

The Civil Service Reform Plan



Foreword by the Rt Hon David Cameron, Prime Minister

“I have worked with civil servants both as an adviser and as Prime Minister and I know how good the best can be: hard-working, creative and dedicated to public service.

I know, too, that we have already asked a lot of the Civil Service. Over the last two years we have set out a programme for government that is unprecedented in its ambition. The vital work of reforming our public services has begun. A great wave of decentralisation – from Whitehall to communities across the country – is underway. We have thrown open the business of government, shining the light of transparency on everything we do. At the same time we have made good progress on the public finances, cutting the deficit by a quarter.

Seeing all that has been achieved so far, some might question the need for reform. But the job of changing our country is far from done. The sheer scale of the challenges that still face us – and the need to hold our own in a competitive world – mean that we need to change the way government works. Put simply, it needs to be sharper and quicker. We need the whole machine to be more agile, more focused on delivery and on getting results.

The core of the Civil Service Reform Plan is this: harnessing the world-beating talents of those who work in our Civil Service and making sure they aren't held back by a system that can be sclerotic and slow. That means learning from the best in the private sector. Of course delivering good public services is very different from running a business. But the way the best businesses nurture talent, flatten management structures, reduce unnecessary bureaucracy, and improve services while reducing costs all hold lessons for us in the public sector. When companies live or die on their ability to deliver, that gives them an urgency that we can learn from in government, for the good of those we serve.

The Civil Service has always adapted with the times, from the Northcote-Trevelyan reforms in the 19th century, to its huge expansion in the 20th and the embrace of new technology in the 21st. That flexibility is part of its strength – and this plan continues that story. It will preserve the ethos of public service that sits right at the heart of this institution. It will improve the services that this country depends on. It will help our businesses compete. And it will ensure that the British Civil Service continues to be admired around the world.”

A handwritten signature in black ink that reads "David Cameron". The signature is written in a cursive style with a long horizontal line extending from the end.

Rt Hon David Cameron,
Prime Minister



Foreword by the Rt Hon Francis Maude, Minister for the Cabinet Office

“Some months back I visited a large HMRC operation near Newcastle. The work staff were doing there was neither highly paid nor glamorous, but nonetheless was really important. They had committed to driving up their productivity and performance through the adoption of lean continuous improvement. This is a very demanding methodology, and requires the complete commitment of staff to a rigorous daily collective self-evaluation and to constantly searching for ways to do things better and quicker.

These civil servants were succeeding. Day by day they were improving productivity and performance not because managers had ordained it but because their own commitment to public service motivated them to want to do things better. In this activity, well away from the public gaze, and a million miles from the ‘Yes Minister’ image, these civil servants were proud of what they were achieving, engaged and committed and determined to do it better and better.

My point is that there’s nothing about the British Civil Service that makes it impossible for things to be done really well, and there’s much that is. This action plan is about what needs to change for the whole Civil Service to raise its game to the level of the best. It’s about how to address persistent weaknesses that downsizing has exposed more starkly. It’s about how we enable the Civil Service to embrace the digital age, new thinking about management and working styles; and, against a much more demanding financial background, what’s needed to make working in the Civil Service worthwhile and rewarding.

The British Civil Service has real strengths. It exists to implement the policies of the government of the day, whatever its political complexion. Its permanence and political impartiality enables exceptionally rapid transitions between governments. The majority of civil servants are dedicated and hard-working, with a deep-seated public service ethos.

But we do need change. The public wants change and civil servants themselves want change. The public wants services to be delivered better. The challenge of tackling what was among the largest budget deficits in the developed world means that those improvements must be delivered at lower cost. That means the drive for greater efficiency must be relentless and productivity must continue to improve. For too long, public sector productivity was at best static while in the private services sector it improved by nearly 30%.¹

It means central Government wherever possible must become a digital organisation. These days the best service organisations deliver online everything that can be delivered online. This cuts their costs dramatically and allows access to information and services at times and in ways convenient to the users rather than the providers. Government has lagged far behind; and the pace of change needed to catch up will place major demands on the Civil Service. We need better skills, better technology and a mindset that revolves around the user, not the producer.

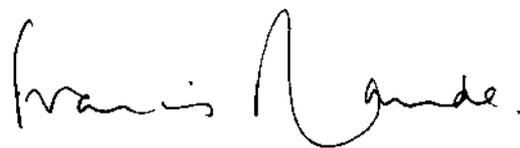
The demand for change doesn’t just come from the public and from Ministers. It comes from civil servants themselves. We know that many civil servants are frustrated by a culture that can seem slow-moving and hierarchical; and where exceptional performance is too rarely recognised and underperformance not rigorously addressed. I know that a pay freeze, pension reform

and job losses provide a challenging background to reform, but that should make us more determined to remove the daily frustrations wherever we can.

A number of themes emerge from this work. The need to strengthen accountability. To build capabilities where they're missing. To transform performance management and career development. To tie policy and implementation seamlessly together. To require better data and management information to drive decisions more closely. The first essential step is to set out with sharp clarity the changes that are needed.

Some may caricature this action plan as an attack on the Civil Service. It isn't. It would be just as wrong to caricature the attitude of the Civil Service as one of unyielding resistance to change. Many of the most substantive ideas in this paper have come out of the work led by Permanent Secretaries themselves.

Others may question whether this plan will actually be implemented. Too many previous plans to reform and renew the Civil Service lie gathering dust on library shelves. The difference this time is that there's no choice. As the Institute for Government recently said, the question is "whether the Civil Service will adapt...as a confident and capable organisation or shrink in both size and stature". That is why the actions set out here in words must translate into real change in the real world that civil servants, as much as the public at large, daily inhabit."

A handwritten signature in black ink that reads "Francis Maude". The signature is written in a cursive, flowing style.

Rt Hon Francis Maude,
Minister for the Cabinet Office

ENDNOTE

- 1 Centre for Economics and Business Research (CEBR): *Forecasting Eye* – Analysis and interpretation of key data releases 23 August 2009



Foreword by Sir Bob Kerslake, Head of the Civil Service

“I am proud to lead today’s Civil Service, which continues to play a vital role supporting the Government and providing services for the public.

The Civil Service, like any successful organisation, has changed enormously over time becoming a more open, diverse and professional organisation. Today’s Civil Service has many strengths and I am passionate that we must keep and build on what is good.

However, we are facing unprecedented challenges which call for profound change and adaptation. We have already started this process. Much of what the Civil Service does is governed through either individual departments or Devolved Administrations. Over the last two years, departments have delivered significant reform through individual change programmes. The nature of the challenge we now face means we need to do much more together and take forward changes that can only be delivered on a Civil Service wide basis. The Civil Service of the future must look radically different. The challenge is to work together to deliver change whilst maintaining our core strengths and enduring values.

The changes set out in this document will start to deliver on our vision of the future Civil Service. We will be a more open and flexible organisation. We will be more focussed, we will do fewer things, but we will do them better.

The Civil Service will always be a great place to work, employing staff from diverse backgrounds committed to public service and making a difference. People will come into the Civil Service at all levels, and its top tiers will draw from the best talent regardless of background.

We will work together to create an open, fast moving organisation. We will provide all staff with the tools and opportunities to work more collaboratively, and in ways that will achieve results faster.

We will be rigorous about identifying the skills we need, and filling the gaps where we find them. We will focus on professional development and be much better at improving everyone’s performance so that all staff can do their jobs better.

We will work differently – seeking out both challenge and collaboration to improve how we develop policy and deliver services. We will build long-term relationships with other organisations and businesses that foster innovation and trust, internationally, nationally and locally. We will be trusted and respected by the public, the Government of the day and future Governments as an efficient, effective organisation building on our reputation for integrity and impartiality.

Working together, we will create a stronger Civil Service for the future and ensure we continue to play a crucial role in modern British life, supporting the wellbeing, security and prosperity of the country.”

A handwritten signature in black ink, reading 'Bob Kerslake'. The signature is written in a cursive, flowing style.

Sir Bob Kerslake,
Head of the Civil Service

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Introduction

The Civil Service plays a crucial role in modern British life, supporting the wellbeing, security and prosperity of the country. The UK's budget deficit means that departments are implementing significant reductions in public spending and resources. At the same time they are supporting the Government's radical programme of economic and public service reform. All departments are already implementing substantial change programmes; but the scale of the challenges and persistent weaknesses require a reform plan that applies right across the Civil Service. This Plan sets out a series of specific and practical actions for reform, which, when implemented, will lead to real change for the Civil Service. It is a working document and the first stage of a continuing programme of reform.

The strengths

We are confident the Civil Service will be able to respond to these challenges. It has demonstrated its ability to adapt and reform in the past, and *The Context for Civil Service Reform* document sets out the evidence for this.² The Civil Service employs some of the most talented people in the country, committed to public service, often operating in difficult and complex circumstances. It has become more open and diverse, with a doubling of the proportion of women in senior roles in the last 15 years³, some of whom run the largest departments in the Civil Service. The appointment of experienced non-executives from a variety of sectors and industries on departmental boards has increased the range of skills and experience that civil servants can draw on. The Civil Service will continue to ensure a diverse workforce at all levels through a focus on equality, diversity and social mobility.

The values of the Civil Service – impartiality, objectivity, integrity and honesty – have always been regarded as a model for others to follow to create effective, trustworthy institutions. At its best the Civil Service is flexible and agile, responding quickly and effectively to new priorities and changing demands. This is especially true in times of crisis – such as terrorist incidents, the banking crisis, natural disasters and health epidemics. It has been proven in the way in which the Civil Service

embraced the challenges of coalition Government and its new policy agenda, based on transparency, behaviour impacts, and payment by results, instead of top down targets, regulation and increasing public spending.

The need for change

The sustained economic downturn since 2008 has had a significant impact on the size of the economy. The Office for Budget Responsibility estimate that by 2016, the economy will be 11% smaller than it would have been if it had continued to grow at the same rate as before the crisis⁴. Despite significant fiscal consolidation achievements, the budget deficit still stands at around £94.8bn, or 6.4% of GDP⁵. Alongside this, rising consumer expectations and huge demographic change due to an aging and growing population are placing significant additional demands on public spending.

To address these challenges the Government is reforming public services – such as health, education and welfare – with radicalism and urgency. These and other reforms, including devolution, are pushing power away from Whitehall and putting service users and communities in charge. This in turn means that the Civil Service will need to do less centrally and commission more from outside.

The public increasingly expects to be able to access services quickly and conveniently, at times and in ways that suit them, and the Civil Service needs to meet these expectations rather than expecting citizens to meet the Civil Service's processes. It needs to become Digital by Default, in its skills, its style, how it communicates and how it enables service users to interact with it.

Lastly, alongside the Civil Service's considerable strengths, there are significant weaknesses that have not been fully addressed. For example, there are some superb project managers in the Civil Service, but not nearly enough and too many projects fail. Leadership of change needs to be much stronger and more consistent; performance management is too rarely rigorous; and the culture is too often slow and resistant to change.

The Reform Plan

This Reform Plan identifies specific changes needed across the Civil Service. It is a working action plan that sets out key actions. These are not exhaustive, and will be regularly updated and reviewed on a continuing basis. Chapters 1, 4 and 5 are relevant to the majority of civil servants, whilst chapters 2 and 3 focus specifically on policy and its implementation. The plan is based heavily on feedback from many civil servants, drawing on what frustrates and motivates them, as well as wide external consultation.

The UK Civil Service serves three Governments, the national Government in Westminster and the Governments of Scotland and Wales, and it must ensure it meets the needs of each. Elements of this Plan will apply to all civil servants, whilst the Governments in Scotland and Wales have, or will have, complementary plans, setting out how they are equipping their workforces to meet the challenges we are collectively facing. The Northern Ireland Civil Service has been a separate organisation since 1921.

Role of the Civil Service

The current model of a permanent, politically impartial Civil Service will remain unchanged. It exists to serve the Government of the day, while retaining the flexibility to serve future Governments. Civil servants carry out three broad types of role, at home and overseas. All

need to change in order to meet the new challenges and address weaknesses:

- **Operational delivery** – seven out of ten civil servants work in operational delivery⁶, ranging from working at borders, administering pensions and benefit systems, and running prisons and courts. Departments, agencies and a wide range of public sector bodies deliver these services in a variety of ways depending on the nature of the task. Much of the public's perception of the Civil Service is formed by how well these services are delivered. The substantial savings that need to be made in operational delivery mean that productivity needs to be improved. There has already been some good progress⁷ but departmental change programmes need to drive further improvements – all operational delivery needs to be brought up to the standard of the best. For the most part, these changes will be delivered through the five main delivery departments (Ministry of Justice, Department for Work and Pensions, Home Office, HM Revenue & Customs and Ministry of Defence) by innovating service delivery; using technology to achieve efficiencies; working in partnerships across departments; and looking at whole-system continuous improvement approaches. Departments will commission services from others where this achieves a better service to the public or better value to the taxpayer. Productivity in operational delivery needs to match the best of the private sector. There are great examples that show that it can be done. But the old binary choice between monolithic in-house provision and full scale privatisation has been replaced by a number of new ways of delivering services – joint ventures, employee-owned mutuals and entering into new partnerships with the private sector. Many public services can be delivered online, and they should be. Digital by Default needs to become a reality, not just a buzz phrase. Chapter 1 includes our reform plans for operational delivery.
- **Advising on policy and supporting Ministers** – although many continue to see the classic “Sir Humphrey” role as what the Civil Service is about, in fact only a small fraction of civil servants actually work in policy roles and support Ministers, including in their Parliamentary roles, in creating

policy solutions and communicating policy decisions. Though much policy advice is excellent, the quality of policy making is inconsistent and needs to be improved – too often policy advice draws from too narrow a range of views and evidence, and does not ensure that policy is capable of practical implementation⁸. In Chapter 2 we consider how policy making can be improved.

- **Implementing programmes and projects** – the Government’s portfolio of projects ranges from complex, system-changing projects (Universal Credit) to infrastructure projects (Crossrail) to smaller programmes (National Citizen Service). Only around a third of major projects have been delivered on time and to budget⁹. This has led to taxpayers’ money being thrown away, service and infrastructure improvements being delayed or denied, and the Government’s commitments not being met. We should strive for all projects to be delivered effectively. A key driver of this will be greater accountability in the future. Chapter 3 addresses these issues.

Capabilities

The Civil Service does not always have the right capabilities in the right place to do what is needed. Digital skills are lacking in an organisation committed to becoming Digital by Default. With more services being commissioned from outside, the Civil Service needs staff with commissioning and contracting skills; and project management capabilities need a serious upgrade. These capabilities need to be developed across the Service, which has become too siloed. Chapter 4 sets out our plans to improve capability while building a better Civil Service-wide ethos.

Culture and behaviours

There are many examples of the Civil Service responding quickly and efficiently to new challenges, and innovating with new approaches to old problems. But its culture can be cautious and slow-moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change. This can be deeply frustrating for civil servants themselves, who want to get on and do their jobs the best way they can, and many have raised these concerns through Tell Us How¹⁰.

This culture can make it difficult for the Government to adapt swiftly to the needs of the day. There are too few incentives for civil servants to challenge the status quo, or to seek out and implement cost savings or service improvements. No one’s career suffers from persisting with an inefficient status quo, while those who innovate can feel like they are putting their future at risk.

Overall, the culture and behaviours of the Civil Service must become pacier, more flexible, focused on outcomes and results rather than process. It must encourage innovation and challenge the status quo¹¹, and reward those who identify and act to eradicate waste. Achieving this change in any organisation is difficult, but it is especially difficult in one that is dispersed and organised into separate departments and agencies, and one that operates in a political, parliamentary and media environment that seizes on mistakes but seldom champions operational success. It is vital to engage and empower staff, and to create a dynamic and flexible career path. Staff views have highlighted the importance of performance management, where managers encourage and reward good performance, while dealing rigorously with poor performers. Chapter 5 sets out how we see the modern employment offer for staff.

Leadership and Governance

Change must start at the top. Successful reform will require firm political and corporate leadership across the Civil Service. The Prime Minister and Deputy Prime Minister have signalled their strong support for the modernisation and reform of the Civil Service, and the Minister for the Cabinet Office has direct Ministerial responsibility for the programme. He will oversee the implementation of the Plan, chairing a monthly Reform Board including the Government’s Lead Non-Executive board member and other senior Non-Executives. The Head of the Civil Service, Cabinet Secretary and Permanent Secretaries will be accountable for its delivery through the Civil Service Board. Within Departments, Boards bring together the political and official leadership with senior Non-Executives from outside the public sector, and will provide robust scrutiny and challenge on departmental progress in implementing these reforms. Any concerns will feed into the monthly Reform Board meetings through the Lead Non-Executives network. We are in the process of appointing a Director General

of Civil Service Reform, who will be responsible for implementing the reform actions.

We will be transparent and accountable in how we report progress on this action plan. Every action in this plan will be available to view online on the Civil Service website, and we will report progress on a regular basis. Furthermore, we will publish a 'one year on' report to evaluate progress and assess whether the actions remain relevant to the challenges.

Why this matters

Most civil servants work hard and rightly believe what they do is important. The UK currently faces challenges of unusual severity. The Civil Service has a key role to play in meeting them. Successful implementation of the Reform Plan will make the Civil Service more effective and successful, buttress its role in national life and make it more attractive and fulfilling for the ablest people to spend parts of their careers in public service. The Civil Service has sustained its global reputation over many decades because it has changed successfully with the times: and it can do so again now.

ENDNOTES

- 2 The Context for Civil Service Reform document will be available on the Civil Service website www.civilservice.gov.uk/reform
- 3 Cabinet Office Senior Civil Service Database
- 4 Office for Budget Responsibility (March 2012), *Economic and Fiscal Outlook*. Paragraph 3.26:
"Our latest estimates for 2011 imply a potential output loss of around 8 per cent against a continuation of a pre-crisis trend. This shortfall widens to around 11 per cent by 2016 as potential growth remains below the pre-recession average..."
- 5 Office for National Statistics (May 2012), Public Sector Finances – April 2012. The budget deficit figure used is the 2011/12 public sector current budget excluding the effect of financial sector interventions
- 6 Office for National Statistics (2011), *Civil Service Statistics – 2011*
- 7 Improvements in DWPs sickness absence have moved sickness rates to below the private sector average
- 8 Tell Us How consultation included: "Those in the position to change things should consult with staff about possible changes prior to implementation. Surely the people who work the systems and deal with the public are best placed to say what will or won't work."
- 9 These figures are estimated, based on the Major Projects Authority's assessments of end to end performance of Major Projects.
- 10 Tell us How was launched by the Cabinet Office in March 2012, giving civil servants the chance to have their ideas heard and considered at the centre of Government, with the aim of improving services and ways of working.
- 11 Tell Us How consultation commented:
"Our financial reporting framework does not encourage operational managers to continually seek to do things more effectively, efficiently and therefore in a more cost efficient manner."

Chapter 1 – Clarifying the future size and shape of the Civil Service

What needs to change

The Civil Service will become smaller and more strategic. The organisational model of the Civil Service will need to adapt if it is to successfully reform. With 17 main departments varying greatly in size, the Civil Service will need a much stronger corporate leadership model, and much more sharing of services and expertise, if it is to deliver the step change in efficiency needed. It needs to use different delivery models where doing so will achieve better outcomes or lower costs. It needs to transform the delivery of services to users, moving to a Digital by Default approach.

The demands of a smaller Civil Service together with relentless pressure to save money requires greater clarity in the relationship between the corporate centre and departments. Departmental boards will hold executives to account for how they deliver departmental projects and programmes, and responsibility for delivery will be pushed ever closer to the front line. In this “loose-tight” balance there will be tighter control and oversight where collective action is needed for

effectiveness and efficiency. This includes development and management of leadership, talent, IT and property infrastructure, major projects carrying financial and operational risk, and procurement of common goods and services which will enable the Government to harvest economies of scale and ensure that what seems like the right decision for one part of Government does not damage another.

The Size and Shape of the Civil Service

There is no right size for the Civil Service – the size is driven by the needs of the Government. It has changed significantly over time, from a peak in the immediate aftermath of the Second World War, through progressive reductions as the focus has moved from directly delivering public services to outsourcing and delivering through others. Based on figures from current departmental change programmes, it is estimated that by 2015 the Civil Service will be around 23% smaller than it was in March 2010, operating with around 380,000 staff – the lowest since the Second World War, with departments ranging in size from around 400 to 80,000 people.

There are no targets for any further headcount reductions but the current financial pressures and the Government’s commitment to reforming major services means that the Civil Service must ensure it is resilient to any future decisions about its size and shape, and embrace the principle of a smaller and more strategic Civil Service that delivers services differently.

How to deliver it

Delivery models

Action 1: Complete by October 2012 the review led by the Cabinet Office to identify some further examples of changes in delivery models which can be implemented in this Parliament, taking account of major departmental change programmes already underway. This review is focussing on operational and transactional services currently undertaken by in-house civil servants, examining mutual, commissioning and digital options.

The Government has embarked upon radical reform of public services to improve quality and responsiveness for users, whilst also ensuring best value to the taxpayer. As part of this, the Government wants to transfer power and control away from Whitehall, devolving power as far as possible to those actually using the services at local level.

Departments have already started to take a different approach to public service delivery. The creation of a mutual joint venture to manage the Civil Service Pension Scheme (MyCSP) is the first example of this. In some cases, changes in delivery are fundamental to the Government's reform agenda, such as the MOD's moves to manage its estates through a private sector partnership, where outside expertise was needed. In other instances, the Government has agreed that Civil Service operations are the most effective and secure way of delivering radical reforms, such as consolidating benefits into the Universal Credit.

However, the Cabinet Office review will examine further opportunities in this Parliament to use alternative delivery models, with a preference for those with a strong mutual element (such as joint ventures, employee-owned mutuals, and entering into new partnerships with the private sector or civil society).

Digital

Action 2: Departments to publish plans for making services Digital by Default by the end of 2012

The UK is increasingly a digital nation¹². People expect high quality, effective digital services and where public services can be delivered online, this should happen as soon as possible. We know that currently too many central Government services offer a poor user

experience which leads to low rates of successful completion.

To improve quality, the Government's digital services need to be simpler, clearer and faster. The Civil Service needs to have the right digital skills embedded at every level. The Government will transform how it delivers **information** and **transactional services** to its users by taking a Digital by Default approach by 2015.

The Government Digital Service (GDS) will publish an interim Cross Government Digital Strategy in autumn 2012 setting out how it will support the transformation of digital services. The complete Government Digital Strategy will be published in December. In line with this, every department will publish a Digital Strategy for the digital transformation of their publishing and transactional services, with a detailed implementation plan, to be released simultaneously.

Shared Services

Action 3: Execute the current programme to create five centres for transactional services (i.e. finance, payroll, HR, procurement) creating the necessary infrastructure by the end of 2013, with full delivery of the programme by 2014, with potential cost savings of £600m a year. We will execute the plans for seven shared communications hubs by the end of 2012.

There has been discussion of sharing services between departments for a decade but limited progress has been made. A clear programme has been drawn up to deliver this for transactional services, and it is essential that this is delivered at pace. Remaining differences about location and accountability can no longer be allowed to delay the realisation of these very significant savings. This programme will be implemented over the next two and a half years, and a paper setting out the detailed plan will be published in a few weeks.

Action 4: Publish by October 2012 and execute by October 2013 plans to share a wide range of other services and expertise, including legal services, internal audit, programme and project management resources and commercial contracting procurement skills. Sharing services should become the norm and all departments should expect to share some of these services. Smaller departments should no longer expect to maintain full freestanding operations in all these

functions. In addition, the Cabinet Office will lead work on how far some policy and analytical services could be provided on a shared basis, building on the example of the Behavioural Insights Team and the Shareholder Executive, which provide specialist advice to departments on a shared basis.

As departments reduce in size, they will no longer be able to maintain high quality services in many expert and advisory services (such as policy making, analytical functions, and legal services) without sharing services with others. Sharing services will ensure that there is a high quality, flexible and resilient service available to every department.

Local authorities provide a good example of sharing strategic and executive functions across IT, human resources, finance, and even sharing Chief Executives. All these experiences will inform early progress on plans which departments will publish in October 2012. In parallel, there will be consideration of whether the example of sharing Chief Executives can be applied in the Civil Service.

The Delivery Landscape and Arms Length Bodies

Executive agencies are part of the Civil Service and this plan therefore applies to these bodies. NDPBs operate with a greater degree of independence. Some will have civil servants working in them and these staff will be affected by the reforms. The principles of the Reform Plan, in particular the shared service agenda will apply to all NDPBs. Both play an important role in delivering the Government's priorities.

The Government's review of over 900 public bodies in 2010 increased transparency and accountability; cut out duplication of activity; and discontinued activities which are no longer needed. By the end of March 2015 approximately 500 bodies will be reformed and the total number reduced by over 250. The Government estimate that public bodies will deliver administrative savings of £2.6bn over the spending review period. All remaining NDPBs are now subject to review every three years, which will seek to identify innovations and new models for delivery, such as mutualisation, joint venture partnerships and transferring to the voluntary or private sectors, and strengthen accountability and governance arrangements for NDPBs that remain.

ENDNOTES

- 12 Ofcom (November 2012), *Infrastructure Report: The Communications Infrastructure Report*. Para 1.8: "Data from the London Internet Exchange shows that traffic over its network routers, which interconnect the UK's Internet Service Providers (ISPs), has increased seven-fold in the past five years."

Chapter 2 – Improving policy making capability

What needs to change

At its best policy making in the Civil Service can be highly innovative and effective, but the quality of policy advice is not always consistent or designed with implementation in mind. There must be a clear focus on designing policies that can be implemented in practice, drawing on a wider range of views and expertise. At the same time, policy makers must have the skills and tools they need to do their jobs. And they should have a clear understanding of what works based on robust evidence. Policy resources should be focused on ministerial priorities, while improving the ability to scan the horizon better for threats and opportunities ahead.

How to deliver it

Action 5: Open policy making will become the default. Whitehall does not have a monopoly on policy making expertise. We will:

- Establish a clear model of open policy making.
- Pilot contestable policy making by establishing a centrally-held match fund which can be used by Ministers to commission external policy development (for example, by academics and think tanks).

Open policy making

Whitehall has a virtual monopoly on policy development, which means that policy is often drawn up on the basis of too narrow a range of inputs and is not subject to rigorous external challenge prior to announcement. The Freedom of Information Act (FOIA) correctly protects policy advice to Ministers from disclosure. This ensures it is robust, open, honest and constructive. But the need to maintain a safe space for policy advice should not be used to prevent the maximum possible openness to new thinking or in the gathering of evidence and insight from external experts.

The Civil Service and Ministers have used, and continue to use, a variety of mechanisms to involve external experts or the general public in the development of policy advice. For example, the Government will shortly open

up drafting of the revised FOIA guidance to the public using a crowd-sourced wiki to be launched shortly on data.gov.uk. This is expected to enable policy to reflect the real-world experiences of citizens and harness public engagement with the policy making process.

The diagram opposite illustrates the core components of open policy making.

The Civil Service can go further in finding the most collaborative approaches to its policy making. For example:

- Getting wide public input by “crowdsourcing” questions to shape the definition of the problem, not just consulting on solutions.
- Using ‘Policy Labs’ which draw in expertise from a range of people and organisations and provide a unique environment to test new policies before they are implemented. These have been used successfully in Denmark.
- Involving delivery experts early in the policy process, to ensure that the policy can be implemented successfully.
- Creating cross-departmental teams where Senior Responsible Officers (SROs) report jointly to departments.

- Using web-based tools, platforms, and new media to widen access to policy debates to individuals and organisations not normally involved.
- Making more data available freely so experts can test and challenge our approaches effectively.

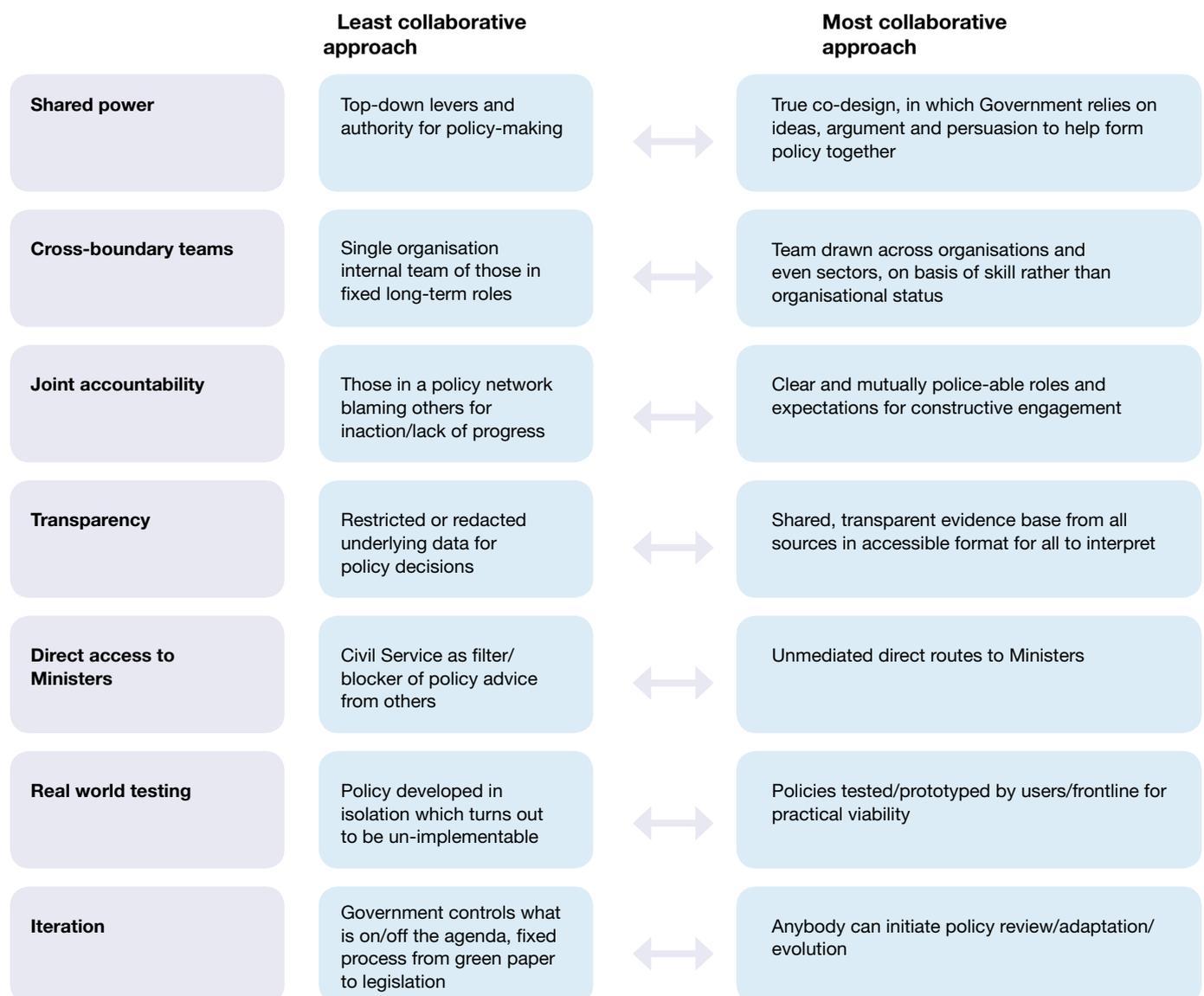
Contestable policy making

Another way to incentivise the development of high quality, creative policy is to open the policy development process to competition from external sources. This would have the additional benefit of

bringing in expertise on specific subject matter when it does not exist in the Civil Service.

The Cabinet Office will create a centrally-resourced match fund worth up to £1 million per year to enable departments to bid for money to put this new approach into practice. This will become operational in July 2012 and run for three years, subject to evaluation. An interim evaluation will be conducted after a year to determine any changes, including to funding, that are required. Departments will be able to bid for an allocation of £500k funding (and provide £500k match

Components of open policy-making



funding themselves) to open up specific pieces of policy development to competition. The Cabinet Office will act as a secretariat to the process and support departments to evaluate the effectiveness of the approach and its value for money. The fund will be overseen by Ministers, and the process will be underpinned by clear contracts – setting out criteria to ensure that the policy being developed is done so in the best public interest, and that it does not favour any bias of the provider. We will continue to need excellent policy managers within departments, including to support Ministers in securing collective agreement and in translating all policy ideas into delivery. Ministers will continue to have the final say on whether to accept the policy advice generated in this open way¹³.

Ensuring resources match the Government's priorities

Action 6: Ensure administrative resources match Government policy priorities. We will:

- Work across Whitehall to address the sources of unnecessary activity and bureaucracy, drawing in part on snapshot reviews of Department for Communities and Local Government (DCLG) and DWP on how departmental working time is spent.
- Complete a zero-based budget review to identify the resources required to carry out the Department for Education's statutory and other functions going forward. This will include identifying a range of options for the future size, shape and role of the Department, without damaging its effectiveness, and whilst maintaining its focus on strategic priorities. The review will take account of reforms to the schools system, including the establishment of increasing numbers of Academies and Free Schools, and of the potential to benefit further from shared services.

As departmental resources get tighter and budgets are reduced, Ministers and departments need to be more selective about what policy makers spend their time on, and get better at stopping areas of work which are no longer a priority. This will require a better understanding of the level of resources needed to deliver priorities, and a clearer understanding of what the priorities are. A number of departments are undertaking useful work

in this area which the whole of the Civil Service can learn from, for example:

- **Ministry of Justice:** Every quarter Ministers and officials meet to discuss and agree the Department's Policy Plan, which sets out the work that can be done with available resource, and which things will be de-prioritised or stopped if new priorities emerge.
- **Department for Environment, Food and Rural Affairs (Defra):** New and existing initiatives are subject to an Approval Panel Process based on delivering outcomes aligned with Business Plan Priorities, operating in accordance with best practice and value for money, and can be financed within existing Departmental resources.

But this can go further:

- To understand whether departments have challenged their resourcing model in a sufficiently robust fashion, the **Department for Education** is conducting a zero-based budget review to identify how staff are deployed in relation to priorities and the extent of opportunities to change this.
- **Snapshot reviews of DCLG and DWP** to look at how policy officials' time is spent in relation to Ministerial priorities and other activity (for example Freedom of Information requests, EU business and Parliamentary correspondence) to identify the sources of bureaucracy and unnecessary effort.

Action 7: We will ensure that staff have the skills and expertise they need to develop and implement policy, using up to date tools and techniques, and have clear understanding of what works in practice.

Too often policy design is considered separately from the practicalities of implementation. Policy advice should draw on a sound evidence base, and a keen understanding of budgetary and time constraints, as well as the incentives for, and barriers to, take up of Government policy ideas at local or user level. In practice policy and implementation expertise need to be brought together at the design stage if advice is to be effective. Alongside sharpening accountability for implementation, which is set out in Chapter 3, Permanent Secretaries must be accountable for the

quality of the policy advice in their department, and be prepared to challenge policies which do not have a sound base in evidence or practice. They must also ensure they are content that the implementation of any policy is in line with their responsibility for managing their departments and public money in an effective and efficient way.

Policy skills and expertise

The models used to develop policy need updating to reflect the new tools and techniques now available. The traditional tools of legislation, funding and regulation need to be used more sparingly, and new tools such as behavioural insight, transparency, and digital engagement should be considered more readily.

To ensure that civil servants are well equipped to use new policy tools, and in line with the commitment to learning and development laid out later in the plan, all policy makers will be expected to undertake at least five days a year of continuing professional development to ensure they have the right skills, including in new areas such as behavioural sciences.

Building on evidence of what works

The key test of good policy is the feasibility of implementation. Implementation is covered further in Chapter 3, however an important element of this is a clear understanding of “what works”, building on evidence from policy in practice. In the same way that the Early Intervention Foundation will provide advice to commissioners on early years policy and NICE advises the NHS, the Cabinet Office will review the value of creating a similar institute that can test and trial approaches and assess what works in major social policy areas, so that commissioners in central or local government do not waste time and money on programmes that are unlikely to offer value for money.

The Behavioural Insights Team, based in the Cabinet Office was created to find new ways of applying insights from behavioural science to public policy in the UK. In its first two years it has identified tens of millions of pounds of savings by testing new insights in the same way that a new drug might be tested – conducting randomised controlled trials to understand the relative impact of the new intervention. For example, in working with the Court Service the team found that personalised

text messages encouraged six times as many people to pay their court fines. When rolled out, it is expected this approach will increase payment rates and save around 150,000 bailiff interventions.

In the United States, the Washington State Institute for Public Policy provides investment advice to legislators on what is proven to work. It has been estimated that it saves the state over \$1bn every two years.¹⁴

Implementation

How the Civil Service implements policies is at least as important as how it develops them. The Government has created a new Implementation unit in the Cabinet Office to focus on strengthening implementation of the policies that have been determined by the Prime Minister and Deputy Prime Minister to be of the highest strategic significance. The unit will bring together expertise from a wide range of sectors including local government, the private sector and experts from within Whitehall and internationally. It will undertake joint ‘deep dive’ reviews with departments on key implementation issues. Chapter 3 explains how implementation of major projects and programmes will be improved, including with greater accountability.

Horizon Scanning

The Government needs to continue to strengthen its strategic thinking and horizon scanning, given the current environment of change and uncertainty. A review of this capability will be completed by Autumn 2012.

ENDNOTES

- 13 The public sector standards for use of public funds would of course continue to apply.
- 14 This estimate was given in a series compiled by the Center for American Progress in 2012 entitled: *Washington State Shows What Works* www.americanprogress.org

Chapter 3 – Implementing policy and sharpening accountability

What needs to change

Implementing policy should never be separate from making it. Successful outcomes depend on designing policy with clear objectives, creating realistic timetables and professional project planning. Policy that is difficult to implement wastes time and money. Effective delivery is particularly critical for the Government's most important and high value projects, as this drives efficiencies and improves public services. In the past, delivery of these major projects has too often been poor¹⁵.

Too often, overly complex processes hinder effective implementation and create inefficiency. A drive to reduce this bureaucracy is urgently needed. Just as we have undertaken a Red Tape Challenge to burdens placed on the private sector we will now apply the same challenge to regulatory burdens placed on the public sector. We will undertake a rapid examination of all of the regulatory burdens currently imposed on the Whitehall policy-making process. This will include the way in which we consult on new policy ideas, and the burden of impact assessments and how we combine the policy making process with the assessment of costs and benefits. In line with the principles of reform, we want to replace dead process with real engagement and listening to those affected by policies as government approaches new issues, so that our policy and its delivery on the ground are improved.

Successful implementation of objectives depends on robust, timely and consistent management information (MI). Informed decision making is impossible without meaningful MI, and the Civil Service urgently needs to produce much better MI to increase accountability and track progress¹⁶.

There are other issues of accountability. Departments are headed by a Secretary of State and a Permanent Secretary who reports to him or her. This dual leadership requires clarity over responsibilities and reporting lines. Accountability for implementation needs to be sharpened¹⁷.

How to deliver it

Improving delivery

Action 8: Substantially improve delivery of major projects by:

- Requiring greater testing and scrutiny of major projects by departmental boards and the Major Projects Authority before they move to full implementation;
- Regular publication of project progress and the production of an annual report on progress, scrutinised by the Departmental Board;
- Commencing training of all leaders of major projects through the Major Projects Leadership Academy by the end of 2014; and
- Significantly reducing the turnover of Senior Responsible Officers (SROs).

Government's past performance on major projects has been poor, with around a third being delivered on time and on budget. Much of this failure has been because policy gets announced before implementation has been fully thought through, and because civil servants have not been given the skills and tools needed for good project management. Ministers also need to be aware of the impact of announcing too much detail before implementation has been fully thought through. The Government has already taken steps to improve

delivery through the creation of the Major Projects Authority (MPA) which now oversees the Government's 208 highest risk and highest value projects – with a total value of £368 billion, enabling delivery issues and failing programmes to be exposed early, so that remedial action can be taken before problems crystallise. Non-executive directors with experience of managing complex organisations in the commercial private sector will also continue to provide challenge and support through their membership on departmental boards. However, further work is needed.

- **Early scrutiny:** The MPA will meet Departments' Secretary of State, Permanent Secretary and lead Non-Executive Director to discuss progress regularly. Departmental boards will be expected to challenge big, high risk projects early in the process, reviewing plans and giving risk management advice before cost and time commitments are made public and take ownership of the recommendations of the MPA, and building on current Major Projects Review Group processes, and report transparently on progress.
- **Ongoing monitoring:** Departments currently report quarterly to the MPA on project progress against a number of critical indicators. In future, analysis of these reports and recommendations will be shared with departmental boards, who will take ownership for resolution of critical issues. The Government is also considering how to drive better performance

in project delivery through improved reporting on the progress and state of health of major projects and programmes. Government will publish an annual report on major projects by July 2012, which will cover the first full year's operation of the MPA.

- **Transforming project leadership:** The Major Project Leadership Academy (MPLA) will train the senior leaders responsible for major projects. In future only project leaders who have successfully completed this intensive development programme will be able to lead a major government project. The MPLA will drive a better understanding of the role of leadership, technical delivery skills and commercial capability in delivery of major projects, building the project and programme management community across Government.
- **Significantly reduce the turnover of SROs:** Senior Responsible Owners often move too frequently, leaving mid-way through a project. Sometimes, this can enable skill sets to be aligned with project requirements but more frequently it causes delay and instability and disrupts effective implementation. During the remainder of 2012, the MPA will work with departments to ensure there is systematic planning and clarity of roles, linking the post to milestones or key deliverables, and retaining key staff during critical phases of project delivery.

The Role of Non-Executives

The recent reforms to corporate governance in government – led by the Cabinet Office, and Lord Browne of Madingley, Government Lead Non-Executive – have enabled the appointment of 59 Non-Executives of exceptional calibre to enhanced departmental boards. This has been an important innovation. The new arrangements, where Secretaries of State chair departmental boards, bring together the political and official leadership of departments. Furthermore, they give Non-Executives and Ministers a direct relationship for the first time. The Non-Executives' role is to provide challenge and support to their Departments on performance, operational issues (including the operational and delivery implications of policy proposals) and effective management. They bring a range of skills which are of direct relevance to Government, particularly in the face of the major challenges around reducing the deficit and encouraging growth. Many of the Non-Executives have led large organisations through change, as well as initiated and delivered major projects. They also understand that the challenges facing government are often more complex and multi-dimensional than those facing organisations where success can ultimately be measured by impact on the bottom line. Non-Executives will continue to have considerable impact through ongoing contributions to specific issues outside formal Board meetings, including taking responsibility with relevant senior officials for advising on the implementation of Departmental priorities and objectives.

Management information

Action 9: Put in place by October 2012 a robust cross-government Management Information (MI) system that enables departments to be held to account by their boards, Parliament, the public and the centre of Government.

The Government's overriding priority is to obtain the best possible value for taxpayers' money in delivering its objectives. The centre of Government lacks good, comparable, accurate and reliable MI to judge whether departments are achieving this, and to hold Ministers and Permanent Secretaries to account. MI needs to be improved both within departments and for the whole of Government¹⁸. A common set of data to ensure that all departments are reporting on a consistent basis will enable comparisons of operational performance across Government so that departments and individuals can be held to account. Good MI supports critical decisions, including the promotion and reward of senior managers. It is central to the success of Civil Service reform.

The following key steps to improve MI will form part of an MI improvement package:

- Establish consistent and comparable quarterly reporting that builds on the existing Quarterly Data Summary (QDS).
- Make key MI available to the Prime Minister and Deputy Prime Minister, Chancellor and Chief Secretary on a periodic basis.
- Carry out a one-off "red tape challenge" to get rid of unnecessary data requirements that have accumulated over time.
- Complete the work that departmental Non-Executive Directors have been leading with their boards to ensure that each department has a clear line of sight on where it spends money, the value it achieves and the impacts that it delivers. This approach will vary between departments, but must be underpinned by consistently high and rigorous standards.

Accountability

The existing model of Civil Service accountability, whereby civil servants are accountable to Ministers who are in turn accountable to Parliament, is well established and underpins the effective working of Government. A wider debate on accountability is happening, and the House of Lord's Constitutional Committee has launched an inquiry on accountability to which the government will give evidence. As part of this, the Government will look at other models that exist, and will evaluate the potential application of the New Zealand model of commissioning by the end of 2012. This model is one in which there is a contractual relationship between Ministers – who set clear outcomes – and Heads of Departments – who are accountable for delivering them.

In the meantime, there are some immediate steps that can be taken to sharpen accountability and give clearer codification, presentation and understanding of the respective roles and responsibilities of Accounting Officers and Ministers as one of the steps in strengthening the culture of responsibility and accountability across the organisation.

Action 10: Sharpen and make more transparent the responsibility of Accounting Officers, including for ensuring effective implementation of major Government projects and programmes, by:

- requiring explicit Accounting Officer sign off of implementation plans, major gateway reviews and Cabinet Committee papers; and
- establishing the expectation that former Accounting Officers return to give evidence to Select Committees on a time limited basis where there is a clear rationale to do so.

To ensure there is clear accountability for Accounting Officers throughout the development and delivery of a project from the outset, they will be required to sign off implementation plans for major projects.

Collective decision making through Cabinet ensures policies are agreed across Government. In future, where proposals relate to significant public expenditure or are likely to result in a major project, the chair of the relevant Cabinet committee may ask the relevant Accounting Officers to confirm to the committee that they are content that the proposed action is in line with their duties for managing their departments and public money in an effective and efficient way – including, where appropriate, a comment on their feasibility.

Former Accounting Officers will return to give evidence to select committees on major projects and policies where there is a clear rationale to do so, and within a reasonable time period. In such cases, to ensure a line of accountability is maintained, it will be appropriate for former Accounting Officers to be consulted on the drafting of relevant reports to Select Committees.

Action 11: In order to reflect Ministers accountability to Parliament for the performance of their departments, we will strengthen their role in both departmental and Permanent Secretary appointments.

The dual leadership of departments by a Secretary of State and a Permanent Secretary makes the relationship between the two crucially important. Allowing Secretaries of State to have greater influence in the appointment of the departmental Permanent Secretary increases the chances of the relationship working successfully.

Given Ministers' direct accountability to Parliament for the performance of their departments and for the implementation of their policy priorities we believe they should have a stronger role in the recruitment of a Permanent Secretary. Lead Non-Executive Directors also have an important role in Permanent Secretary appointments, usually as members of the selection panel, helping to ensure that there is the right focus on leadership, operational and commercial skills. Ministers already have involvement in the recruitment process but we believe there is a case to go further. We will therefore consult the Civil Service Commission on how the role of the Secretary of State can be strengthened in the recruitment process of Permanent Secretaries.

Ministers should discuss regularly with their Permanent Secretary the business requirement and priorities of the Department, including whether there needs to be a change or strengthening of personnel. Normally new appointments will be made from within the permanent Civil Service or by open recruitment. But, as now, where the expertise does not exist in the Department, and it is not practicable to run a full open competition, Ministers should be able to ask their Permanent Secretaries to appoint a very limited number of senior officials, for specified and time-limited executive/management roles. In such cases the Civil Service Commission's approval would be required and they would need to be satisfied that the individuals concerned have the appropriate skills and that they are appointed for their abilities and knowledge rather than for any party political background. These appointees would be subject to the Civil Service Code, and thus politically restricted.

ENDNOTES

- 15 National Audit Office (May 2012), Assurance of major projects. Para 2: "Government must find ways to avoid repeating the poor performance which has led to previous high profile project failures."
- 16 Institute for Government (May 2012), *Improving decision making in Whitehall: effective use of management information*. Page 5:... *the historic weakness of Whitehall in producing and using such management information (MI) remains a focus of concern for bodies like the National Audit Office (NAO)*.
- 17 Margaret Hodge MP (March 2012), PAC Chair's keynote speech 'Accountability in today's Public Services' - "Of course ministers are responsible and accountable for the policies they pursue. But civil servants are responsible for the execution of these policies and should, as the IPPR study argued, also be accountable for them."
- 18 Institute for Government (May 2012), *Improving decision making in Whitehall: effective use of management information*

Chapter 4 – Building capability by strengthening skills, deploying talent and improving organisational performance across the Civil Service

What needs to change

The Civil Service has many talented people. However there are significant gaps in capability and skills which need to be filled if the Civil Service is to be able to meet today's and tomorrow's challenges. Staff consistently say in surveys that their managers are not strong enough in leading and managing change¹⁹. Many more civil servants will need commercial and contracting skills as services move further towards the commissioning model²⁰. While finance departments have significantly improved their capabilities, many more civil servants need a higher level of financial knowledge. As set out elsewhere in the plan, the Civil Service needs to improve its policy skills, and fill the serious gaps in digital and project management capability. At the same time, the Civil Service must ensure that the expertise and capability of its staff is consistently underpinned by an understanding of the challenges in other sectors and the public's perspectives. More rigorous performance management will require additional tools and enhanced skills for all managers.

There are some great managers running big complex operations. However for too long operational management and delivery has been undervalued compared with policy development, an issue first identified in the Fulton Report in 1968. Operational deliverers will need more support in the years ahead as the Digital by Default revolution spreads across government. There needs to be as much recognition for staff working in operational delivery roles as there is for staff working in policy. In future the leadership of the Civil Service will need to have greater operational experience and ability²¹.

Capability and talent will need to be managed and deployed corporately across the Civil Service, especially for high potential and senior officials, including specialist professionals. There needs to be

more focus on developing people in post through more active career management as well as through training²². As well as individual capabilities, we need a stronger and collective focus on the capability of departments and the Civil Service as a whole²³.

There is a general tendency in the Civil Service for staff seeking promotion to quickly gain a range of experiences, and this can lead to short tenure in some groups of ambitious staff. High turnover in critical posts at the centre of Government can lead to a lack of collective corporate memory and a possible tendency towards orthodoxy. To combat this Departments will take steps to identify the key posts that would benefit from a greater stability of tenure and retain a more stable cohort while balancing the needs and priorities of the Department.

The barriers between the private sector and the Civil Service must be broken down to encourage learning between the two. A greater interchange of people and ideas will help to narrow the cultural gap.

How to deliver it

Skills, Learning and Development

Action 12: We will produce, by the autumn, for the first time a five year capabilities plan for the whole Civil Service to identify which skills and capabilities are in deficit, and set out how gaps will be filled. In particular in a world where more services are commissioned from outside there is a serious need for many more civil servants to have commercial and contracting skills.

Capabilities plan

Civil Servants carry out a huge variety of roles. Without the right skills and capabilities the Civil Service will struggle to deliver the Government's priorities effectively. The old idea of a Civil Service "generalist" is dead – everyone needs the right combination of professionalism, expert skills and subject matter expertise.

Some skills gaps have already been identified, such as leading and managing change, commercial, financial, programme and project management, digital skills, skills in managing risk and the ability to drive continuous improvement. The Capabilities Plan will take account of the new environment the Civil Service is operating in and identify what skills it needs over the next five years and how those gaps will be filled – both through external recruitment and internal development. The Plan will be reviewed annually.

Competency framework

To support the delivery of the capabilities plan a new Civil Service Competency Framework will be fully rolled out from April 2013, replacing *Professional Skills for Government*, which has now run its course. This new framework will focus as much on behaviours as on skills. It will promote and deliver a pacier, innovative, results-orientated culture and ensure consistent high standards are used for recruitment, promotion and performance management across the Civil Service.

Learning and Development

Learning and development will support the delivery of the capabilities plan and align with the new competency framework. A new Civil Service Learning (CSL) core curriculum and learning and development offer for all staff is currently being rolled out, and will be kept under review. Through making greater use of technology, collaborating across departments and extracting best value from suppliers, CSL will not only provide a better service but will realise annual savings of £90m (compared to 2009/10). It will provide flexible, quality and value for money training and development for all staff; work with a range of world class providers; provide the opportunity for staff to undertake learning and development alongside peers in private and other sectors; and seek to accredit the majority of its programmes to provide portable qualifications outside the Civil Service.

Commercial and financial skills

The move towards commissioning of services means many more public servants, not least in central government, need skills in managing markets, negotiating and agreeing contracts, and contract management. A new Commissioning Academy will be set up in 2013 to provide these skills to the whole public sector. This is separate from and alongside the drive to improve procurement practices. Procurement is a separate technical profession which must support commissioners but not replace them, just as HR teams support line managers but do not replace them.

Financial management needs to be further strengthened, and the finance functions in departments and agencies given greater authority. The Finance Transformation Programme has been set up to accomplish this.

Strengthening professions

The Capabilities Plan will also strengthen the authority and influence of the Civil Service professions. The 'Heads of Profession' operate as cross-Government leaders, and have an essential role in improving skills and maintaining professional standards. The Plan will boost the importance of their role in raising standards, departmental appointments, succession planning and talent management.

Developing and managing future leadership

Action 13: Actively manage the Fast Stream, other high performers and the SCS as a government-wide corporate talent pool by expanding accelerated development programmes, and introducing a single common standard for promotion into and within the SCS; all by the end of 2012. Training for high potential Senior Civil Servants to be sourced on the open market through Civil Service Learning, and conducted alongside high potential individuals in other sectors, especially the private sector.

Nurturing and developing leadership talent at all levels is core to a successful Civil Service. For the first time there will be active corporate management of current and future leadership from Fast Stream through to future Permanent Secretaries:

- The Graduate Fast Stream, which attracts bright graduates into the Civil Service, will be strengthened and re-focussed for the 2013 intake. It will be a 2 + 2 year scheme managed Civil Service-wide, based on four six month placements in different departments and more than one geography, accredited development, and formal graduation at that point for the successful. Subject to performance and graduation, promotion to the next grade would follow within the following two years. Successful fast streamers will be continuously developed as they move towards the SCS.
- A new corporately managed Future Leaders Scheme will track and nurture the most talented people operating in middle management roles below Deputy Director who have the potential to reach the SCS. It will be open to those graduating from the Fast Stream and other top performers including new entrants by the end of 2012. A key aim will be to ensure that those without any operational management experience should gain some at this stage.
- A new development programme will be offered to 100 of the most promising Deputy Directors in autumn 2012. The scheme will be refreshed annually.
- The 'High Potential Development Scheme' will continue for the most promising directors, with accelerated development for those Directors General with the greatest potential.

The SCS development schemes, combined with internal and external learning and talent programmes, will be brought together to create a coherent leadership programme for the SCS. It will have a strong focus on sharing experiences and peer development, supporting departments with their own leadership support and coaching. Development that is not Civil Service specific will be conducted alongside people from the private sector.

A set of common standards for promotion into and through the SCS will be developed in 2012 linked to the core competence framework. A review of standards for promotion and selection processes across the rest of the Civil Service will follow in 2013.

Action 14: Increase dynamism and flexibility by making it easier for staff at all levels to move between the Civil Service and the private sector.

Both staff and the Civil Service gain from staff having greater opportunity for interchange, secondments and loans with other sectors and industries²⁴. This will help Civil Servants gain an understanding of the challenges faced by organisations in other sectors. There is scope for building partnerships with other organisations, big and small, to develop better understanding of how other sectors work to broaden skills and develop talent. At present secondments are usually arranged by the individual rather than by their department. This is now under review to create new arrangements for secondments and interchange by 2013. The more points of contact there are between the Civil Service and other sectors the less the culture shock when people move between them, and the better they understand each other and work together. Secondment of the ablest civil servants is sometimes discouraged for fear that they will not return. This is best addressed by ensuring that they have interesting and demanding jobs to return to, and that their careers will be enhanced rather than held back by a spell outside government. Furthermore, civil servants need to be connected with local communities. They are encouraged to invest time in community activity and spend at least one day on this as part of their jobs. Staff appraisals should take account of this valuable investment.

Permanent Secretary experience

Action 15:

- Establish the expectation that Permanent Secretaries appointed to the main delivery departments will have had at least two years experience in a commercial or operational role.
- Move over time towards a position where there is a more equal balance between those departmental Permanent Secretaries who have had a career primarily in operational management and those whose career has been primarily in policy advice and development.

It should no longer be possible for civil servants, except in the most specialist roles, to get to very senior levels without having worked outside of a single department or the centre of Government, or having worked in more than one type of role.

As commissioning of services becomes as important as making policy, it will be increasingly important for departmental senior leaders, especially in the main delivery departments, to have exposure and experience outside policy development, especially in policy implementation. The new common standards for promotion will require evidence of success in gaining broader experience as part of promotion to Director level and above. The experience of Permanent Secretaries needs to reflect this trend.

Departmental capability

Action 16: We will replace existing Capability Reviews with departmental improvement plans, which will be annually assessed and led by departmental boards, calling on other external advice.

Capability Reviews were first developed in 2005 and refreshed in 2009. Departments are increasingly working in different ways, and it is the right time to change the current arrangements. A new departmental improvement model will be created by autumn 2012 and then piloted in two departments before being rolled out. It will be built on four critical elements of organisational performance:

- Performance (on progress and outcomes, including the ability to provide and use rigorous and accurate management information)

- Efficiency and Innovation
- Capability (taking forward the capability assessment of the current reviews)
- Strategic Risk and leadership of change

The principles underpinning this successor programme will be:

- A strong link to departmental operational/business plans.
- Ownership by departmental boards making strong use of Non-Executive Directors and peer review to provide challenge and build a strong corporate understanding of best practice.
- Flexible and tailored to meet departmental needs but with core common elements.
- Regular enough to be meaningful, so that progress can be seen and tracked and with a focus on driving Continuous Improvement.

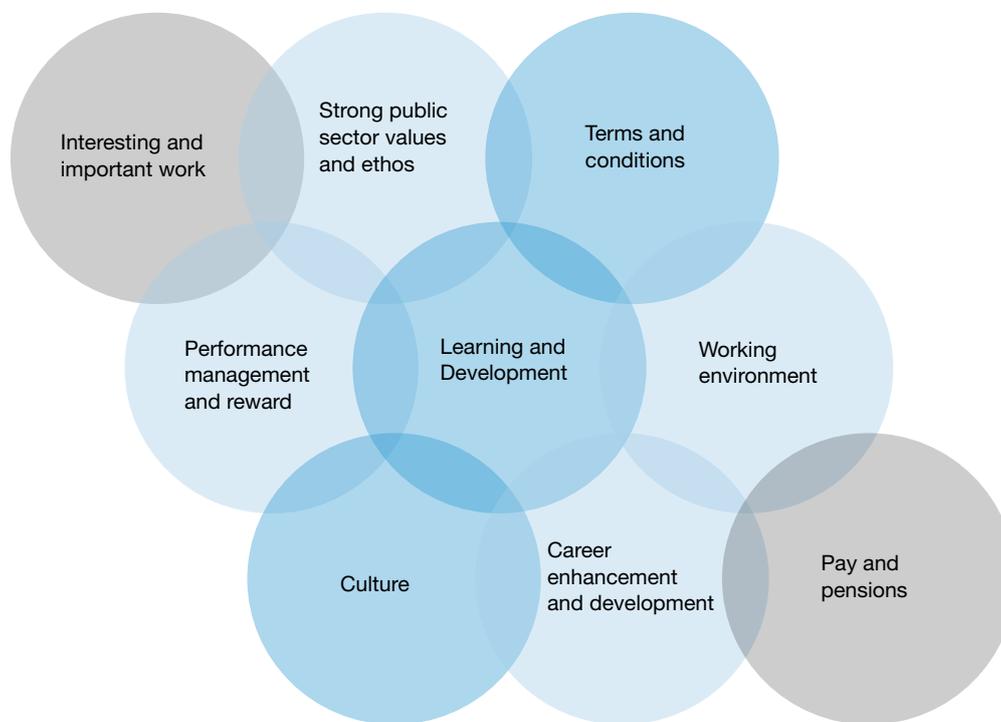
ENDNOTES

- 19 Cabinet Office (2011), *Civil Service People Survey 2011*
- 20 National Audit Office (2009), *Commercial skills for complex government projects*. Para 3:
"Government has long been aware of the need to improve its commercial skills. In 1999 a report by Sir Peter Gershon, *Review of civil procurement in Central Government*, concluded that commercial skills levels needed to be raised significantly... Since then, the demand for commercial skills has grown."
- 21 Tell Us How consultation comment : "Too often change is managed and driven by project teams who have been away from the front line for some considerable time if they were ever there."
- 22 Cabinet Office (2011), *Civil Service People Survey 2011*: Only 31% of staff said they felt there were opportunities to develop a career in the department or agency they work in; 40% felt that learning and development activities are helping them to develop their career.
- 23 Cabinet Office (May 2012), Government Lead Non-Executive (May 2012), *Annual Report: financial year 2011/12*". Page 12: There remain skills gaps in a number of vital areas, such as commercial skills, project management, performance management, and change management."
- 24 Whitehall Industry Group (October 2009), *Closing the gap: improving communication between business and government*. Page 22:
"...interchange has ... greatly improving understanding in both business and government of how the other works, spreading skills, cross-fertilising ideas and generally sharing best practice."

Chapter 5 – Creating a modern employment offer for staff that encourages and rewards a productive, professional and engaged workforce

The Current Offer

The Civil Service employment offer is more than just pay and pensions. It combines a number of important aspects, set out below:



The offer is underpinned by the core values of honesty, integrity, objectivity and impartiality which will remain central to the ways civil servants do their jobs.

What needs to change

The success of the Civil Service depends on its staff, who have already been through a great deal of change and are facing more. The Civil Service will continue to encompass the widest range of roles of any organisation throughout the country, and at all levels civil servants will have the opportunity to do a job that matters.

The Civil Service has a strong set of values, and much talent, but to make the most of these, the culture needs to become pacier and less hierarchical, more focussed on outcomes than process.

The Civil Service has, and always will, provide a good employment offer for its staff and, with a national presence, it provides highly valued local and flexible employment. However, whilst there has been significant recent change in pay and pensions, there are other terms and conditions that have not been updated and are now outliers. Action needs to be taken to address this.

Good performance needs to be more consistently rewarded and poor performance tackled effectively.

For civil servants to do their jobs effectively, the basics – such as IT and security – need to be right.

Together, this constitutes a new offer to staff. The offer will build on what civil servants say they already like – interesting work that makes a difference – as well as reflecting the feedback through the Civil Service people survey, Civil Service Live attendees, and from the Tell Us How website.

The outcome will be a Civil Service that is both a good employer and delivers value for the taxpayer.

How to deliver it

Action 17: Creating a positive offer for staff: the views of staff will be sought on a new offer for civil servants that encompasses a much less hierarchical, pacier culture focussed on outcomes not process, supporting innovation and rewarding initiative. The new offer will embrace:

- Terms and conditions of employment that reflect good, modern practice in the wider public and private sector;
- For the SCS, a proposal on reward to be submitted to Senior Salaries Review Board in the autumn for implementation in 2013 to include consideration of a voluntary “earn-back” scheme. The new offer will be put in place by 2013;

- Regular and rigorous performance appraisal for all staff, recognising good performance and taking action where performance is poor;
- At least five days a year investment in targeted learning and development; and
- Creating a decent working environment for all staff, with modern workplaces enabling flexible working, substantially improving IT tools and streamlining security requirements to be less burdensome for staff.

Action 18: Drive the culture and behaviours being sought through the new competence framework that sets out the behaviours civil servants need to demonstrate.

Changing the culture of the Civil Service

The Civil Service’s values are vitally important and underpin its worldwide reputation. But the Civil Service culture can often be seen as cautious and slow-moving, focused on process not outcomes, bureaucratic and hierarchical²⁵. This can be deeply frustrating for civil servants themselves, who want to get on and do their jobs the best way they can.

This culture can make it more difficult for the Government to adapt swiftly to the needs of the day. There are few incentives for civil servants to change the status quo, or to seek out and implement cost savings or service improvements.

The Civil Service should provide an environment that allows all staff to be empowered. It must become pacier, more flexible, focussed on outcomes and results rather than process. It must encourage innovation and challenge the status quo, and reward those who identify and act to eradicate waste.

The new competence framework will promote and support behaviour that focuses on achieving results, continuous improvement and breaking down hierarchies and silos. But ultimately a culture change requires civil servants to behave in different ways, and for managers and leaders to embrace this and remove the barriers to it. It may also require Ministers to behave in different ways and adapt their expectations accordingly.

It is vital to engage and empower staff, and to create a dynamic and flexible career path. Staff views collected through the Tell Us How website have already highlighted the importance of improving the management of poor performance but this is not a static process – the views of staff on how we can improve the Civil Service, be it culture, process or strategy are currently being sought, and will continue to be sought, including through Tell Us How and staff surveys. The best ideas will be championed by Ministers and Permanent Secretaries across Government.

During the Olympics, we will encourage more Whitehall civil servants to work remotely, whether from an office outside central London or from home. This will require managers to focus on their outputs rather than their hours. We aim to use the experience to spread this approach more widely. This contribution to a better culture can be a key Olympic legacy.

A less hierarchical and more flexible culture

To support a more flexible, open and pacier culture within the Civil Service, structures need to be flatter, with less focus on whether people are the right grade for the job, and more on whether they are the right people to do it. This means having the right people in the right jobs at the right time, taking into account the varying business needs and structures of different Government departments. Departments must improve workforce planning and ensure that talented people are recognised and deployed appropriately. As a default, all jobs available on promotion should be open to those best placed to fill them, irrespective of their current grade. Furthermore, Departments will continue to review their structures as part of their ongoing change programmes or departmental improvement plans and should through this work look to ensure that there are no more than eight management tiers. In many parts of the Civil Service it should be fewer.

Modern terms and conditions

Each Department will undertake a review of terms and conditions and identify those that are beyond what a good, modern employer would provide. They will ensure that the Civil Service will continue to be among the best employers in the country whilst tackling those terms and conditions that often leave it open to caricature.

Civil Service Pay

In the 2011 autumn Statement the Chancellor announced that there was a case for considering how public sector pay could better reflect local labour markets. The independent Pay Review Bodies are currently considering the case for greater local pay flexibility in the wider public sector but nothing has yet been decided. There will be no change unless there is strong evidence to support it and a rational case for proceeding.

Senior Civil Service pay

The Civil Service needs senior leaders that are equipped, motivated and high performing, to drive and oversee this package of reform. The SCS pay structure is no longer an effective mechanism for supporting a modern workforce, and there is an insufficient link between performance and reward.

Working in partnership with Departments and other stakeholders we will develop plans for a new SCS reward package that will be submitted to the Review Body on Senior Salaries this Autumn. Consideration of a voluntary “earn back” scheme will be included that would allow Senior Civil Servants to place an element of their pay at risk each year, in return for the opportunity to “earn back” this amount by meeting pre-agreed objectives or, to earn a greater amount through exceptional performance.

Managing performance

Civil servants consistently identify that poor performance is not tackled effectively. In the last People Survey only 37% of staff thought that poor performance was dealt with well²⁶. It is also true that good performance is often not properly recognised. To ensure that performance management is improved, Departments will:

- Implement a common Civil Service **performance framework**, linked to the competence framework, for staff below the SCS during 2012/13. This will identify the top and bottom performers.
- Implement an SCS **appraisal system** which will identify the top 25% and the bottom 10%. The bottom 10% will need to undertake performance monitoring and improvement planning.

- Implement the new streamlined policy on **managing poor performance**, with shorter time frames and clearer guidance. This will enable poor performance to be tackled more quickly and effectively. For all staff that remain bottom performers without improvement and are still not meeting the required standards, a decision will quickly be taken over whether they should be exited from the organization, using this policy.
- Support all managers to implement the new performance framework and explicitly hold them to account for the management of poor performance and attendance through their objectives. Managers are too often slow to identify poor performance or do not feel confident in gathering evidence and giving early honest feedback. Currently managers are not always supported or challenged to do so, and the obligation to act on poor performance needs to be encouraged.
- Consistently recognise and reward high performance using the new performance management approach to identify potential and develop it effectively across the Civil Service. Recognition can be as simple as a thank you, but can include financial rewards for exceptional work. Departments will develop their reward approach in line with the performance framework.

Learning and Development

Learning and development has and will continue to be an important part of the offer to staff. Civil Servants have identified that they often feel that they are not given the right training and support to do their jobs to the best of their abilities.

Ensuring civil servants have the right skills is a key part of the employment offer – having the right skills enables people to do their jobs efficiently and effectively, and for some is crucial to keeping them safe. Furthermore developing, maintaining and accrediting the right skills for the job enhances employability. The new offer will provide **at least five days a year** investment in learning and/or development, targeted at the skills most needed for their roles and will cover a wide range of forms of learning, from e-learning, traditional training, and other development activities.

Modernising Security across the Civil Service

The Civil Service needs to have robust security processes governing how well information and buildings are protected. However, many of the current arrangements have become bureaucratic and unwieldy, adding cost and time to day to day activities, and to IT systems. There is significant scope for rationalisation and streamlining, without reducing effectiveness. Therefore, the following actions will be implemented during 2012/13:

- **Simplify Security Classifications:** by rationalising the current six tier model into three distinct and intuitive security domains, with appropriate controls.
- **Establish a common approach to access buildings and a Civil Service wide pass** to support a joined up approach to cross Departmental working and sharing of buildings.
- **Consolidate personnel security processes:** all Departments must review recruitment controls, and any necessary national security vetting arrangements to improve interoperability and interchange, and drive further efficiencies in 2013.

Improving the flexibility and usability of IT

Many civil servants feel frustrated by slow, restrictive and outdated corporate systems. In 2012/13, steps will be taken to improve IT to enable staff to do their jobs better. Changes will include:

- Upgrading IT systems across departments to ensure they support flexible and efficient working methods.
- Updating IT equipment. With more streamlined security systems, there is greater scope to modernise the way in which the Civil Service contracts IT – a far wider range of devices, like laptops, can be procured much more cheaply, rather than requiring expensive, bespoke devices.
- Ensuring the security classifications of equipment matches the risks involved. A risk aware culture will be fostered across Government that understands the threats faced and what ‘good enough’ IT security looks like.

Increase flexible working between departments

The Civil Service has long needed to facilitate better working across departments²⁷. To support this it will:

- Begin work to build social media platforms across departments to enable more collaborative working and knowledge sharing between departments starting in 2012/13.
- Offer unused or underused space in government buildings for use by SMEs to create more opportunities to exchange ideas and experiences between civil servants and entrepreneurs.
- Use the results of the recent studies on working environments with BIS and DfT to create an environment and culture, with new technologies and office designs, which enable staff to do their work anytime and anywhere.

Delivering an Olympic legacy for the Civil Service

During the London 2012 Games period, to maintain resilience, and reduce the number of people travelling into central London at the same time as large numbers of visitors to the Olympic Games, civil servants are being encouraged to work more flexibly, as well as travel in different ways. This experience will be enabled by a series of changes to HR policies, IT solutions and opening up Government buildings to more than one Department. The Olympics therefore provide a case study for the introduction of more flexible ways of working and provide an opportunity to create a lasting change in the working culture of the Civil Service.

The changes piloted over summer 2012, which should translate into longer term change, include:

- Better sharing of buildings between Departments, and the creation of 'hub' offices outside central London to enable employees to work remotely

across multiple sites – starting with a hub in Croydon which will be in use in time for the Olympics;

- A pilot of a very simple IT device to enable more people to work from home without the need to invest in expensive security enabled laptops to empower a mobile and diverse workforce;
- Training for managers in managing people working remotely;
- Completing a study to greater understand what behaviours hinder flexible working, which ones promote it, and what works in tackling these behaviours.

ENDNOTES

- 25 Cabinet Office (2011), *Civil Service People Survey 2011*: 2,468 Civil Servants raised bureaucracy as an issue to be addressed in order to make their organisation a great place to work.
- 26 Cabinet Office (2011), *Civil Service People Survey 2011*
- 27 Public Administration Select Committee (September 2011), *Change in Government: the agenda for leadership*, paragraph 30: "Cross-departmental working remains a weakness for the Civil Service."

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