larger question remains: will incremental reform deliver the step-changes in performance necessary to make the Civil Service "fit for purpose"?

77 *Ibid.*

78 *Ibid.* Para.97.

79 *Ibid.* Para.98.

80 Private information.

81 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume I*, para.114.

82 *Ibid.* Para.23.

Surprisingly, there are some Senior Civil Service figures who appear unconvinced by the case for action to remedy the issues highlighted in the Capability Reviews. Lord Wilson of Dinton, who as Sir Richard Wilson served as Cabinet Secretary and Head of the Civil Service from 1998 until 2002, wrote a substantial article for *The Daily Telegraph* in which he asserted that the Capability Reviews were "self-flagellation", and that rather than look at ways to improve the Civil Service, "we must take a more fundamental look at what we can realistically expect from central government".⁸³

For Lord Wilson:

"A proper analysis of the performance of government over the last half century [shows] ... achievements: sustained peace and prosperity for more than 50 years, improvements in the macro-management of the economy, and many areas of particular success such as, say, the privatisation programme or the performance of our Armed Forces. Civil servants can claim a part in these achievements. But there have also been areas which have proved intractable. Health, transport, education and law and order ... are good examples. Is it just that the quality of civil servants is lower in these areas than in those which have been successful? There is no evidence to support this. The answer is more complex. Part of the difficulty is that the business of government in some areas is extremely difficult."⁸⁴

Given that the success of privatisation was the very act of the Civil Service being removed of its involvement in actually delivering the performance improvements, and that where privatisation has been problematic, such as with the railways, those problems have been rooted in the structure designed by the Civil Service, Lord Wilson's choice of "the privatisation programme" to demonstrate the "particular success" of Civil Service performance and capability is obscure, to say the least. His citation of "the performance of our armed forces" as an example of Civil Service success is equally Delphic, given that the pages of most newspapers, including *The Daily Telegraph*, are rarely free of stories relating to the frustration and anger of service personnel at being let down by the inadequate performance of parts of the Ministry of Defence; whether it be over procurement, supply, logistics, or just about anything else.

Lord Wilson's assertion that there is "no evidence to support" the idea that "the quality of civil servants is lower" in some areas than in others is difficult to reconcile with either the findings of the Capability Reviews or the day-to-day experience of both the public and of public servants. In his contention that what needs to change is not the Civil Service but public expectations, Wilson makes the same gambit as the politician who on the rejection of his policy by the voters demands a change of electorate.

It is equally difficult to reconcile Lord Wilson's argument with an effective liberal democracy. The Civil Service owes its existence to the public, not the other way round, and politicians elected by the public to improve "areas which have proved intractable" – "Health, transport, education and law and order" – must surely be permitted to expect a Civil Service machine capable of delivering the goods, or prepared to tackle systemic weaknesses where they exist. For Lord Wilson to brand Gus O'Donnell's Capability Reviews as "self-flagellation" reveals a degree of complacency unedifying from someone from whom Ministers had a supposed right to expect "objective" advice.

In a recent *BBC Radio 4* documentary, journalist Anne Perkins pointed out that: "Until two years ago, three quarters of departmental finance directors lacked professional qualifications. Even now, one quarter are still unqualified. Meanwhile the Home Office auditors, unable among other things to discover the number of employees on the payroll, last year qualified the accounts for the second year running."⁸⁵

Anne Perkins took the opportunity afforded by the documentary to put to the current Home Office Permanent Secretary, Sir David Normington, that he employed too few accountants. David Normington responded: "Historically that is right and we've been putting that right in the course of this year; it's an important part of the reform plan."⁸⁶

The Permanent Secretary for the Home Office from 1994 until 1998 was Lord Wilson. Whether he saw concern over these issues at the Home Office as unnecessary "self-flagellation" remains an open question.

83 Wilson, R. (2007), "Rebuilding trust in civil servants", *Daily Telegraph*, 16 January.

84 *Ibid.*

85 BBC Radio 4 (2007), *Shape Up Sir Humphrey*, Part 3/3, 22 March.

86 *Ibid.*

Anne Perkins's *Radio 4* documentary highlights a worrying gulf in perceptions between how some senior officials view issues and how the public may see them. She raised the issue of the fiasco over the Rural Payments Agency and the chaos that it precipitated through its attempt to introduce a new Farm Payments Scheme. Anne Perkins described it as the "crisis that became a media event, thanks to the antics of staff in Newcastle".⁸⁷ Helen Ghosh, Permanent Secretary of the Department for Environment, Food and Rural Affairs, indicated that the point was not that this was an unacceptable failure that would serve as an example of what needed to change, but rather that, "if you have an agency that is not is not doing well, then that kind of story gets a lot of traction."⁸⁸ The implication is that the problem is less the performance of the system than the attitude of the media, and the perception of the public.

The Public Administration Select Committee's August 2007 report points out:

"The Capability Reviews paint a bleak picture of Civil Service performance. They suggest a lack of leadership and serious deficiencies in service delivery. But these results do at least expose the scale of the challenge. Departments now have a benchmark against which to measure progress. Ensuring civil servants have the right skills will be essential to improving services in future."⁸⁹

The Capability Reviews themselves, though a necessary prerequisite to addressing the challenges they lay bare, are not, of course, in themselves sufficient. The Government has committed itself to action. In response to the Public Administration Select Committee report the Government stated that:

"The Government and senior leaders are very clear that there is much more to be done and agree that collective action is critical if the Civil Service is to deliver the services the public expect now and into the future."⁹⁰

But as always, the challenge remains to translate high-minded good intentions into tangible change across the board. In May 2007, the Civil Service Steering Board commissioned the Sunningdale Institute to carry out an independent evaluation of the Capability Review Programme. Its report, published in November 2007, praised Gus O'Donnell's efforts and emphasised the importance of the Capability Reviews in highlighting the scale of the challenge. Nevertheless there were caveats and concerns. In its Executive Summary it states:

"Follow-through processes beyond the initial reviews have still to demonstrate that they are strong enough to drive home accountability for improvement ... we see considerable variation in the extent to which the challenges from Capability Reviews have been taken to heart within departments The immediate challenge is to avoid the tail-off that is the fate of most initiatives."⁹¹

Lack of progress

Since the publication of the first tranche of Capability Reviews in July 2006 action has been taken within the reviewed departments to address the issues raised. In many departments there has now been an opportunity to evaluate progress two years since the review process began.

The *Capability Reviews: Progress and Next Steps* report, published in December 2007, benchmarks the achievements in improving performance within the first tranche of departments reviewed.⁹² It suggests that progress has been made in some areas but that profound challenges remain. On "Skills, Capacity and Capability" it remarks:

"Effective progress in this area is a mix of system changes and deeper cultural change, often in the face of deep-seated assumptions and ways of behaving. Whilst the 18 months since the first Capability Reviews were published have seen a large number of new appointments into HR departments, new appraisal systems and skills audits, outcomes in terms of changed behaviours and perceptions are harder to identify. This is the Capability Review area for action that departments are finding most challenging."⁹³

87 *Ibid.*

88 *Ibid.*

89 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Ninth Report of Session 2006-07, Volume 1, Para.33.*

90 House of Commons (2007), *Public Administration Select Committee: Skills for Government, Government Response to the Committee's Ninth Report of Session 2006-07, p.1.*

91 Sunningdale Institute (2007), *Take off or tail-off? An evaluation of the Capability Reviews Programme.*

92 These were: the Home Office, the Department of Work and Pensions, the Department for Education and Skills (and successor depts.), and the Department for Constitutional Affairs (now the Ministry of Justice).

93 Cabinet Office (2007), *Civil Service Capability Reviews: Progress and Next Steps, p.35.*

In other words, despite best efforts, not much has changed. The report continues:

“Where departments are making less progress, we are seeing:

- > HR functions not yet capable of making a strategic input to the change programme or the design of the future workforce. HR is seen as transactional and not providing the support required by the business;
- > people management not regarded as a core role for managers; and
- > skills surveys and strategies too narrowly focused and not consistently founded on a clear and strategic vision of the future workforce.”⁹⁴

It identifies the “biggest challenges” as being:

- > **Performance management:** “Departments know that they need to focus on this area, which has consistently scored poor results in staff surveys, with only 33 per cent of the SCS [Senior Civil Service] being satisfied with the way performance is managed in their departments (SCS Survey 2006). It is these leaders in the SCS who are in large part responsible for performance management of their own staff and also for creating an environment where others manage performance effectively. Whilst departments are working to improve, this is a difficult process, requiring both cultural and behavioural change (managers taking their responsibilities in this area seriously) and also process change (linking individual performance consistently to organisational goals). The challenge is to improve people management as a routine part of effective line management and to increase staff confidence that the skills and systems required to manage performance effectively are in place.”⁹⁵
- > **Better HR:** “... there is still a long way to go before Whitehall HR is ‘best in breed’, with professional skills embedded throughout the workforce.”⁹⁶
- > **Skills development:** “Of SCS respondents, 54 per cent thought their Capability Review has been quite or very effective at developing skills to meet current and future challenges (OLR research). But most departments lack a clear skills baseline to build on and an understanding of their future workforce and its skills needs. This means that skills development programmes are often short term and focused on technical skills such as programme management and finance.”⁹⁷

In the “Delivery and Performance” areas the Capability Reviews identified substantial “key challenges”:

“The Capability Reviews focus on the ability of the leadership teams in departments to drive delivery and manage performance, with a focus on future challenges rather than on current achievement of targets. Findings here have been mixed 7 out of 17 departments had an ‘urgent development area’ or ‘serious concerns’ for Plan, Resource and Prioritise.”⁹⁸

“The Capability Reviews painted a picture of good practice in some areas, but not systematically applied. The abilities to prioritise effectively and to turn effective strategy making into actual delivery both require a strong grasp of strategy. ‘Getting the basics right’ means a rigorous application of good practice, consistent sharing of learning and an ability not to be blown off course by events. Departments have found this a challenging area in which to make progress.”

- > 63 per cent [of senior civil servants] thought the Capability Review was quite or very effective in ensuring that the department knows how well it is performing [which implies that 37 per cent did not]; and
- > 31 per cent [of senior civil servants] identified changes in strategic planning”⁹⁹

The reviewers point out that, “where departments are making less progress, we are seeing:

- > insufficiently challenging programme management and governance, and lack of clarity on roles and accountability;
- > too many competing projects with no clear sense of priorities;
- > underdeveloped delivery skills; and

94 *Ibid.* p.39.

95 *Ibid.*

96 *Ibid.* p.40.

97 *Ibid.*

98 *Ibid.* p.43.

99 *Ibid.* p.44.

- > no clear narrative for staff about the vision and purpose of the department to enable them to deliver what is really needed.¹⁰⁰

"Factors hindering change" include "too many competing priorities" and "lack of common objectives and prioritisation There is a widespread perception within departments that leaders are not setting priorities effectively enough, and this links back to the challenge of developing strategies that are both deliverable and delivered."¹⁰¹

These findings beg the question: why have the attempts to tackle the challenges exposed by the Capability Reviews not been more fruitful? Part of the answer, the reviewers suggest, is a lack of shared commitment to Gus O'Donnell's reform agenda by the top of the Civil Service:

"Opinion Leader Research (OLR) research we commissioned recently ... [shows that] 83 per cent [of Pay Bands 1 and 2 of the Senior Civil Service] felt achieving Civil Service reform was extremely or very important for the future delivery of public services This is yet, however, to develop into strongly positive commitment and action, and the ability to make change stick is still viewed with scepticism by some."¹⁰²

Another part of the answer lies in the Capability Review action plans themselves. They pledge, as might be expected, a range of specific actions. The list includes:

- > better resource and people management to support priorities;
- > improving data and intelligence from the front line to identify what works;
- > establishing a new, transparent performance management system throughout the delivery chain;
- > ensuring that performance against objectives is monitored as an integral part of business planning;
- > setting a clear set of objectives, linking these to delivery outcomes and managing against the objectives;
- > engaging staff, stakeholders and customers in strategy development;
- > ensuring that policy development is consistently informed by customer intelligence;
- > setting up structures for operational managers to meet and share good practice; introducing customer standards and lean processing; establishing internal delivery centres of excellence;
- > addressing both poor and coasting performance ... strengthening HR leadership; and
- > developing an overarching skills strategy based in a comprehensive benchmarking of skills against the PSG framework¹⁰³

It is one thing saying what needs to be done, and another achieving it. The "Action Plans" appear to contain what are more readily identifiable as objectives: there is no "how". Without a "how" the objectives cannot be realised. And as the Tranche 3 review states, if the objectives are not realised, the Civil Service will remain incapable of delivering what is required.

Moreover, it is not clear how many of the "actions" are in fact merely the restatement of long-held aspirations. Has the Civil Service really not sought to "address both poor and coasting performance" until now?¹⁰⁴ And if these are existing aspirations, this brings us back to the "how" question, namely that if it is not the ends that are the problem but the means, does that not require the means to be re-assessed?

Further logistical obstacles present themselves. How a strategy will be developed to address the skills gaps when it is not known what they are at present, never mind in the future, is unclear. Is such a centrally driven plan realistic or realisable? Or is it simply trying to break through the brick wall by banging one's head harder against it? Will it not in that case produce merely a greater governmental headache?

In all too many cases it is as if the Civil Service Review teams are seeking to push water uphill. The Sunningdale Institute's evaluation of the Capability Reviews was entitled *Take-off or tail-off*. The implication is clear: government may need to have a plan for if the blockages to performance improvement prove so systemically ingrained that the Capability Reviews process ends in the latter rather than the former.

100 *Ibid.* p.39, p.47.

101 *Ibid.* p.48.

102 *Ibid.* p.31.

103 *Ibid.* p.44-50.

104 *Ibid.*

3

New demands

In the major speech on Civil Service reform of his second term, Tony Blair argued, “The world has changed and the Civil Service must change with it.”¹⁰⁵ He argued that the greater pace of change in the modern world placed a premium on a country’s ability to adapt. Government’s central role in the modern world, he argued, meant that it must change too.

Few would dispute the basic argument. But the right response of the Civil Service to a changing world looks to be different from what the former Prime Minister had in mind.

The challenge of “delivery”

Tony Blair identified the principal challenge as a shift in focus: “from policy advice to delivery”.¹⁰⁶ This was a consistent view. It followed the creation of a central Delivery Unit, to help departments understand how to achieve better public services outcomes. It also mirrored the creation of the public spending framework, based on Public Service Agreements, from 1998 onwards.

Tony Blair also argued for a “smaller strategic centre”, following the example of large businesses. This idea was repeated in the Prime Minister’s Strategy Unit’s 2007 Policy Review on the role of the state which again argued that the world had changed and that the state had to change with it.¹⁰⁷ It concluded that Whitehall should “comprise a set of strategic departmental centres and the centre of government itself – the Cabinet Office, including the Prime Minister’s Office, and HM Treasury”.

The paradox here is that the focus on delivery required by the former Prime Minister is widely seen to have increased the role of central government.¹⁰⁸ For example, the Prime Minister’s Delivery Unit established in 2001 required an increase in information from public services providers to central Government. Delivery plans have typically required the use of targets and benchmarks set centrally, from which many Ministers are now seeking to move away. The senior management of the Department of Health and the National Health Service have, in effect, been fused.

But the main ideas of public services reform now involve decentralisation of responsibility. Some real achievements have been made, with genuine innovation now being led by, for example, some Primary Care Trusts and city academies.

As a result, Tony Blair’s idea of “delivery” now needs to be replaced. The size of government has grown (measured as public spending as a share of GDP) and public services need to achieve more. But public services themselves are becoming more independent, both in terms of provision and commissioning. The Civil Service (for departments such as health and education) might now be best placed identifying the barriers to the development of independent public services – in particular the policy barriers – rather than engaging closely in the management and outputs of those services.

Increased complexity of demands on government

A new approach to delivery is part of a wider trend towards a greater complexity of government. A more complex world has created new roles for government: from strategy, to regulation, to provision. As a recent example, the credit crunch has led – completely unexpectedly – to the UK Government taking equity stakes and (to some extent) management authority over the banking system.

The credit crunch is a reminder that the demands on government are unpredictable. Arguably they require an extremely flexible organisation which is able to draw on a range of skills quickly.

¹⁰⁵ Blair, T. (2004), *Speech on modernisation of the Civil Service*, 24 February. “I said once that the paradox of our times was greater individualism and greater interdependence going hand in hand. The reason is that for all its increased wealth and opportunity, nations like ours are faced with huge insecurity. Globalisation, technology, world trade, mobility, migration, mass communication and culture: there are benefits in it all, but they combine to change the world fast. And with the speed of change, people are displaced, industries made obsolete, communities re-shaped, even torn apart. Above all, the premium is on a country’s ability to adapt. Adapt quickly and you prosper. Fail to do so and you decline.”

¹⁰⁶ *Ibid.* “The principal challenge is to shift focus from policy advice to delivery. Delivery means outcomes. It means project management. It means adapting to new situations and altering rules and practice accordingly. It means working not in traditional departmental silos. It means working naturally with partners outside of Government. It’s not that many individual civil servants aren’t capable of this. It is that doing it requires a change of operation and of culture that goes to the core of the Civil Service.”

¹⁰⁷ Cabinet Office (2007), *Policy Review, Building on progress: The role of the State*, Prime Minister’s Strategy Unit. “The modern State needs to work in a new way – less about command and control and more about collaboration and partnership. This reflects the kind of citizen we have today: inquiring, less deferential, demanding, informal. The core idea of the strategic and enabling State is that power is placed in the hands of the people. It is a vision of the State in which we increase the range of opportunities for engagement; we empower citizens to hold public institutions to account; and we ensure that citizens take joint responsibility with the State for their own well-being.”

¹⁰⁸ See for example: Douglas, R., Richardson, R., Robson, S. (2002), *Spending without reform; Interim report of the Commission on the reform of public services, Reform*.

However, they also require governments to manage the increased expectations of the public – something which politicians admit they have not done well in the UK. The 24 hour/7 days a week media age we live in has changed the nature of government: “Government has become a permanently campaigning activity”, as the Rt Hon Kenneth Clarke has put it.¹⁰⁹ The growth of the media and of the internet has been a major factor in rising public expectations of what governments can deliver. Former Ministers have warned that government must resist being blown around by the needs of the 24/7 media: they talk of policy being determined by “hysteria”.¹¹⁰ Ministers believe that “instant responses and instant solutions” are expected.¹¹¹ The Rt Hon David Blunkett has suggested the need for “a new pact with the media that we cannot always give responses that satisfy; we cannot always have immediate answers”.¹¹²

A self-perpetuating cycle ensues: greater public expectations mean Ministers believe they must, and indeed in part want to, respond to everything in their Ministerial remits, and thus the public come to expect this. Within the Civil Service, the top jobs go to officials who are “best at helping their Ministers get through the political week”.¹¹³

A more complex government need not be a larger government. In fact, greater complexity and specialisation militates against the idea of economies of scale for departments. Improvements in technology should have the same effect.

Increased demands and capability of the population

It is widely accepted that British society is less deferential to authority, and that government as a whole needs to adapt. But a more basic point is that society – relatively recently – has developed greater capability itself. A huge increase in information technology has been allied (for some) to increases in prosperity and educational attainment. As a result the resources to solve social problems lie increasingly outside of Whitehall.

One particular issue is the funding (and so the control) of public services. Almost without noticing, UK society is moving to a position where it is policy that individuals should contribute their own funds towards education (via tuition fees), social care, the NHS (top-up payments) and pensions (following the Pensions Commission report). In practice this will share the control of services between government and society – a radical departure from the 1948 Welfare State.

At the same time, this increase in capability will make the Civil Service more accountable. For example, there are currently around 30,000 Freedom of Information requests per year.¹¹⁴ The demand for information and communication from the electorate will increase sharply in future years, with, again, improvements in information technology playing a crucial role. Recent research by *Reform* and Ipsos MORI showed that 18-34 year-olds want more information from government, particularly financial information.¹¹⁵ They also want it to be presented in involving and entertaining ways – a challenge to those in the Civil Service responsible for communication.

Change in the nature of politics

One further driver of change in the Civil Service is the change in the nature of political leadership. The heart of UK government now represents an uneasy compromise between Cabinet government and a presidency. At the same time the number of political appointments to the Civil Service has grown rapidly (while remaining only a very small percentage of the whole).

While these changes have aroused great controversy, in one sense they are a practical response to a problem – how to find the best structure to make both politicians and the Civil Service accountable. But the solution has not been reached yet. Britain’s Civil Service operates neither as a fully functioning independent entity nor on an entirely political basis, answerable to Ministers.

The challenge

Part of the reason that the British Civil Service system is not effective is that it does not suit the modern challenge, with a more complex government, a more capable population and a changing political system. It is a world where the number of centres of power in society are growing, making the skills of the Civil Service just one valuable resource amongst many. This greatly strengthens society and its ability to make progress – but it challenges many of the cultural ideas that underpin the traditional Civil Service.

¹⁰⁹ House of Commons (2008), *Public Administration Select Committee, Oral Evidence: Good government*, 23 October, Q.135.

¹¹⁰ *Ibid.* Q.138-139, Q.143.

¹¹¹ *Ibid.* Q.130.

¹¹² *Ibid.*

¹¹³ Bourn, J. (2008), “Whitehall urgently needs to reform culture”, *Financial Times*, 13 May.

¹¹⁴ Ministry of Justice (2008), *Third Annual Report on the operation of the FOI Act in Central Government 2007*.

¹¹⁵ Castell, S., Sweet, O., Haldenby, A. and Parsons, L. (2008), *A New Reality: Government and the IPOD generation*, *Reform* and Ipsos MORI.

4

Consequences of inaction

Recent months have seen repeated stories of data losses or governmental incompetence; and with every such story trust in government falls, making such projects as ID cards far less politically possible.

For some this will be reason to applaud. But even those who believe in small government must recognise that government must be effective, and seen to be effective, whatever its size. For those who would axe most government programmes and restrict the activities of Her Majesty's Government to the defence of the realm and law and order, the Capability Reviews of the Home Office and the Ministry Of Defence ought to give reason to pause for thought.

Most voters assume that Ministers themselves have a far greater role in "delivering" services and spending money than they actually have, and in consequence it is politicians who are soaking up a great deal of the public's anger. Public frustration with the failure of democratic politicians to "deliver" to their expectations is reflected partly in the rise in support for fringe parties in some parts of the country, but more tellingly in a strong decline in turnout.

Back in the days of higher electoral turnouts and less apathy, the late Labour Minister Nye Bevan used to tell a story about how he got involved in politics. It was to secure the power to change things, he said. He stood for the local council to secure that power; but when he got there that power had gone to the county council. So he followed it there, only to find that it had flown to Westminster. He then secured election to Parliament only to find that power had gone to the Ministers. As Nye Bevan told the House of Commons:

"The ordinary man in Great Britain has been spending his life for the last couple of generations in this will-o'-the-wisp pursuit of power, trying to get his hands on the levers of big policy and trying to find out where it is, and how it was that his life was shaped for him by somebody else."¹¹⁶

So now imagine Nye Bevan today becoming Labour's new Transport Minister, charged with making the trains run on time. He arrives in his Ministerial office, and looks for the levers to pull, but where are they? In bits, with the Rail Regulator, with the Strategic Rail Authority (SRA), with the Network Rail and with the Train Operating Companies.¹¹⁷ The Minister can do little. So when the General Election comes round again and the Minister knocks on doors and asks people to vote for him again they say: "Why should we? You haven't made the trains run on time!" In response, he explains that that is now outside his power, it is the job of the Rail Regulator and the SRA, working in partnership with Network Rail and the Train Operating Companies. "OK," says the voter, "I accept it's not your fault that you can't do anything about what's not within your power to change, but in that case, if you can't change anything meaningful to me, what's the point in my voting, for you or indeed for anyone else?"

This is now the great question which politicians must answer. Or they must change the system so that it responds to them. For it is only they that can: if they cannot, then voters will continue to desert the polling booths and people will look to other ways to make themselves heard. And voters will question the effectiveness of the salaries they pay for Ministers; and ultimately of officials too.

As the Home Office Permanent Secretary, Sir David Normington, told BBC Radio 4:

"Unless the Civil Service matches up on those things then somebody will say I'm afraid this idea of this very intelligent impartial Civil Service isn't fit for the times. We're going to have to change it."¹¹⁸

Cabinet Secretary, Sir Gus O'Donnell, was even more direct:

"If we don't reform then I think the public's demands for ever better services will carry on and they'll look for alternative ways of meeting those demands. The real worry I would have is if failure is replaced by private sector solutions that simply provide services for those who can afford it."¹¹⁹

¹¹⁶ Rosen, G. (2005), *Old Labour to New*, p.123.

¹¹⁷ Now abolished.

¹¹⁸ BBC Radio 4 (2007), *Shape Up Sir Humphrey*, Part 3/3, 22 March.

¹¹⁹ *Ibid.*

That might be where the UK ends up; and some indeed might welcome that. But the strengths of the Civil Service should not lightly be thrown away and there is a growing danger that the reputation of public servants will be substantively and unfairly tarnished; not because of the Capability Reviews but because of the real consequences of a failure to address the systemic weaknesses that they have uncovered.

Government as a whole has a responsibility to both the public and public servants to look, as countries like Australia and New Zealand have successfully done, at fundamental and systemic changes. It may also, as Lord Wilson rightly suggests in his article, require greater devolution of power from Whitehall to a local level: Whitehall may simply be too remote from ground level to be capable of sufficient insight into the complexities of delivery on the ground, given the sheer scale and intricacy of modern projects.¹²⁰

But catastrophic failings can occur at local level amongst devolved services just as easily as they can at national level. The tragic death of “Baby P” highlighted the fact that locally-provided services are not yet as effective or accountable as the public has a right to expect. The inadequacies revealed by such tragedies in the past have served as convenient pretexts for Whitehall officials to steer Ministers away from more substantive devolution. A more effective approach might be to tackle the weaknesses themselves so that substantive devolution can become a more effective solution to public policy challenges.

This is not an argument for further layers of government officials scrutinising each other, as the various Government Offices for the Regions have notionally done since 1997.¹²¹ The existence of the Government Office for London and its officials – whose job it is, amongst other things, to keep Whitehall and Ministers informed of what is going on across London’s boroughs with regard to the implementation of policy – seems to have done little to assist Ministers in grappling pro-actively with the public policy failings which allowed Haringey to avoid tackling the failings in its Children’s Services department. What is needed is a reform of the system to enable local authorities themselves to become more effective, as providers and commissioners of services.

Nevertheless, whatever the scope for devolution, there will still need to be a central Civil Service. It is inconceivable, for example, that government could do without a Ministry of Defence; but British military personnel serving in Iraq or Afghanistan could very much do without the incompetence revealed in the Chinook procurement programme, to take just one example. And, with lives at risk, their patience is wearing ever thinner.

¹²⁰ Wilson, R. (2007), “Rebuilding trust in civil servants”, *The Daily Telegraph*, 16 January.

¹²¹ As John Bourn remarks: “We should recognise that regional structures add an unnecessary layer of bureaucracy. In the National Health Service, the functions of strategic health authorities could be devolved to hospital trusts and primary care trusts; and responsibility for economic development could rest with local authorities working in partnership with local businesses, rather than regional development agencies, which have never had the resources to fulfil their remits”, Bourn, J. (2008), “Whitehall urgently needs to reform culture”, *Financial Times*, 13 May.

5

Principles for reform

Public services need to become more effective at delivering what the public want and need. It is by sustaining public confidence in their effectiveness that they justify the benefits of collective provision and the extra investment that is often needed to provide the quality of service that people want. The complacency and waste that does exist serves only to provide a pretext for those who would scrap collective public services in favour of an “every man/woman for themselves” opt-out. But even those who favour such an “opt-out” approach must recognise that a central state of some sort, whatever size, is necessary. And given that fact, it should surely be efficient and effective.

What is needed is no less than a new Northcote-Trevelyan settlement for the 21st century, harnessing the principles of the original – capability, effectiveness – and scrubbing off the encumbering barnacles of “custom and practice” that have accrued over more than a century. That settlement needs to embed three core principles:

1. **Effectiveness**
2. **Empowerment**
3. **Accountability**

An effective Civil Service must have:

Effective performance management. This would need a clear “failure regime” so that unacceptable performance is tackled and remedied. Managers need to be more effectively supported in managing out poor performers within their team, and rewarding those who perform well. This will necessitate a change in the role of HR and legal teams so that they support and assist managers and staff, rather than seeking to control the process as is more usual at present, and a revision of the Management Code that prescribes the dismissal processes of the Civil Service.

Open and flexible recruitment. This would enable the best people to be recruited to do the jobs that are needed, for as long as they are needed to do the job. This is not an argument for abandoning the Civil Service commitment to generous pension provision, but in fact an argument for making it more flexible so as those who are not “lifers” can benefit as well. Indeed, the concept of “lifers” would need to end. The role of the Civil Service Commissioners would need to be modernised to become one of facilitating the opening up of the Civil Service and bringing real expertise in appointment. The top of the Civil Service would also need to require a more facilitative approach from HR to frontline managers.

Promotion on merit and reward for expertise and aptitude. This would necessitate the reform of the promotion and recruitment system so that high-performing individuals could be better rewarded in post without having to move jobs.

Effective contractual management. This would require a recognition that “contracting out” services is not an effective alternative to tackling the systemic inadequacies that the Capability Reviews reveal pervade the Civil Service. Specifically, if a service is contracted out, the quality of service that the public can expect will be substantively dependent upon the effectiveness of civil servants in managing the contracts. Redefining the role of the Civil Service “centre” as that of commissioner, rather than provider, can be part of a virtuous cycle of performance improvement, or a vicious circle of inadequate performance and a growing accountability deficit. The Civil Service needs to be reorganised to ensure it is the former. This would entail greater emphasis on effective contract management as a specialist skill with greater reward.

Effective policymaking. Ministers need policy advice rooted in a detailed understanding of issues, both in breadth and depth. Policymakers need advisers who stay in a brief long enough to understand it, who have sufficient experience to place it in context, and who have sufficient insight into the front line to be able to advise on feasibility. These may not all be the same people.

Ministers need an effective “challenge” mechanism to the “departmental view” of vested interests, to be able to get the best advice – whether it happens to be in the department or not – and to foster, capture and harness best practice. Innovation needs to be championed and embraced, from outside the system as well as from inside.

Real rather than rhetorical localism. Whitehall is overloaded and often lacks sufficient local knowledge and insight to give effective advice to Ministers so that informed decisions on local projects can be taken at national level. Devolution of decision-making has been much touted by politicians of all parties, but Whitehall caution, fuelled by examples such as the disastrous failings that allowed the tragic death of “Baby P”, mean that Ministers are usually persuaded of the need to “supervise” and “scrutinise”. The result is a “russian doll” of competing bureaucracies scrutinising each other and a failure to tackle the lack of power that voters have to elect local politicians with the power to deliver real change at a local level.

For localism to work more effectively, local authorities will need to address many of the same challenges that the Capability Reviews reveal to afflict Whitehall. If they succeed, Whitehall’s ingrained scepticism of the capacity of local authorities to deliver as effective services as can central government, will be all the harder to justify.

An empowered Civil Service requires:

Clear and effective processes for management and accountability. There must be an end to the management opacity within the public sector whereby it is not clear who is responsible for what, who is accountable for what, and who is empowered to decide what.¹²² If Ministers are responsible, they should be empowered to decide. If officials decide, there needs to be a clear process of accountability.

Effective prioritisation and coherent decision-making. It must be clear who can decide what at which level of government. Those making decisions should be able to call on whomsoever they want to seek advice and should be empowered to take decisions by a briefing process that provides sufficient insight and robust detail to enable effective decision-making. The relationships between and differing roles of Ministers, perm-secretaries, departmental boards and senior officials need to be clarified. A process needs to be agreed with Parliament so that departmental priorities can be clearly understood, monitored, scrutinised and held to account.

Tackling “quangocracy”. The creation of non-departmental public bodies and other agencies has in itself been assumed to improve effectiveness and efficiency. The fiascos that have bedeviled the Rural Payments Agency, Children and Family Court Advisory Support Service and the National Assessment Agency’s handling of SATs show that setting up a public body at one remove from Ministerial meddling is not in itself sufficient to deliver adequate performance. Too often, “stakeholder consultation” has become a process of reaching accommodations with that apparatus, rather than a process of gaining the insights of the frontline workforce and adapting proposals to better meet the needs of the consumer, customer, voter or taxpayer.

An accountable Civil Service needs:

Political honesty. The canard of objectivity needs to be ditched. The voting and taxpaying public have a right to expect that Ministers are given effective advice. No human being who cares about public service is “a-political”, though they may well be “a-Political”. Ministers should be able to choose and appoint their own advisers and private offices. The posts in private office need to be seen as jobs in themselves rather than merely as stepping stones in a career progression and should be recruited and appointed as such.

Checks, balances and effective democratic scrutiny. Parliament should have greater scrutiny powers, with greater resources given to Select Committees to hold government to account and to enable them to investigate issues in greater depth so as to provide a counterweight to the official government view. It is simply undemocratic to suggest that civil servants themselves should somehow be a “check” on Ministers and block Ministerial ideas of which the media or public disapprove. The argument that Ministers need to be stopped from pursuing stupid ideas is an argument for greater parliamentary scrutiny and greater democratic safeguards, not for a limitation on Ministerial involvement in appointments.

Transparency. The public fund the Civil Service yet they have no way of scrutinising the way it operates and determining if they are getting value for their money. Real accountability would be more possible with greater public access to the processes of the Civil Service, so that civil servants could be held directly accountable to the people.

¹²² In one large non-departmental public body, the newly appointed chair found it impossible to secure clarity from officials on who was empowered at what level of the organisation to take what decision on what issue, *Reform* discussion seminar held under Chatham House Rule.

6

Fit for purpose – recommendations

The preceding chapters show that the Civil Service lacks the capability to deliver what is asked of it by the taxpaying and voting public, and that the performance problems of the Civil Service have structural causes. Above all these lie in a lack of personal accountability for performance and use of resources. At the very top level, this means that the most senior civil servants commit errors typically ascribed to politicians – they seek a higher status for their departments through eye-catching initiatives and spending commitments at very little, if any, risk to their own careers and reputations.

During the research for this project, both current civil servants and public sector consultants identified a highly risk averse behavioural code. As one consultant put it, the norm is “consent and evade”: the mentality is to reach a compromise on what the problem is, and then to move on. There is no ownership of the problem and no incentive to fix it.

What has to be achieved is a culture that is the reverse of this; a culture in which the ambition to achieve higher performance and secure taxpayer value is civil servants’ first instinct – their moral responsibility. But this requires a level of moral courage which is unsupported by the system.

The systemic failures of the Civil Service militate against the efforts and talents of the many outstanding individuals who work within it and with it. The dominant culture discourages personal responsibility; but to change this culture requires the systems, conventions and structures from which it derives its sustenance to be altered. The following recommendations would help achieve this change.

A priority for the “first 100 days”

Whitehall reform should be a central plank of the manifesto of any party aspiring to form an effective Government and should be one of the first actions of any new government post-election. Some argue that an incoming government should avoid tackling Civil Service reform because it would not be easy. But Whitehall reform is in fact a precondition for success in other areas.

It is not enough simply to assume, as Tony Blair tried to do, that a few elite strategy and delivery units based in the Cabinet Office can in themselves compensate for the inadequacies of the rest of the government machine. Blair realised this all too late. Vested interests will indeed seek to oppose reform. So any government that deploys its political capital early, when it is at its strongest, is more likely to achieve success. But that is not an argument for inaction by a government longer in the tooth. In fact it is the reverse. Civil Service reform is equally a precondition for the renewal of the current government in office.

Tony Blair’s Government came to Civil Service reform too late and efforts were frustrated. In his 2004 speech on reform, Tony Blair partly blamed his own inexperience in 1997 for not pressing ahead earlier.¹²³ In reality, as this paper has shown, there is a wealth of experience in both the main parties on what needs to be done. All parties need to learn from that experience.

Recommendation 1: Meaningful democratic accountability

The prevailing conventions around Civil Service autonomy have operated at the expense of effectiveness and capability. Only greater direct accountability can ensure that the performance and effectiveness improvements that the voter and the taxpayer have a right to demand can be achieved. There needs to be greater democratic accountability in the Senior Civil Service, achieved through democratically elected politicians having the power to appoint senior civil servants.

This could be best achieved through a variation of the Australian model. As set out in Chapter 2, in Australia, the Prime Minister appoints Permanent Secretaries after receiving a report from the Secretary of the Department of the Prime Minister and Cabinet (PM&C) who must first consult the relevant Minister. Though not prescribed, most Permanent Secretaries are career public servants, who are promoted from a pool of deputy secretaries and other senior civil servants, following extensive discussions between the Prime Minister, department Ministers and existing Permanent Secretaries on possible candidates.

¹²³ Blair, T. (2004), *Speech on modernisation of the Civil Service*, 24 February.

The existing doctrine of Ministerial responsibility needs to be abolished. It both shields officials from taking personal responsibility for their actions and also draws Ministers into the process of delivery. It is a key reason why UK Government is over-centralised. What is needed is a new definition of Ministerial responsibility. This would see Ministers responsible for the strategic direction of policy and its communication. They should be criticised when they cannot conceptualise and tackle entrenched social problems, not when their departments make individual errors. Officials should be personally responsible for the construction of policy, and be held accountable for their personal contribution.¹²⁴

Ministers should be allowed to freely draw on outside expertise to challenge Civil Service policy advice. This means that not only should they be able appoint their own advisers and private secretaries in their offices, but they should, subject to matters of national security as prescribed by the Official Secrets Act, be allowed to share and discuss draft policy papers and government policy research material with whomsoever they wish.

Scrutiny by Parliamentary Select Committees and the National Audit Office should be enhanced. There should be greater resource available to Select Committees, who should themselves be able to call a greater range of officials to give evidence.

Past attempts at this kind of reform have failed mainly because this debate has been misinterpreted by those with vested interests aided by media connotations of “politicisation”. It is crucially important to understand that the Senior Civil Service is already politicised. In the current system, the line between Permanent Secretaries and Ministers can be non-existent. Permanent Secretaries conspire with Ministers to achieve media coverage and attention through spending commitments and eye-catching initiatives. Ministers privately influence the appointment of senior officials. An honest and transparent system would be more effective.

Interestingly, the preferred solution of the Rt Hon Kenneth Clarke, the Conservative Party’s adviser on improvements to democracy, is a behind-closed-doors model of politicisation, in which Ministers are able to change the appointments of officials through private conversations.¹²⁵ Again, this accepts that the Senior Civil Service should be politicised; but it is the opposite of transparent.

There would be the possibility for too much discretion in the hands of politicians and hence lack of accountability to Parliament. There should be greater scrutiny of senior appointments to act as a check against this – in Australia Permanent Secretaries are appointed by the Prime Minister with consultation with the relevant Minister and a report from the Department of the Prime Minister and Cabinet.

Recommendation 2: Personal accountability for performance

At an operational level, to enable civil servants to get on with the job effectively, it is necessary to empower people all the way down the line – as is the case in the army – giving greater discretion by devolving operational authority.

It must be clear who is responsible for what and who is empowered to decide what. The role of departmental boards must be revisited and clarified if they are to continue. It is currently unclear to what extent responsibility and accountability lies with a Minister, with a Permanent Secretary, or collectively with a departmental board.

If civil servants have conflicting objectives, their ability to deliver meaningful outcomes is weakened. As Matthew Taylor said in his evidence to the Public Administration Select Committee, “... government finds it hard to say no to people ... to say to people, ‘You can’t have your cake and eat it too’”.¹²⁶ Departments often use opaque language to cloak conflicting objectives, rather than forcing politicians to choose between them. The National Audit Office should be empowered to investigate instances of conflicting governmental objectives, quantify the amount of public money being wasted, and force those with responsibility and empowerment to take such decisions (whether Ministers or officials) to decide between them.

¹²⁴ This idea has been supported by Sir Steve Robson: “I think the delegation route is a good route to go. It would bring profound benefit, but it is only going to bring profound benefits if Ministers cease to be responsible for accounting for micro issues within those delegated organisations. I think you have to draw back and say that Ministers account for the broad policy, they account for the structure that they put in place. So they account for the structure they put in place (Ofsted), they account for the top hires (Zenna), and they account for the incentives they give their top hires – and that is it”, House of Commons (2008), *Public Administration Select Committee, Oral Evidence: Good government*, 16 October, Q.83.

¹²⁵ House of Commons (2008), *Public Administration Select Committee, Oral Evidence: Good government*, 23 October.

¹²⁶ House of Commons (2008), *Public Administration Select Committee, Oral Evidence: Good government*, 16 October, Q.76.

Recommendation 3: Meritocracy

The centralised grades-based Civil Service recruitment system (for grades of Executive Officer level and above) should be replaced. Grades themselves should be abolished.

All Civil Service vacancies should be advertised openly on the internet. The practise of discriminating against “external” candidates in favour of “internal” candidates should be abolished, as should the practice of “redeployment pools” in which staff are salaried without having jobs to do.

Civil Service managers should be empowered to recruit their own teams from within their own budgets. They should be able to decide pay and management accountability lines within their teams and to recruit on short-term, flexible contracts (of a maximum of 5 years), and to incentivise the retention of talented staff.

The role of the Civil Service Commissioners should be adapted so that they would be appointed on the basis of their expertise in talent-search and performance management. They should engage in questioning and developing the recruitment methods of the Civil Service to meet the needs of the time. They should provide advice to senior directors, Permanent Secretaries and Ministers in appointing senior personnel, and advice on expert members for interview panels to support the managers.

Non-departmental public bodies and Executive Agencies which have hitherto continued to use Civil Service recruitment and appointment procedures should also adopt this more flexible approach.

An open recruitment policy would aid the culture and effectiveness of the service. Zenna Atkins, Chair of Ofsted, has spoken rightly of the need for the Civil Service to have greater diversity of experience, so that civil servants have direct experience of the policy areas that they cover.¹²⁷ As Sir Steve Robson said in his recent evidence to the Public Administration Select Committee, the lack of direct experience of civil servants means that their advice can be “abstract and detached”.¹²⁸

Recommendation Four: Greater power and accountability at local level

Government should revisit vesting greater power and responsibility at local level, coupled with greater democratic accountability. That well run local government can have a greater sense of local needs for public services, and therefore be better placed potentially to have responsibility for them (as commissioner, if not as provider), seems clear. Whitehall has traditionally fought shy of giving greater power and responsibility to local government, convincing itself that power will be misused and that democratic safeguards are too weak a bulwark.

Stronger democratic institutions (for example, full-time elected Mayors and a smaller number of full-time councillors) may provide a means to strengthen democratic institutions locally, to provide sufficiently strong mechanisms to provide greater accountability for greater responsibilities. Were local government to implement the recommendations of this report with regard to HR, recruitment, performance management and management accountabilities, it might give greater weight to the claims it has pressed unsuccessfully over many decades for greater resource and power.

¹²⁷ *Ibid.* Q.98.

¹²⁸ *Ibid.* “It is equally unfortunate that senior civil servants tend to come up a policy route and I think that has been a great mistake. The consequence of that within the Civil Service is that when issues about performance, about organisations, are addressed, they are addressed in a rather abstract and detached sense. There is a lack of recognition of a point we touched on earlier, that in many ways the key issues about the way organisations behave are to do with the incentives and behaviours of the individuals in those organisations. That sort of idea is a very foreign idea to people who have grown up through the Civil Service policy streams.”

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www.civilservicecommissioners.org for more information.

Appendix 1: The Capability Reviews: departmental scores

Source Civil Service website:

<http://www.civilservice.gov.uk/about/accountability/capability/index.asp>

	Leadership			
	Set direction	Ignite passion, pace and drive	Take responsibility for leading delivery and change	Build capability
Cabinet Office – Dec 2008	Well Placed	Development Area	Well Placed	Development Area
BERR – Dec 2008	Well Placed	Well Placed	Well Placed	Development Area
DCLG – Dec 2008	Well Placed	Development Area	Development Area	Development Area
DIUS – Dec 2008 (Baseline)	Well Placed	Well Placed	Urgent Development Area	Development Area
DCSF – July 2008	Well Placed	Strong	Strong	Development Area
Home Office – July 2008	Well Placed	Development Area	Well Placed	Development Area
DWP – July 2008	Development Area	Well Placed	Strong	Development Area
MoJ – April 2008 (Baseline)	Well Placed	Well Placed	Development Area	Development Area
HMT – Dec 2007	Well Placed	Development Area	Development Area	Urgent Development Area
HMRC – Dec 2007	Urgent Development Area	Urgent Development Area	Development Area	Development Area
CPS – June 2007	Strong	Development Area	Development Area	Urgent Development Area
DfT – June 2007	Well Placed	Development Area	Urgent Development Area	Development Area
DH – June 2007	Serious Concern	Urgent Development Area	Development Area	Development Area
DCMS – March 2007	Well Placed	Development Area	Urgent Development Area	Development Area
DEFRA – March 2007	Well Placed	Urgent Development Area	Urgent Development Area	Development Area
DFID – March 2007	Strong	Strong	Well Placed	Development Area
FCO – March 2007	Urgent Development Area	Well Placed	Development Area	Development Area
MoD – March 2007	Urgent Development Area	Well Placed	Well Placed	Development Area
DCA – July 2006	Well Placed	Development Area	Urgent Development Area	Well Placed

Key

Strong: good capability for future delivery in place, in line with the capability model. Clear focus on the action and improvement required to deliver transformation over the medium term.

Well placed: well placed to address any gaps in capability for future delivery through practical actions that are planned or already underway. Is making improvements in capability and is expected to improve further in the medium term.

Development area: the department should be capable of addressing some significant weaknesses in capability for future delivery by taking remedial action. More action is required to close those gaps and deliver improvement over the medium term.

Urgent development area: significant weaknesses in capability for future delivery that require urgent action. Not well placed to address weaknesses and needs significant additional action and support to secure effective delivery. Not well placed to deliver improvement over the medium term.

Serious concerns: serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term. (NB only used infrequently, for the most serious gaps.)

	Strategy			Delivery		
	Focus on outcome	Base choices on evidence	Build common purpose	Plan, resource and prioritise	Develop clear roles, responsibilities and delivery model(s)	Manage performance
	Development Area	Strong	Well Placed	Development Area	Urgent Development Area	Development Area
	Development Area	Strong	Development Area	Well Placed	Development Area	Well Placed
	Well Placed	Development Area	Well Placed	Development Area	Development Area	Development Area
	Urgent Development Area	Development Area	Well Placed	Development Area	Development Area	Development Area
	Well Placed	Well Placed	Development Area	Well Placed	Development Area	Well Placed
	Strong	Development Area	Development Area	Development Area	Development Area	Well Placed
	Well Placed	Strong	Well Placed	Development Area	Well Placed	Well Placed
	Urgent Development Area	Development Area	Development Area	Urgent Development Area	Urgent Development Area	Development Area
	Well Placed	Strong	Urgent Development Area	Well Placed	Development Area	Development Area
	Development Area	Urgent Development Area	Well Placed	Well Placed	Urgent Development Area	Development Area
	Development Area	Well Placed	Development Area	Well Placed	Urgent Development Area	Development Area
	Well Placed	Strong	Development Area	Well Placed	Urgent Development Area	Development Area
	Urgent Development Area	Urgent Development Area	Development Area	Well Placed	Development Area	Well Placed
	Urgent Development Area	Development Area	Development Area	Well Placed	Urgent Development Area	Development Area
	Well Placed	Well Placed	Development Area	Urgent Development Area	Development Area	Urgent Development Area
	Well Placed	Well Placed	Urgent Development Area	Urgent Development Area	Well Placed	Well Placed
	Development Area	Well Placed	Well Placed	Urgent Development Area	Development Area	Well Placed
	Strong	Well Placed	Development Area	Development Area	Urgent Development Area	Development Area
	Strong	Well Placed	Well Placed	Urgent Development Area	Urgent Development Area	Development Area

Note

For the six departments which have had two Capability Reviews, one in the initial round in July 2006 and a second review two years on, only the results from the second review have been included on the basis that they have replaced the initial scores. These departments are: the Home Office, the Department for Work and Pensions, the Department for Education and Skills (now Department for Children, Schools and Families), the Cabinet Office, the Department of Trade and Industry (now the Department of Business, Enterprise and Regulatory Reform) and the Department for Communities and Local Government.

Appendix 2: International Civil Service Systems

Source

	Responsibilities (strategy/ advise/ delivery/regulation)	Independent/politically appointed/elected	Accountability
United Kingdom	<p>devise minor legislation</p> <p>advise Ministers</p> <p>implement policy decisions of Ministers</p> <p>ensure efficient execution</p> <p>80s drive for “doers not thinkers” – more focus on management than policy making</p>	<p>independently appointed</p> <p>perm secs appointed by PM</p> <p>must take advice of Civil Service Commissioners & strict merit-based approach (formal process)</p> <p>lower levels appointed by departments subject to observance Minister’s rules – merit principle regulated by Civil Service Minister</p> <p>virtual absence capacity political interference in senior personnel affairs unusual in Western Europe</p>	<p>limited and contradictory: Ministers accountable for policy, but not for day-to-day management decisions (as bulk CS work n relatively independent, autonomous executive agencies – growth 80s & 90s administrative outsourcing)</p> <p>lack cohesion whole CS</p> <p>growth SpAds – own code of conduct exempt act impartially</p>
United States	<p>agencies set targets and assess performance</p>	<p>politically elected</p> <p>growing support for “at-will” employment (no guarantee of tenure or job protection)</p> <p>politicisation has been strengthened in reforms since 80s – greater autonomy of politicians</p> <p>career progression largely on extensive use political apptment, not just merit</p>	<p>largely organised along decentralised lines with independent units</p> <p>as such high interchange with external (private) organisations</p>
Canada		<p>hybrid system:</p> <p>public servants can represent Ministers in Cab meetings, many make transition CS to politician</p> <p>personalisation of appointments</p>	<p>the 1999 PMP to encourage productivity and determine individual accountability</p>
Australia	<p>policy advice</p> <p>enforce effective delivery govt policy objectives</p>	<p>PM appoints Secs & major agency heads with report from Sec of PM&C & consultation relevant Minister</p> <p>Sec of PM&S appointed by PM with report from Public Service Commissioner (& obliged consult PM before report)</p> <p>PSC usually consulted but not formal process</p> <p>most Secs career public servants, but some apptd due political views</p> <p>lower levels independently appointed (principle of merit)</p> <p>individual employment contracts</p> <p>Secs contracts up to 5 yr, can be terminated early at any time</p>	<p>management performance model</p> <p>secretaries answerable, responsible & accountable under their Ministers</p> <p>contract can be terminated early at any point</p> <p>Cabinet Implementation Unit & traffic light system monitors progress</p> <p>significant increase number Ministerial advisers not bound by APS values</p>
New Zealand	<p>policy advice</p> <p>enforce effective delivery govt policy objectives</p>	<p>Secretaries independently appointed by State Services Commissioner following independent merit process</p> <p>top 5yr contract terms</p>	<p>individually accountable for results</p> <p>managerial accountability (at expense public& parliamentary accountability)</p> <p>significant increase number Ministerial advisers – follow general code of conduct</p>
France		<p>hybrid system; appointment and dismissal of top ranks (directeurs d’administration & directeurs de cabinet) subject to govt discretion therefore change of govt brings change many top officials (but full discretion not usually implemented – likely appointed from senior ranks than external)</p> <p>at top, political appointments increasingly common</p>	<p>assessment based on directly measurable objectives, their quality and environment</p> <p>growth administrative agencies like in UK but less independent, autonomous, much more dependent on Ministerial decisions, more accountable</p>

Remuneration	Restriction involvement in political activities	Openness of appointment	Size	Power and co-ordination	Mobility
<p>decentralised departmentally determined (since '92)</p> <p>supposedly performance-related pay, but more to group than individual, and more on longevity than performance</p>	<p>can't stand for election to any political office</p> <p>senior CS's can't be a member of a party</p>	<p>not required to advertise externally</p>	<p>496,000 (FTE) (or 540,000 HC)</p>	<p>strong Prime Minister and cabinet</p> <p>under Thatcher considerable concentration of power in the Executive and big cut in size</p> <p>ethos joined-up government</p>	
<p>Performance-related pay: 1 per cent, though life-time award up to 35 per cent</p>	<p>highly restrictive</p>	<p>-external appointments cannot exceed 25 per cent of an agency's senior position</p>			<p>High level mobility between public and private sectors</p>
<p>performance-related pay up to 11 per cent</p>		<p>both external and internal</p>	<p>350,000 (100,000 of which armed forces)</p>	<p>concentration power at centre</p>	
<p>decentralised – departmentally decided</p> <p>performance-related pay for Secs – bonus of up to 20 per cent remuneration package –assessed by PM with substantial input from the Minister, joint advice from PSC and Sec PM&C and self-assessment by Sec</p>		<p>all appointments required advertise externally</p>		<p>prime Minister dpt enhanced</p> <p>strong central agencies</p> <p>whole-of-government ethos</p>	
<p>decentralised (& great disparity)</p> <p>top: contracts pay-for-performance</p> <p>meant to be comparable to private sector pay (not)</p> <p>annual performance agreements</p>	<p>medium restrictions</p>			<p>Prime Minister dpt enhanced</p> <p>strong central agencies</p> <p>horizontal government (integration less developed than Australia)</p>	<p>only 7 per cent recruited from private sector</p> <p>contracts unlikely not be renewed</p>
<p>performance related pay up to 20 per cent of total pay</p> <p>power to determine pay and conditions still lies at centre (with the Exec)</p>	<p>low restrictions</p>	<p>mostly internal</p>			

Appendix 2 continued: International Civil Service Systems
Source

	Responsibilities (strategy/ advise/ delivery/regulation)	Independent/politically appointed/elected	Accountability
Netherlands	<p>recent creation a Senior Public Service (ABD) – top CS not employed by a particular dpt but collectively & alternate betw dpts regularly – aim transcend traditional compartmentalization</p> <p>active role in policy-making</p>	<p>Grades 1-14 appointed by the dpt Minister (more likely party bias)</p> <p>Grades 15-18 royal decree on recommendation of Minister</p> <p>Grades 19 upwards by Council of Ministers (Cabinet) – cross-party as coalition system hence less likely political biased</p> <p>scope for politically motivated nominations – in practice most top CS act in non-party-political way due coalition nature Dutch politics</p>	<p>tension as committees organised around policy areas but individuals operating on department mandates, and leads to compartmentalization</p> <p>but now unified administration within fragmented politics</p>
Hong Kong	<p>implement policies</p> <p>provide government services</p> <p>significant amount of contracting out for services and strong reliance on partnerships with private and voluntary sector</p>	<p>politically appointed: head of govt and Ministers are not elected themselves</p> <p>fixed term 3yr contracts brought in in 1999 (after 2nd 3yr contract can consider permanency)</p> <p>independent Public Service Commission advises on appts</p> <p>aggressive recruitment entry level</p>	<p>top-down: Ministerial system</p> <p>14 principal officials personally appointed by the chief executive (head of govt) responsible all managerial policy (headed by Secretary for the Civil Service)</p>
Norway		<p>annual evaluation for contract revision</p> <p>top permanent contracts</p>	<p>individual evaluation & measurement of results seen as problematic</p>
Hungary		<p>high level of political discretion by govt over recruit, appoint and transfer civil servants</p> <p>(despite 4 CS reforms; endemic characteristic of regimes in post-communist countries due to lack of trust)</p> <p>PM & relevant Minister select Perm Sec (administrative state sec) and deputy ASS</p> <p>all top managerial roles also at discretion govt & Ministers (about 20 per cent)</p> <p>lower ranks at discretion Perm Sec – who is himself likely be politically appointed therefore likely indirect politicization lower ranks</p> <p>no independent CS commission exists</p> <p>often appointed from within political parties, even MPs</p> <p>usually high turnover with change in govt</p> <p>Indefinite tenure, govt can dismiss any time</p> <p>Ministers also legislative power dismiss whole groups of CS's if internal reorganization or other</p>	

Remuneration	Restriction involvement in political activities	Openness of appointment	Size	Power and co-ordination	Mobility
highly standardized centralized system based on system of function classification	majority of top CS are party members – is acceptable, must declare but able carry on involvement acceptable Ministers and top CS have differing political views	90 per cent of top officials recruited from a govt org traditionally recruitment dominated by law graduates – monopoly eroding			horizontal mobility is major priority of ABD – top CS change dpt every 5 years – aim break compartmentalization high rate mobility in practice – average tenure top CS 3.3 years little intergovt mobility (only 5 per cent of the CS recruited from a govt org from non-central org) interdpt mobility increasing (betw dpts), while intradpt decreasing (promotion within dpt) mainly recruited for a specific position than a career (exception police, military, judiciary) closed nature, little fluidity – v few top CS with private sector experience (more likely other way round) – reinforced by ABD
centralized: legislation dictates pay for existing staff cannot be cut by a new government after a handover wages & salaries for CS & subvented bodies accounts 70 per cent of total government operating expenditures (one of best paid CS in world, although cuts in 2002)		traditionally recruited internally, 1999 departments given greater flexibility look outside for snr appts open recruitment for lower ranks	attempts to downsize with voluntary retirement and compulsory for very senior officers		
top: contracts pay-for-contribution (part govt moderate income policy – not clear performance related)					internal labour market stable little private sector recruitment
	often appointed from political parties & institutions – must resign post on appointment but often continue play important informal role in party politics	can be appointed from anywhere, including political parties, academia, private sector; no obligation to advertise openly			

