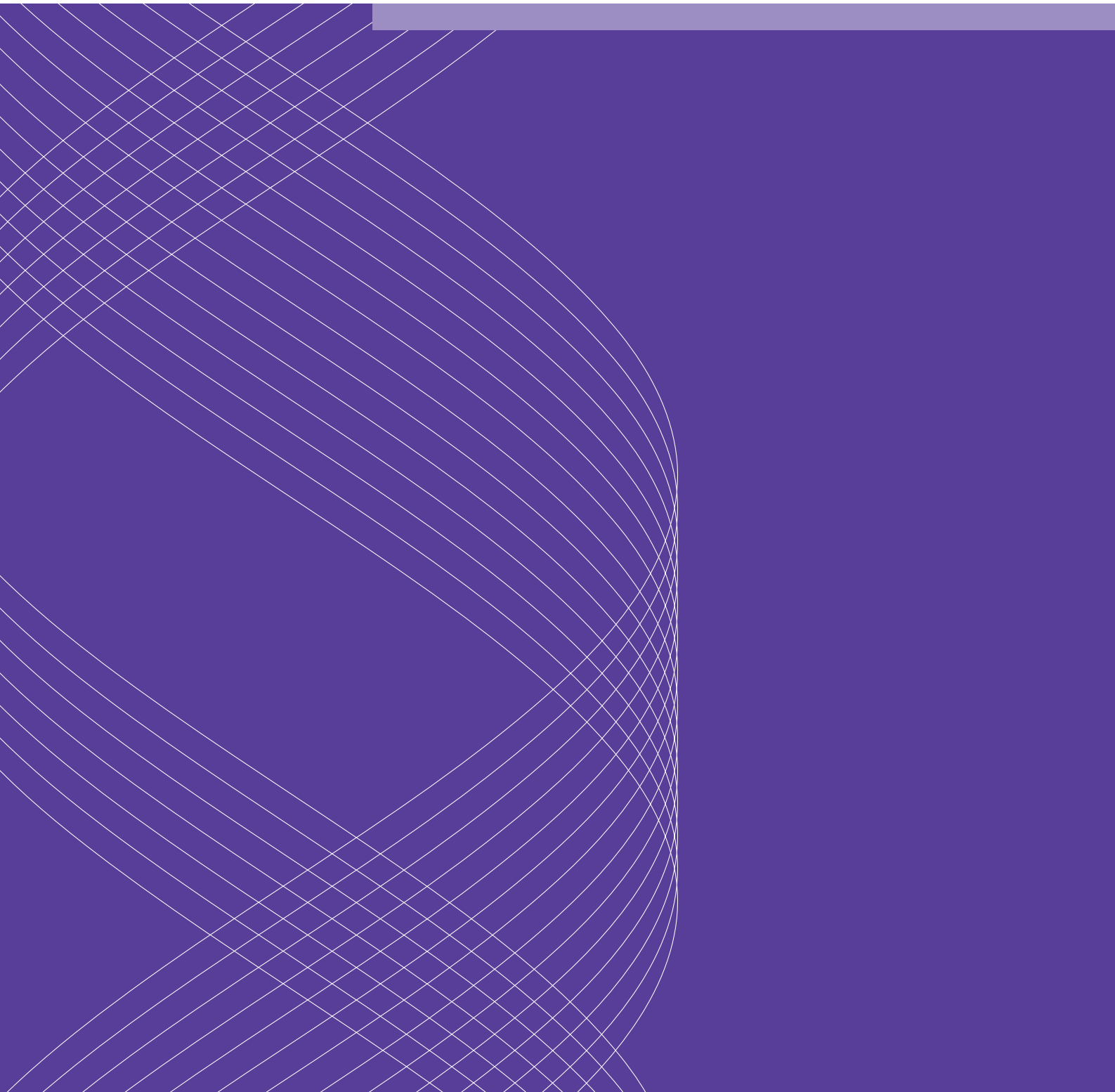




# Civil Service Reform Delivery and Values





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## Introduction



*Sir Andrew Turnbull*

I am proud of the Civil Service I lead. Its values, talents and effectiveness are an asset to the nation. As a service we are respected by colleagues in other countries and envied by many. I hope every member of the Civil Service shares in that pride.

Equally, I hope every member of the Civil Service shares my determination to adapt ourselves to meet the new challenges we face and new ways of doing business. Being good today is not enough: respect has to be earned every day, and we will need to change – as we have in the past – to earn it tomorrow.

We deal with issues of enormous importance: from the health of the nation to helping someone back into work. But we operate in a world where public expectations have risen, where scrutiny and accountability have become sharper, where technology and globalisation create new opportunities and threats daily.

That is the challenge we have to meet. I am confident that the Civil Service can rise to it, that we can deliver results with assurance, and that we will earn public respect. We will need to:

- put our customers first, build our services according to their needs and give them real choice in what we provide;
- improve and develop a wider range of delivery skills, including project management;
- improve the way we lead, manage and develop people; and
- continue to be an organisation people want to work for.

This document sets out how we will do that, while still based on the enduring values of an independent and impartial Civil Service. The reforms will lead to:

**Civil servants** being recruited from various backgrounds, at different career stages, given better development opportunities, under more rigorous performance management, with senior postings normally limited to four years, and with progress being dependent on meeting skills and experience requirements at key 'career gateways'.

**Professionalism** becoming a defining characteristic for policy makers and operational staff as much as for specialists, supported by a principle of developing skills and experience around revived 'career anchors'.

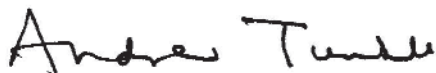
**Departments** leading public service delivery on the basis of well developed strategies to deliver clear outcomes, supported by much better corporate functions in financial management, HR, IT etc.

**The centre** providing a focus for excellence in key corporate disciplines needed by departments, and providing a robust internal challenge on delivery and effectiveness.

**Efficiency** underpinning everything as a constant process of review and challenge, to make sure that departments do what only they should do.

The combined outcome of these measures will be a Civil Service that continues to be valued for its integrity, which people are keen to join, and which has more movement in and out than previously. It will deliver the Government's priorities on the basis of well developed strategies and clarity of departmental purpose, making full use of project management principles. It will seize the opportunities offered by new technology, and it will develop a new understanding of a department's role in leading delivery through other services and sectors.

Most importantly, the reformed Civil Service will provide a better service to the people of the country, meeting their aspirations with the standards they are entitled to expect from a fully professional body. That is the outcome I am aiming for.



Sir Andrew Turnbull KCB CVO  
*Cabinet Secretary*

# 1 Where we have come from

- 1.1 It is 150 years since the Northcote-Trevelyan report on the organisation of the Permanent Civil Service was completed.
- 1.2 The need for reform then was driven by circumstances which have immediate resonance today:
- ‘The great and increasing accumulation of public business, and the consequent pressure on the Government.’
- 1.3 And the reforms the report proposed have formed the basis of the Civil Service ever since. In essence they were:
- entry by competitive examination rather than patronage;
  - common regulation of entry standards;
  - securing the greatest and most varied amount of talent; and
  - promotion by merit rather than seniority.
- 1.4 The overall aim was the creation and maintenance of:
- ‘an efficient body of permanent officers, occupying a position duly subordinate to that of the Ministers who are directly responsible to the Crown and to Parliament, yet possessing sufficient independence, character, ability, and experience to be able to advise, assist, and to some extent influence those who are from time to time set over them.’
- 1.5 But there is one key finding that remains fundamental to the Civil Service, and is the bedrock on which everything since has been built:
- ‘the trustworthiness of the entire body is unimpeached.’
- 1.6 It is easy to take for granted something so well established, but it contrasts strikingly with those parts of the world where corruption is a normal and accepted fact of public life.
- 1.7 The Fulton report in 1968 looked for a set of major changes to adapt the service to the needs of the second half of the 20th century. Fulton saw the following issues for the Civil Service:
- Too much based on the philosophy of the ‘generalist’ or ‘all-rounder’.
  - Scientists, engineers and other specialists not being given the responsibilities, opportunities and authority they should have.
  - Too few skilled managers.
  - Not enough contact between the service and the community it serves.
  - Inadequate personnel management and career planning.
- 1.8 We have moved on but some concerns still apply today, although it may be partly a matter of degree.
- 1.9 But perhaps the most important contribution Fulton made was in setting out his guiding principle for the future:
- ‘The Service must continually review the tasks it is called upon to perform; it should then think what new skills and kinds of men are needed and how these men can be found, trained and deployed.’

Making allowances for the language of the time, that is precisely the task we are now embarked on, and it has also guided the fundamental changes that have reshaped the Civil Service over the last 40 or so years.

1.10 The Fulton report was followed by a series of further reform initiatives.

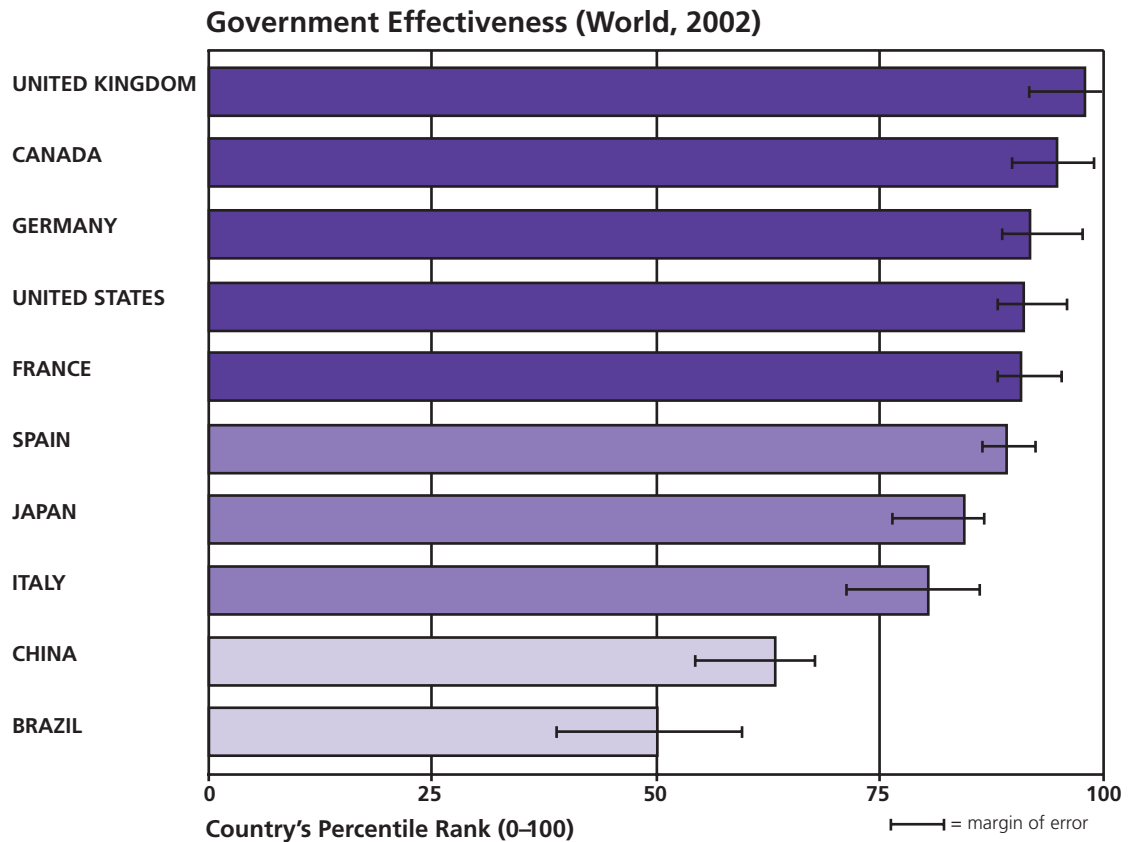
**The Financial Management Initiative** (1986) sought improvements in the allocation, management and control of resources.

**Improving Management in Government: the Next Steps** (1988) announced that much of the executive work of Government was to be devolved to agencies.

**Continuity and Change** (1994) and **Taking Forward Continuity and Change** (1995) proposed the establishment of the Senior Civil Service in 1996, the promulgation of the Civil Service Code, and an enhanced role for the Civil Service Commissioners in recruitment and selection on merit.

**Modernising Government** (1999) had three key aims: strategic policy making; focusing on public service users, rather than the providers; and high quality and efficient public services.

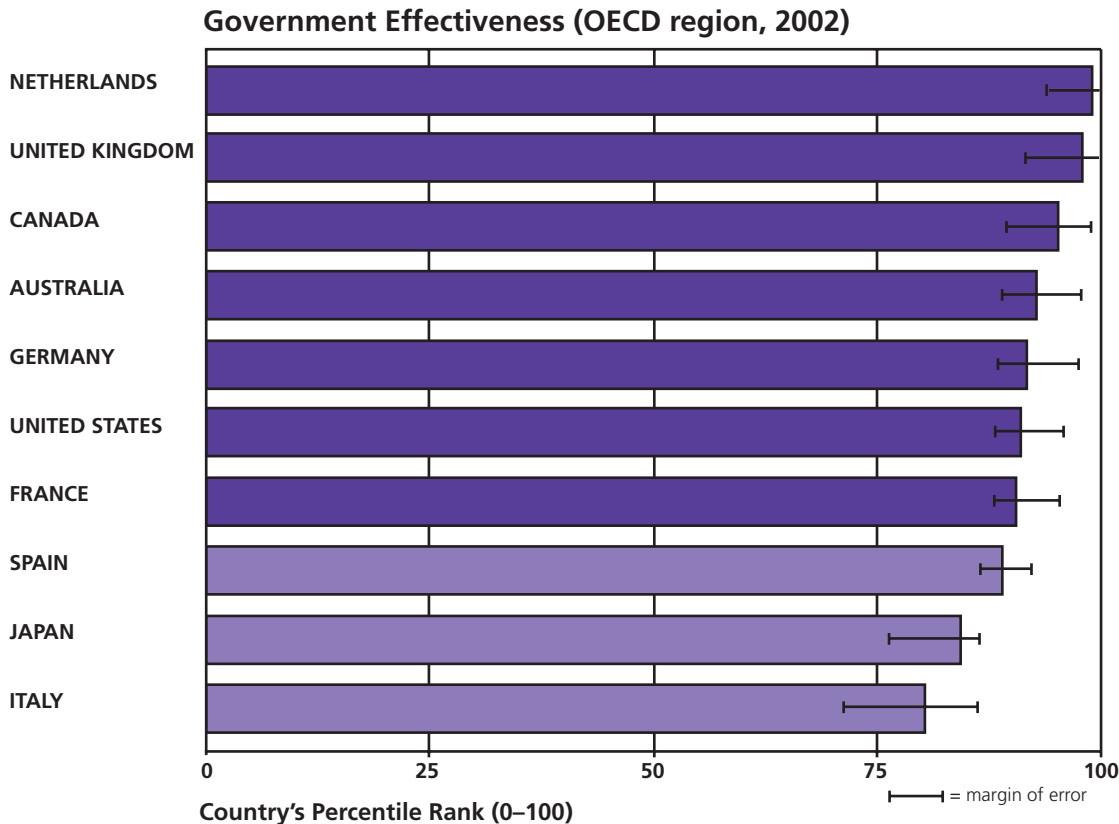
1.11 The result of all this change is certainly not perfection. But it has given us a Civil Service that continues to be very highly regarded around the world. Building on the integrity intellect and dedication that are our historic strengths, we have reached a position where World Bank aggregated survey data gives the UK a 97.9 percentile ranking for ‘government effectiveness’, shown in the chart below in comparison with the rankings for the other top ten GDP countries world-wide.



Source: D. Kaufmann, A. Kraay and M. Mastruzzi, 2003: *Governance Matters III: Governance Indicators for 1996-2002* ([www.worldbank.org/wbi/governance/pubs/govmatters3.html](http://www.worldbank.org/wbi/governance/pubs/govmatters3.html))

World Bank note: The governance indicators presented here reflect the statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, as reported by a number of survey institutes, think tanks, non-governmental organisations, and international organisations. The aggregate indicators in no way reflect the official position of the World Bank, its Executive Directors, or the countries they represent. As discussed in detail in the accompanying papers, countries' relative positions on these indicators are subject to margins of error that are clearly indicated. Consequently, precise country rankings should not be inferred from this data.

1.12 The UK also scores well if the comparators are the top ten GDP countries within the OECD.



Source: D. Kaufmann, A. Kraay and M. Mastruzzi, 2003: *Governance Matters III: Governance Indicators for 1996-2002* ([www.worldbank.org/wbi/governance/pubs/govmatters3.html](http://www.worldbank.org/wbi/governance/pubs/govmatters3.html))

- 1.13 A study by *The Economist*<sup>1</sup> ranks the UK top in the 1997-2001 'Entrepreneurial Framework Index' covering 60 countries that are low on red tape and friendly to private enterprise, and have an equitable tax regime, an open and well developed financing system, a flexible labour market and a modern network infrastructure.
- 1.14 A good determinant of the quality of an organisation is how easily it finds new recruits. For 2003 the Civil Service came first in The Times Top 100 Graduate Employers Survey. And we are also recruiting quality people mid-career.
- 1.15 The Civil Service is much more than a Whitehall-based graduate employer, however. There are over 500,000<sup>2</sup> civil servants: only a very small number of them advise Ministers directly; a larger number are concerned with turning policies into practice; and the vast majority deliver services directly to the public.
- Only 18% of civil servants work in London.
  - Just over 70% work outside London and the South East.
  - 72% work in executive agencies delivering services.
  - Only some 16% of civil servants retire at or above the minimum retirement age; over 60% leave by resignation at an earlier stage.
  - In total, the Civil Service constitutes 1.7% of UK employees; the public sector in total just under 18%; the private sector 82.5%.
- 1.16 Civil servants will be found as undercover investigators for HM Customs and Excise, working as veterinary surgeons to control disease, providing the response to marine pollution incidents, identifying the causes of major accidents, providing digitised maps, offering specialised weather forecasting services, and any number of other tasks which underpin the functioning of a complex society.

<sup>1</sup> Apax Economist Intelligence, 12 June 2002

<sup>2</sup> 516,220 or 490,420 full-time equivalent, April 2002; figures in this section taken from *Civil Service Statistics*, 2003



- 1.17 This reflects the variety in the way government departments function. Some employ very large numbers of staff directly responsible for delivering services (Inland Revenue, HM Customs and Excise, Department for Work and Pensions); others work largely through external bodies to deliver their business (Department of Health; Department for Education and Skills; Department for Culture, Media and Sport) and some combine the two (Home Office, working indirectly through an independent police service, and directly through the Prison Service).

#### **Jobcentre Plus**

The UK is one of very few countries to combine the payment of benefits to those out of work with advice and support on getting back into employment. This model and the way it has been rolled out in new Jobcentre Plus offices has attracted world-wide attention.

- 1.18 Reform will mean different things depending on the context of the government department concerned. But a fundamental theme running through everything the Civil Service does is the importance of diversity as a positive value at all levels. People from different backgrounds, different ways of living, different belief systems all bring new elements to how we think about policy, delivery and what successful outcomes look like. The more varied the minds applied to an issue, the wider and richer the range of potential solutions; and the more likely it is that the solutions will match the practical needs of different groups in society. The Civil Service needs to reflect the society it serves, and it wants to benefit from what a diverse population has to offer. And the services we are responsible for should also be taking the same approach.
- 1.19 Strongly rooted in our culture is the belief that we can be friends as well as colleagues; that the office is not simply a place of work; and that we acknowledge an obligation to those who have served and retired. In addition to the central initiatives below, every department has a health and welfare function to support its staff.

**The Civil Service Sports Council** with 125,000 members provides access to numerous sports and leisure facilities.

**The Civil Service Benevolent Fund** provides financial help for serving and former civil servants who have fallen into personal difficulties (partly funded through contributions from the pay of existing civil servants).

**The Civil Service Retirement Fellowship** through friendship and support aims to relieve hardship and the problems of old age.

- 1.20 This is where today's Civil Service has come from. The next section looks at how the world we operate in is changing even faster.

## 2 The changing environment

### Public expectations

- 2.1 The public has higher expectations than ever before about the service it is entitled to:
  - A fair, universal provision is no longer enough: people expect their personal needs to be addressed.
  - 'Authority' is increasingly challenged.
  - Inadequate provision is not accepted.
  - Litigation over failures is increasing.
- 2.2 Private sector businesses are increasingly organising themselves around how their customers want to transact business: by telephone or the internet; outside office hours; or the delivery of goods at specified times. We should not expect our customers to settle for anything less from the public sector than they are demanding and getting from the private sector.

### The growth in external scrutiny

- 2.3 The explosion of media outlets and the 24-hour coverage now provided has a double effect on the Civil Service. Most immediately, it calls for a matching response capacity, to avoid stories becoming established without being informed by the Government's view on the issue. But it is also symptomatic of the extent of external scrutiny.
- 2.4 There have been only three Royal Commissions since 1997 (Environmental pollution; Long-term care; and Reform of the House of Lords). But public inquiries have included BSE, foot and mouth, Harold Shipman, Stephen Lawrence, Victoria Climbié, Bristol Royal Infirmary, Bloody Sunday, Equitable Life and Dr Kelly.
- 2.5 No part of the Civil Service process is immune from an inquiry's scrutiny; transparency and disclosure in this context go well beyond the arrangements set out in the Code of Practice on Access to Government Information or the Freedom of Information Act which comes into force next year.
- 2.6 As a result, the public accountability of individual civil servants is in practice increasing steadily. But that accountability needs to reflect the difference between those parts of Civil Service work which are under direct command and control, and those areas where results are achieved outside the span of formal management responsibility.
- 2.7 All this takes place in an increasingly complex global environment in which national borders become less significant: international transport improves; multinational companies become more dominant; technology allows call centres in the Indian subcontinent to deal with domestic UK transactions. Potential problems become more complex and less predictable.
- 2.8 Any attempt to address a problem is also subject to the competing advice and opinions of a plethora of special interest groups, advisory bodies and think tanks. Technology presents opportunities for tackling some of the increased complexity, but the very speed of advance creates its own problems. The client needs an increasing degree of sophistication to understand the full potential of new systems and how to make a successful migration.

## The changing Civil Service family

- 2.9 As Scotland and Wales take up the opportunities of devolution, and as Northern Ireland explores devolved governance arrangements, the Civil Service itself presents a developing and less monolithic environment. The culture and ways of working are beginning to diverge from a single model. The relationship with Ministers, with other service providers and with the public are changing as the devolved administrations create the approaches to public service that work best in their own circumstances. There is still a unified Civil Service, but it is now beginning to manifest itself in different forms to meet the needs of devolved government.
- 2.10 The Diplomatic Service remains a separate entity, organisationally distinct from the Home Civil Service, but many of the principles and values set out in this document apply equally to both.

## 3 Issues to be addressed

- 3.1 Against the scale and pace of change set out above, it is inevitable that any organisation would struggle to adapt using only its internal resources and a leadership exclusively recruited a generation ago for a very different context.

### Bringing in people

- 3.2 The Civil Service has already opened itself up and must continue to do so, both by bringing in people with skills we are lacking and by making sure that we train and develop more of our own people in those areas. This is particularly true of subjects such as project management, financial management and human resources. For too long we have failed to recognise the importance of fully professional skills in these areas, but they are central to any successful business and are too important to leave to chance – especially when the demand is rising sharply.

### Relationship with the wider public sector

- 3.3 The Civil Service no longer sees itself as something apart from the wider public sector. It is distinct, but is part of a wider network of public sector organisations, including local authorities and other elected bodies. Departments should see themselves as leading a process of public service delivery which links departments and delivery agencies in a necessary continuum. For departments which operate largely through others, this will mean setting the strategic framework and national standards within which local responsiveness and innovation can flourish. In other cases, departmental staff will work at the local level with a range of public sector partners tackling inter-related issues.

#### **Integrated children's services**

A large range of services for children and families, previously managed across four different departments, have been brought together in the Department for Education and Skills to provide integrated support around the needs of children, young people and families. Following consultation involving children and parents as well as front line workers and other professionals, the Department is working with partners across central and local government and the voluntary and community sectors on a systematic programme of change to provide better services.

- 3.4 There are proper dividing lines between central government and wider public sector agencies. The day-to-day clinical judgements of doctors or the operational decisions of police officers should not be subject to direct political control. But the gap between the centre and those responsible for delivery needs to be narrowed. Ministers are accountable for results, not just the passage of legislation.
- 3.5 For individual civil servants, it means seeing themselves as personally responsible for outcomes even beyond their own formal authority. And increasingly we should expect to see that reflected in people moving between the Civil Service and the wider public sector as their career develops.

The new **National Offender Management Service** will bring together prison and probation services into a single service intended to meet the full range of offender needs more effectively.

## Strategic thinking

- 3.6 To fulfil a leadership role in public service delivery, departments need robust evidence and analysis of current pressures, of effective responses, and of future trends. This calls for the right analytical skills, and for delivery plans to ensure that long-term goals are followed through.

## Efficiency

- 3.7 In everything we do, we need an ambition for efficiency: hunting out better ways of doing things, challenging ourselves and our assumptions. A key example is the way the service organises its 'back office' functions, particularly processing individual finance or human resources transactions. We need to identify the strategic core function that must remain in house, but beyond that, there may be benefits for departments through shared service centres, greater use of the internet, or outsourcing of large scale process functions.

The **MOD Pay & Personnel Agency** has now won competitions to handle business for Defra, the Office for National Statistics and the Royal Mint, offering efficiencies of scale and scope for savings to be redeployed to the primary business of the departments concerned.

**Defra** has launched a radical review of its rural funding streams. The main benefits will be fewer schemes, less bureaucracy, simpler customer access, improved value for money, and greater devolution of decisions regionally and locally – with an assurance that funding targets strategic objectives, and is properly monitored and evaluated.

## Technology

- 3.8 We need a similarly sharp and focused approach to taking up the benefits of new technology. We have had our share of failures with new technology; so has the private sector. But that should not make us over-cautious: the proper response is to make sure that we equip ourselves better to deal with experts and suppliers. To understand both the potential and the risks of new technology, we need much greater capacity to be 'intelligent customers' and to make project management central to the way we think and operate.

### **National Programme for IT in the NHS**

To give patients both choice and the best care, the National Programme aims to provide the right information, in the right place, at the right time. It will cover patient records, booking appointments and prescriptions, transmitting information effectively across the whole health care system.

### **Electronic tax returns**

The Inland Revenue now receives over 1 million tax returns a year electronically. Returns are available from 16 private sector partners as well as the Inland Revenue and can be submitted with the help of intermediaries. Use of electronic returns is being encouraged through the development of online self-service support.

## 4 The current reform drive

- 4.1 The aim of the current wide range of reforms is to improve the benefit to the public of the work the Civil Service does. There has been major investment in public services, and there is a corresponding and proper pressure to see that the benefits are delivered.
- 4.2 There are two routes by which we are doing this. First, we are entrenching the core values that are an enduring strength of the Civil Service. Secondly, we are raising the capacity of the Civil Service to secure outcomes and its ability to adapt to changing circumstances.

### Enduring values

**Incumbency** – Public policy and individual decisions made by civil servants are not influenced by considerations of personal gain, either while they are in the service or in the form of an outside appointment as a reward after they have left.

**Impartiality** – Successive Governments have come into office and found a Civil Service ready to put their policies and programmes into action from the start.

**Integrity** – Advice given to Ministers may be welcome or not, but it is the job of the Civil Service to see that the decision making process is as well informed as it can be.

**Independence** – Civil servants owe neither their jobs nor their prospects to the influence of political parties, lobby groups, business or other interests.

**Adaptability** – Political priorities can change with events as much as with elections; civil servants must be ready to implement with the same vigour a radical change to previous policies.

- 4.3 It is vital that we maintain these strengths, and that there is continuing and proper scrutiny to make sure we do. Separate codes of conduct for Ministers, Special Advisers and for civil servants are published by the Cabinet Office and define the proper relationships between the different groups.
- 4.4 In a short report in January this year, the Public Administration Select Committee published a draft Civil Service Bill to:
- put the Civil Service Commission on a statutory basis;
  - reaffirm selection on merit on the basis of fair and open competition;
  - enable special advisers to be appointed without competition, but debar them from financial or management responsibilities (other than for two posts in the Prime Minister's office if he wishes);
  - require the publication of a Civil Service Code specifying the values and duties of civil servants; and
  - remove the bar on some foreign nationals being civil servants.
- 4.5 With the exception of the last point, these are all well established current practice and the Government will be publishing its own draft bill in response in this Parliamentary session.

- 4.6 Since Northcote-Trevelyan we have constantly restated our commitment to the same core values, we have set them out in specific and practical codes of conduct, and the draft bill will be designed to lock them in.
- 4.7 But we need to go further than that and to address the other side of the equation: how we do more to secure the outcomes we seek, and how we make our business focus on what the public needs from us. The two parts of the equation were brought together as part of the Modernising Government agenda:

‘In support of successive administrations, we will:

- act with integrity, propriety and political impartiality, and select on merit;
- put the public’s interest first;
- achieve results of high quality and good value;
- show leadership and take personal responsibility;
- value the people we work with and their diversity;
- innovate and learn;
- work in partnership;
- be professional in all we do; and
- be open and communicate well’<sup>3</sup>

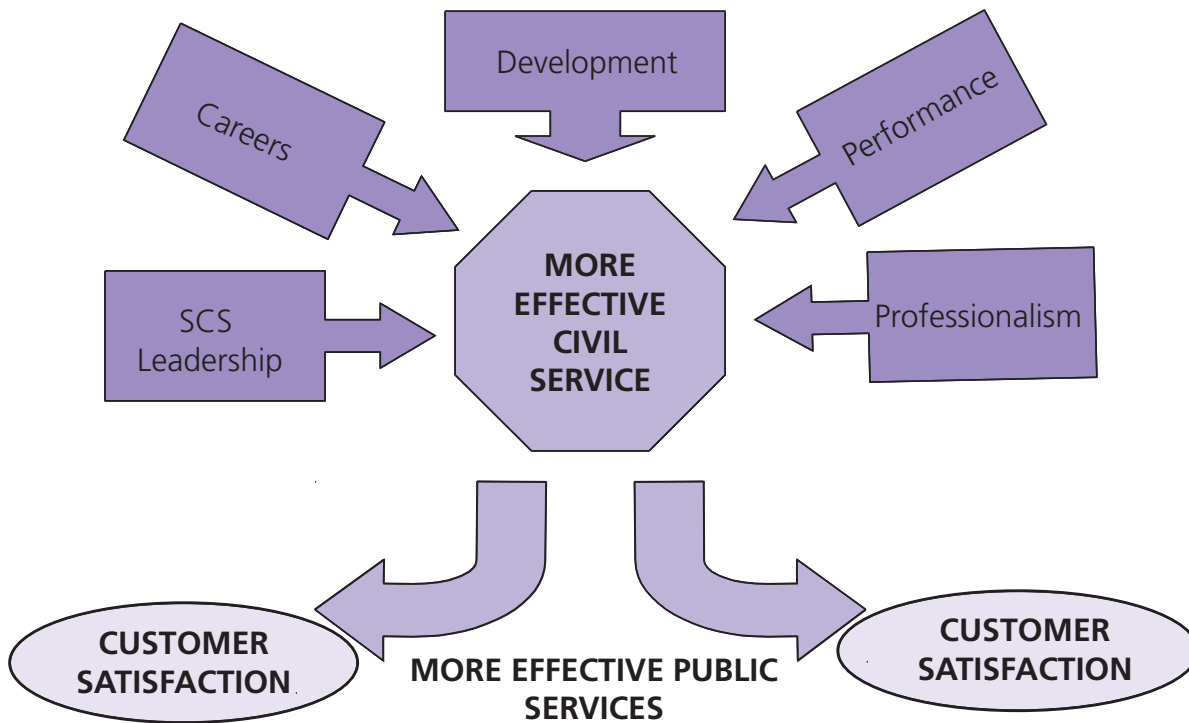
The next section sets out how we are making a reality of those aspirations and embedding them in the structure of the Civil Service.

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<sup>3</sup> *Vision and values*, Cabinet Office, 1999

## 5 The components of Civil Service reform

5.1 The purpose of reform is to improve public services as experienced by their users. The model below sets out the basic concept, with the details in the text that follows.





## Leadership

- 5.2 A common characteristic of high performing organisations is leadership. The Civil Service Management Board has defined the leadership requirement for the service as:

‘Visible leaders who inspire trust, taking personal responsibility for delivering results effectively and swiftly; working in teams which are more than the sum of their parts and across traditional boundaries; focused on strategic outcomes, matching resources to business priorities, honest, courageous and realistic with staff and Ministers; constantly learning.’

This combines the values and strengths derived from the Northcote-Trevelyan tradition, with the focus on outcomes and effectiveness essential if we are to deliver what the public needs and expects.

- 5.3 But in all employment sectors, the traditional concept of a career for life is fast disappearing. What matters now is the performance and potential of the individual, matched against the needs of the business. No one has a lifetime right to be a civil servant, irrespective of their abilities or the requirements of the department. But anyone who has the abilities needed by the business, or can stay ahead of a changing environment, can be confident of being valued and employed over a long period.

## Careers

### 5.4 Recruitment

At the recruitment stage the Civil Service has opened up radically. Age ceilings for recruitment to the Fast Stream have long since been removed. Direct recruitment at various levels has permeated the system and currently one third of new entrants to the Senior Civil Service (SCS) are external recruits successful through open competition.

- 5.5 The impact of the growth in external recruitment is becoming evident in the changing profile of the senior levels of the Civil Service:
- One in six **members** of the current SCS were recruited from outside and the ratio is likely to increase if current trends continue.
  - In 1998–99 approximately one in five **entrants** into the SCS were recruited from outside the service; in 2002–03 the ratio stood at approximately one in three.
  - One in five board level posts are now filled by people recruited to those roles from outside the service.
  - Non-executive director roles have been established on most boards.
- 5.6 Departmental boards are now reflecting a much wider range of membership than the previous model where members were largely drawn from people who had spent most of their working life in the department.

Main career background of board members in four departments:

	DfES	ODPM	DWP	Defra
Within department	3	4	3	3
In another department	–	3	3	5
Elsewhere in the public sector	5	2	1	3
Private sector	–	1	2	–
Non-executive directors	2	2	4	3

### 5.7 Retirement

The normal pension age for all civil servants will move to 65 in 2006, although that is unlikely to affect civil servants currently aged over 50 with existing entitlements to a pension at 60. We are moving towards a flexible decade of retirement, rather than a single cut-off point with an abrupt transition between a paid career and a pensioned retirement.

5.8 The Civil Service will need to reflect this in its working patterns. The old career model set a trajectory that was based on experience, pay, grade, management responsibilities and influence rising in parallel until a career plateau was reached, and then maintained to retirement. That will change: experience and influence may be capitalised on, while grade and management responsibilities become less significant. Possibilities include:

- people continuing in employment, but working at a lower level of responsibility;
- making use of a specialist contribution but without management or leadership responsibilities;
- working part time; or
- working in an internal consultancy role.

5.9 There is no single prescription here. The contribution to be made in the final decade of employment can take a wide range of forms and can only be determined in relation to the needs of the business and the capability and wishes of individuals.

### 5.10 Time-limited postings

The effectiveness of an organisation can suffer either if an individual stays in a post too long and cannot adapt to change, or if turnover is too fast and people leave posts before the key objectives have been delivered. A four-year posting norm has been adopted by the Civil Service Management Board and is being applied to the Senior Civil Service retrospectively (including, at their own suggestion, Permanent Secretaries). While it will be variable according to business needs, retention beyond four years will be at the discretion of the organisation rather than the individual. The onus will be on the person moving on to find an alternative role in the department or elsewhere.

## Development

### 5.11 Experience

As part of the normal pattern of service, civil servants are now encouraged to broaden their development through working in other departments or sectors, through experience of front line service delivery, through acting as non-executive directors in industry, or through contributing to the voluntary sector.

**Department for Education and Skills** officials are now encouraged to be school governors, where previously there was concern about a possible conflict of interest.

**The Department of Trade and Industry** expects all its Senior Civil Servants to spend at least one week working in an outside organisation every year.

### 5.12 Training

There will also always be a need for formal training and development in relation to particular tasks, whether project management, taking a bill through the Parliamentary process, or managing staff. Individual departments offer training and development opportunities for their own staff, but over the last few years a substantial programme has been under way to adapt central training to the delivery and reform agenda and to provide new forms of support where there were gaps.

- 5.13 CMPS,<sup>4</sup> the centre for learning in Government, offers development opportunities to staff at all levels, giving them access to the Government's own training site at Sunningdale and to the experiences of participants from other departments and, in some cases, from the public and private sectors. Programmes are designed to support key delivery skills or the particular needs of clients, and many are externally accredited in areas such as human resources, project management and finance.
- 5.14 New governance arrangements will ensure that CMPS is closely in touch with what departments identify as the needs of their staff, and with the core requirements of the current reform programme.

*Developing 21st Century Skills* (2001), the workforce development plan for government, set out the major skills needs related to improved delivery and reform. Targets have been set for the take-up of Modern Apprenticeships and for addressing literacy or numeracy needs where appropriate. All this is underpinned by departmental pay and workforce plans drawn up to support spending plans by ensuring that the skills to deliver them are in place.

- 5.15 For those with potential for the Senior Civil Service we have now set up new programmes to provide structured development over a sustained period, mixing formal learning, interchange opportunities, 360 degree appraisal and other techniques. The centrally run schemes are:
- **Pathways** – for participants from ethnic minority backgrounds, who are currently under-represented in the SCS.
  - **Public Service Leaders Scheme** – mixing civil servants with colleagues from the wider public sector (in the future this may be extended to the private sector, recognising the increasing extent to which different sectors now work together on delivering government services).
  - **Preparing for Top Management** – for those identified as having the potential to reach and then progress in the SCS, mixing leadership, strategy and delivery with personal coaching, live case studies and interchange opportunities spread over a year.
- 5.16 For those already in the SCS, there are the well established and respected programmes **Developing Top Management** and the **Top Management Programme**. These mix public, private and voluntary sector participants, and develop their personal and organisational strengths for strategic leadership and delivery at national level.
- 5.17 This spring we are introducing a new **High Potential Development Scheme**. The first 50 or so participants will be selected centrally at the beginning of May from among those recommended by departments. The aim is to make sure that the most able performers within the SCS have a chance to reach the very top positions in the Civil Service as soon as they are ready for them, rather than when the organisation can progress them to that point. The scheme is intended to provide the continuing development and tailored postings necessary to enable people to meet the requirements of senior leadership positions quickly. It will not, however, either guarantee promotion or be an exclusive route to it.
- 5.18 CMPS is also now:
- running a series of master classes for those stepping up to board level roles, in partnership with top business schools and leading consulting organisations;
  - planning individually tailored programmes for those taking on responsibility for Departments of State as Permanent Secretaries;
  - reviewing the best balance of central and departmental provision in leadership training; and
  - commissioning an external quality check of central programmes using consultants responsible for evaluating UK business schools for the Higher Education Funding Council.

<sup>4</sup> Full details of CMPS courses will be found at [www.cmps.gov.uk](http://www.cmps.gov.uk)

## Performance

### 5.19 Managing performance

Most large organisations will have a spread of talent ranging from a relatively small proportion who are exceptionally effective, through a larger group who are effective but with varying skills, to a small number who should not be there at all. Reward structures and performance review systems need to recognise and encourage those who are effective and to generate improvement from others. But it is critical that in doing so we keep the support and motivation of those effective and experienced staff who, while unlikely to rise to the top, are the means by which much of the primary business will be delivered.

5.20 The use of performance related pay in the Civil Service already exceeds that of most EU member states and many OECD countries. We now differentiate rewards for Senior Civil Servants in both their base pay and through significant bonuses. We will adjust those rewards over time to provide incentives which align closely with the behaviour and performance we want to promote.

5.21 The Civil Service has been historically poor at giving people honest, constructive feedback about their performance and ensuring that everyone, no matter how able, has a personal plan for improving this. We want a culture in which everyone is self-aware and is constantly learning new ways of doing things better.

5.22 In particular, we need to get better at addressing performance which is consistently below the potential of the individual or the full needs of the business, but falls short of being a disciplinary matter. It has always been easier to pass the problem on, rather than to address it directly.

5.23 Although managing weaker performance is something that we want to improve across the Civil Service, we are leading from the top with a new approach starting this April for Senior Civil Servants. We will pay particular attention to the performance and development issues raised for those individuals who, **relative to their peers**, fall into the lowest 20% of performance effectiveness in their current responsibilities. But the objective is support for improvement, not blame for the past.

5.24 The first task will be for managers and staff concerned to identify the causes of the performance weakness, and then to work out the best means of addressing them. This may be about the skills or training necessary for a particular post. It may be about an individual's range of experience and how it could be broadened: a highly competent policy maker may be unable to adapt successfully to commanding a large operational activity, or vice versa. The answer might lie in training, in opportunities elsewhere in the Civil Service, or perhaps in secondment to another organisation that helps deliver the department's objectives.

5.25 And there will always be cases where, whatever the abilities people may have been recruited with, either they or the organisation have moved on in ways which mean there is no longer a role they can fulfil effectively. For these people it is unhelpful and unfair to pretend otherwise: the individual should be supported to find work elsewhere. But the values and capabilities of civil servants are highly regarded in other sectors, and we should expect to see people moving more freely in and out of the Civil Service as a normal working pattern.

5.26 Identification as being in the lowest 20% means that there is an issue to be addressed in comparison with the performance of peers. It is a relative judgement, not an absolute measure. That is why the new policy properly applies to everyone in the Senior Civil Service, from the most newly promoted Deputy Director to Permanent Secretaries.

## Professionalism

5.27 From accountants to veterinary surgeons, the Civil Service already contains a wide range of specialists carrying out functions requiring specific formal qualifications, external accreditation, and governance by independent professional bodies. The Civil Service is their employer, but the licence to practise comes from the professional body.

- 5.28 In some areas we have already identified the need for increased specialist capacity. We are already growing and developing more skills within the Civil Service, but in the short term we are meeting capacity gaps by recruitment. This applies both to traditional professional qualifications – such as building up our financially qualified staff – and to newer areas including human resources, project management, strategic planning, or risk management.
- 5.29 The roles of non-specialist civil servants – and hence the range of skills and experience they need – vary widely; they have also changed over time.
- When the Fulton report was being written in the 60s, the prevalent characteristics of the best non-specialist recruits were fine analytical minds, lucid exposition of issues in writing, and the ability to discuss matters with clarity and conviction before Ministers.
  - In the 80s the importance of management and financial capability was added to the equation.
  - Today we are also looking for leadership and a focus on delivery.
- 5.30 A sub-group of the Civil Service Management Board has begun work on what skills we are likely to need in the future, whether in policy advice roles, large operational functions, corporate services, or the delivery of services to the public. They will vary from newer disciplines such as project management to the continuing importance of supporting the Government's business through Parliament.
- 5.31 This will enable us to articulate our expectations much more clearly and will provide a solid foundation for the recruitment, training and development, and deployment of the most effective people to do the job.
- 5.32 We will use this as the basis for a new understanding of 'career anchors' for management grades and the Senior Civil Service, based around a core of experience in a particular area, supplemented by periods of work elsewhere to broaden experience or particular skills.

#### **Career anchors**

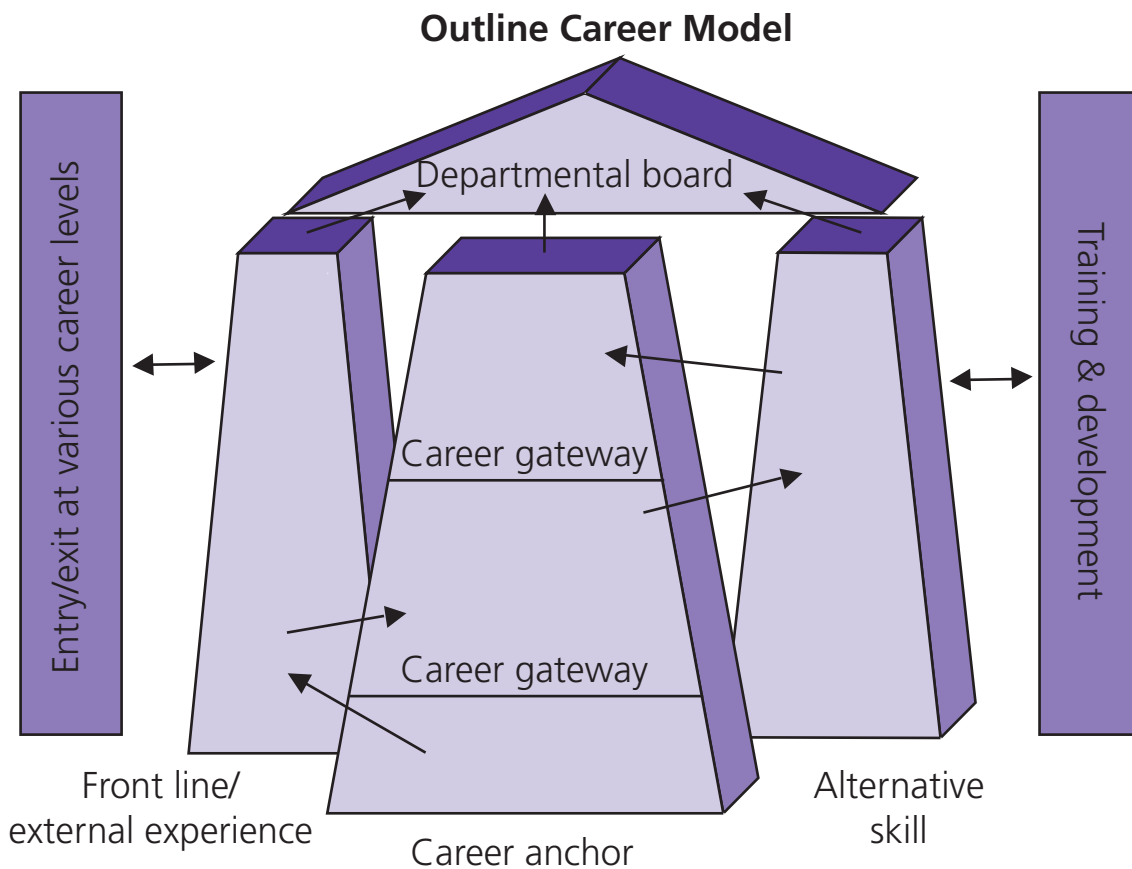
Some people might be recruited directly into a specialist area. In other cases an initial period of service would involve experience of different areas to enable the individual and the organisation to establish where they would be most effective. From then on, the person would work in a variety of jobs within that broad area, interspersed with service elsewhere which complemented the role.

For example, a career anchor in the development of policy in a given area might be combined with experience of project management or operational delivery. Conversely, a service deliverer would be expected to spend time in a headquarters branch to understand the basis behind policies driving operations.

This approach would not necessarily be restricted to a single department's functions. If the career anchor were in policy development for the criminal justice system, this could mean a career which centred on issues such as police reform, sentencing policy and courts administration, divided between time in the Home Office and the Department for Constitutional Affairs, including secondment to operational tasks.

- 5.33 In developing the scheme we will look at the lessons to be learned from the Senior Professional Administrative Training Scheme which has helped those recruited as specialists to develop wider skills and experience which ultimately benefit them in management and leadership roles within their specialism.
- 5.34 At the same time we will develop a new understanding between employer and staff. Essentially, the arrangement will be that to progress beyond certain key stages, civil servants will need to have met specific requirements for skills or experience. The purpose of this is not to govern behaviour at the point of promotion, but to influence career choices in training or experience at an earlier stage, so that a much wider group of people is both eligible to compete for higher posts and better equipped to take them on.

- 5.35 The Civil Service Management Board sub-group is now working up proposals to create these 'career gateways' at key stages such as entry to the SCS or board membership.
- 5.36 The requirements would need to vary to reflect the needs of different parts of the Civil Service: what would be right for lawyers would not meet the needs of policy makers or of those leading large delivery organisations. But there would be elements in common, for example a requirement to have served in more than one department.
- 5.37 To avoid a mechanistic application of the principle, it may well prove sensible to distinguish between essential prerequisites of advancement and those that are desirable, allowing people with all the essentials to compete for advancement, provided that any unmet desirable elements are recognised as development priorities after promotion.



- 5.38 Implicit in this approach is an increased level of HR support to ensure that people get the opportunities to gain the experience or skills needed.
- 5.39 The ultimate effect, however, will be a change in the make-up of the most senior levels of the Civil Service. Those who reach the senior posts in a particular career anchor should have acquired a balance of skills and experience to fit them to compete for posts at board level and ultimately as Permanent Secretaries. Their backgrounds will be more diverse than in the past, and the critical characteristic will be the potential leadership qualities of the individual rather than any one career background.
- 5.40 Overall this section has set out some important changes to the shape of careers in the Civil Service; we will want to discuss their implementation with the unions.

## 6 Departments and the centre

### Departments fit for purpose

- 6.1 Departments have grown and changed to meet various needs over the years. But for the first time – and probably long overdue – we are asking the fundamental questions about what particular departments are for.
- 6.2 New **'Performance Partnership Agreements'** are being worked up. They will set out:
- the key elements of a department's overall forward strategy;
  - the outcome targets for the delivery of the strategy; and
  - plans for achieving departmental fitness for purpose in support of strategy and targets.
- The agreements will then form the basis of published strategies and change programmes. They will also summarise the support – and the challenge – to be provided by the centre.
- 6.3 They will cover the period up to the end of the Spending Review 2004 (2007/08). The focus will be on the need to concentrate and maintain resources on the key outcomes and avoid dissipating effort into secondary goals.
- 6.4 As part of the exercise, departments are taking a radical and critical look at their headquarters functions, as well as their relations with agencies and delivery partners, to move resources from the centre to the front line. Reductions in headquarters size may come from tackling the accretion of various functions over the years, reducing the length of the implementation chain between policy and delivery, or identifying new scope for efficiencies.

**The Department of Health** has already announced a cut of over one third in its headquarters staff (although half of the posts lost will be transferred to other health organisations).

**The Department for Education and Skills** is reducing headquarters numbers by about 15%.

Other departments are also likely to propose significant changes to their headquarters.

- 6.5 The most important aspect of this process is identifying the department as the lead element in a linked set of public, private and voluntary sector bodies responsible for delivering services to the consumer. Without, in many cases, owning the means of delivery, the department is nonetheless responsible for ensuring that it takes place. Its role must be more than distributing resources and issuing instructions, and it needs to see itself as leading the service. Establishing this primary function is the key to deciding the required shape and size of the organisation.
- 6.6 One implication of this is that while the Civil Service will remain a distinct entity within the public sector, we should expect much more movement between civil servants and their public sector colleagues responsible for delivery. Experiencing and understanding the pressures on each side of the policy/delivery equation is critical to an effective linkage between the department as service leader, and the operational businesses that deliver the outcomes.

6.7 Securing the right outcomes in turn depends on a clear strategic vision. Successive spending reviews have encouraged a more strategic view of departmental goals and the relationships between resources and outcomes through Public Service Agreements. In addition:

- departments are developing longer-term strategies;
- strategy units are being set up in departments;
- board-level strategy directors have been appointed; and
- the Strategy Unit is providing a capacity to view cross-cutting issues through the Strategic Audit discussion document.<sup>5</sup>

6.8 To support these developments, departments will need stronger internal corporate disciplines in:

- human resources
- financial management
- communications
- IT

These are the critical tools that enable us to operate effectively; they should support every aspect of a department's operational purpose. It is important to note here that 'communications' is a two-way process: departments need to engage with their customers to understand fully the needs they have, not simply to carry out a PR exercise.

### An effective centre

6.9 For the UK, the centre of government is No.10, the Cabinet Office and HM Treasury. Between them they need to provide the Government as a whole with:

- leadership and strategy;
- guardianship of values and propriety;
- effective co-ordination; and
- development of capacity.

6.10 The centre works with departments to develop their capacity in a range of disciplines common to all, such as finance and human resources. There are also some services which are best provided collectively, including the training and career development of senior managers and some aspects of procurement.

6.11 Departmental Ministers are of course directly accountable to Parliament for their responsibilities. But the centre has an important role in providing an internal challenge, and in testing performance from a position of knowledge and understanding.

6.12 A number of units are now being developed at the heart of government to create centres of excellence and to provide a Head of Profession for key functions. Some are located in the Treasury (Office of Government Commerce (OGC); Financial Management and Accounting); some in the Cabinet Office (Prime Minister's Delivery Unit; Strategy Unit; and the Corporate Development Group which promotes good HR practice). To improve co-ordination, these various units together constitute the Delivery and Reform Team under the Head of the Home Civil Service.

6.13 New top level appointments are being made to some of the Delivery and Reform Team units:

- A new Chief Executive of the OGC to succeed Sir Peter Gershon.
- A new Head of the Office of e-Government who will have a role similar to that of a chief information officer in the private sector. The emphasis will shift from creating a climate for the development of e-commerce in the economy as a whole, to ensuring that the Government itself exploits fully the power of IT in delivering public services.
- A new Head of Financial Management and Accounting who will lead the work to widen the scope of the finance function in departments by giving greater emphasis to performance and efficiency.

<sup>5</sup> [www.strategy.gov.uk/output/Page4881.asp](http://www.strategy.gov.uk/output/Page4881.asp)



- As recommended by the Phillis Review, a new post of Permanent Secretary for Government Communications will broaden the scope of communications work from its current emphasis on news and the media, to a greater concern for communication and feedback with citizens and customers.
- 6.14 Each of these centres of excellence in the Cabinet Office and the Treasury will work with departments to build their capacity by:
- setting professional standards and promoting best practice (OGC's work on procurement and on project management);
  - helping departments build up their own professional capability (Corporate Development Group's work on Modernising People Management); and
  - providing services for departments collectively (leadership training and development at CMPS; and OGC's public sector procurement agency [www.ogcbuyingsolutions.gov.uk](http://www.ogcbuyingsolutions.gov.uk)).

## 7 Efficiency

- 7.1 To support all these changes, a major efficiency review is being carried out. In broad terms the review has identified scope for savings through:
- shifting from manual to electronic processing of customer transactions;
  - co-ordinating different forms of welfare benefits;
  - achieving a higher collection rate for taxes and fewer incorrect benefit payments;
  - better managed procurement spend across government;
  - reform of the 'back office' component of functions such as finance, human resources and marketing in central government and in wider public sector bodies;
  - increasing the productivity of front line staff in the wider public sector;
  - securing the full benefits of investment in information and communications technology; and
  - reducing the policy and regulatory activity affecting public and private sector business.
- 7.2 Departments will be making proposals to the Efficiency Review and final decisions will be taken when the overall 2004 Spending Review settlement is agreed in the summer. This will also take account of recommendations in the Lyons review on the need for civil servants to be located in London. Consequences for staff numbers or locations will be co-ordinated across departments; arrangements will be discussed with the Civil Service trade unions at an early stage.
- 7.3 This drive for efficiency is not a one-off event. We need a continuous process of self-generating improvement, with departments keeping up an internal process of reviewing their efficiency against the scope for improvements in the way they do their business.

## 8 Outcomes

- 8.1 This is not an exercise in change for its own sake. We are engaged in an honest appraisal of our own capacity to deliver what will be needed in the coming years. We know we have considerable strengths and we are building on them; where we need to develop in new directions, we will do so vigorously. The readiness to accept the necessity of change – and the determination to achieve it – is a real sign of strength in the Civil Service.
- 8.2 The changes set out in this document will produce a Civil Service with a different balance:
- an organisation characterised by the integrity of its staff and the core public service values they hold;
  - people keen to join the Civil Service at all career stages, and moving freely in and out;
  - fully developed strategies providing the driving force for public business;
  - using technology as productively as possible;
  - organising itself increasingly around flexible project teams with identifiable outcomes;
  - with a successful record in delivering major projects;
  - working much more widely with partners in the public sector as a whole, and with those in the private or not-for-profit sectors who are part of the machinery of delivery; and
  - delivering the Government's public service objectives in ways that recognisably meet the needs of members of the public.
- 8.3 But more importantly this reform programme is about achieving better outcomes for the public. The only result that counts is making the country a better place to live and work in for all its people, whatever their background or needs. It is about the quality of life they experience, whether employed or seeking work, using public or private transport, at school, in hospital or needing care.
- 8.4 The work to achieve this is under way now. Some of it has already been put in place, some is still in development. There is no sector of the economy that does not face a continual need to change and adapt itself to a changing world and to the changing needs of its customers. The Civil Service is not immune from that, nor should it be.
- 8.5 What matters is not the shape of the Civil Service as an organisation, but simply that it delivers to the people of the country what the Government determines – and does so effectively, and with the unchanging values of integrity and impartiality that have underpinned it for the last 150 years.

## Contrasts in Civil Service career pictures

Yesterday's success story	Tomorrow's equivalent
<ul style="list-style-type: none"> <li>• Joined straight from university for life</li> <li>• Committed to the Civil Service</li> <li>• Core values of integrity and impartiality</li> <li>• Fast stream training</li> <li>• Deployed ad hoc where talent needed</li> <li>• Almost exclusively working in policy and Ministerial support roles</li> <li>• Follows precedent</li> <li>• Widens experience by short secondment within public sector</li> <li>• Scholarship to study social policy in US</li> <li>• Aims to lead the development of a major policy area</li> <li>• Permanent Secretary – the Minister's senior policy adviser</li> </ul>	<ul style="list-style-type: none"> <li>• Joined at a variety of entry points, moving easily between different sectors</li> <li>• Committed to public service</li> <li>• Core values of integrity, impartiality and delivery</li> <li>• Career-long development and learning</li> <li>• Deployed around a career anchor, using and building talent</li> <li>• Varying roles between operations, policy, specialist skills and Ministerial support</li> <li>• Creates precedents</li> <li>• Widens experience by taking a private sector role</li> <li>• Career break to look after elderly parents</li> <li>• Aims to deliver the outcomes of a major policy area</li> <li>• Permanent Secretary – the Minister's senior delivery agent and policy adviser</li> </ul>

## Abbreviations

CMPS	Centre for Management and Policy Studies
Defra	Department for Environment, Food and Rural Affairs
DfES	Department for Education and Skills
DWP	Department for Work and Pensions
EU	European Union
GDP	Gross domestic product
HR	Human resources
IT	Information technology
MOD	Ministry of Defence
NHS	National Health Service
ODPM	Office of the Deputy Prime Minister
OECD	Organisation for Economic Co-operation and Development
OGC	Office of Government Commerce
SCS	Senior Civil Service





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Published: February 2004

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Ref: 261190/0204/D8